

Insider Trading Policies & Procedures-2011

The Insider Trading and Securities Fraud Enforcement Act of 1988 forbids **anyone** to trade securities based on material non-public information or to communicate material non-public information to others. Such conduct is frequently referred to as "insider trading".

The term "insider trading" is not defined in the federal securities laws, but generally is used to refer to the use of material non-public information to trade in securities (whether or not one is an "insider") or to the disclosure of material non-public information to others. While the law concerning insider trading is not static, it is generally understood that the law prohibits:

- **Trading by an Insider.** Buying or selling for any person securities on the basis of material, non-public information while in possession of such information, whether for your own account, in accounts in which you have direct or indirect beneficial ownership, or for that of a client, or selectively disclosing such information to others who may buy or sell securities.
- **Communication.** Sharing material, non-public information to inappropriate personnel whether for consideration or not (i.e., tipping). Insider information may only be disseminated on a "need to know basis," and even then, only to those **not** directly involved in the business of the giving investment advice to clients on our behalf. This would include maintaining confidential communications between you and a client from other personnel.
- **Outside Assistance.** Assisting anyone transact business based on any insider information you may know through us or another third party.

1. FUNDAMENTAL ELEMENTS OF "INSIDER TRADING"

Who is an Insider?

The term "insider" is broadly defined, but generally refers to any of our Supervised Persons with information that is non-public. In addition, a person can be a "temporary insider" if they enter into a special confidential relationship in the conduct of a company's affairs and, as a result, is given access to information solely for that company's purposes. A temporary insider can include, among others, a company's attorneys, accountants, consultants, bank lending officers, and the employees of such organizations. In addition, we may become a temporary insider of a client we advise or for which we perform other services. If a client expects us to keep the disclosed non-public information confidential and the relationship implies such a duty, then we will be considered an insider.

What is Material Information?

Trading on insider information is not a basis for liability unless the information is material. "Material information" generally is defined as information that a reasonable investor would most likely consider important in making their investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company's securities, regardless of whether the information is related directly to that company's business. Information that you should consider material includes, but is not limited to: dividend changes; earnings estimates; changes in previously released earnings estimates; significant merger or acquisition proposals or agreements; major litigation; liquidation problems; and, extraordinary management developments.

What is Non-public Information?

Information is non-public until it has been effectively communicated to the marketplace. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, The Wall Street Journal or other publications of general circulation would be considered public information.

What are the Penalties Resulting from Insider Trading?

Penalties for trading on or communicating material, non-public information is severe, both for individuals involved in such unlawful conduct and their employers. A person can be subject to some or all of the penalties described below even if they do not personally benefit from the activities surrounding the violation. Penalties include: civil injunctions; treble damages; disgorgement of profits; jail sentences; fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited; and, fines for the employer or other controlling person of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided.

2. PROCEDURES FOR AVOIDING INSIDER TRADING

The following procedures have been established to aid you in avoiding insider trading violations. You are expected to follow these procedures or risk disciplinary action, up to and including termination of employment and substantial personal liability and criminal penalties.

1. **Identifying Insider Information.** Before trading securities in your account, in accounts in which you have direct or indirect beneficial ownership, or in accounts of clients, including investment companies or private accounts we may manage, or in the securities of a company about which you may have potential insider information, ask yourself the following questions:
 - (i) **Is the information material?** Is this information that an investor would consider important in making an investment decision? Is this information that would substantially affect the market price of the securities if generally disclosed?
 - (ii) **Is the information non-public?** To whom has this information been provided? Has the information been effectively communicated to the marketplace by being published in publications of general circulation?
2. **Handling/Processing Insider Information.** If, after consideration of the above, the information is material and non-public, or if further questions arise as to whether the information is material and non-public, the following procedures must be followed:
 - (i) Notify the CCO immediately your knowledge of material, non-public information for inclusion if necessary onto our Restricted List (See "Watch List and Restricted List Procedures" for further instruction.).
 - (ii) Do not purchase or sell the security for any account we manage until authorized.
 - (iii) Do not communicate the information inside or outside the Company other than to the CCO.
 - (iv) After the CCO has reviewed the issue, you will be instructed as to the proper course of action to take.
 - (v) If the CCO has determined it is material, non-public information, the securities will be added to the Restricted List and will not be removed for trading until the CCO has determined the information has been fully disseminated to the public.

3. **Personal Securities Trading.** Conflicts of interest can occur when trading in securities for your own account because of your intimate knowledge of client securities transactions, and, in many cases, because you have investment discretion to execute trades on behalf of your clients. In order to protect client information and the abuse that can occur, we require Access Persons to periodically report personal securities transactions and holdings (See "Securities Trading Procedures for Access Persons" in the next section for instruction.).
4. **Restricting Access to Material Non-Public Information.** Information in your possession that you identify as material and non-public may not be communicated to anyone, including persons within the Company except as provided herein. Care should be taken to keep such information secure, including the sealing of files containing material non-public information.
5. **Resolving Issues Concerning Insider Trading.** If at any time you are in doubt as to whether information is material or non-public, or if you have any unresolved questions as to the applicability or interpretation of the foregoing procedures, or as to the propriety of any action, it must be discussed with the CCO before trading or communicating the information to anyone.