

***MAR VISTA INVESTMENT PARTNERS, LLC***

**Written Disclosure Statement**

Information Contained in Part II of Form ADV  
**January 1, 2010**

**MAR VISTA INVESTMENT PARTNERS, LLC**  
**11150 Santa Monica Boulevard, Suite 320**  
**Los Angeles, CA 90025**  
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**WRITTEN DISCLOSURE STATEMENT**  
**INFORMATION CONTAINED IN PART II OF FORM ADV**

Mar Vista Investment Partners, LLC (“Mar Vista”), is a Delaware limited liability company. Mar Vista has entered into a contractual agreement with Roxbury Capital Management, LLC (“Roxbury”) through which Roxbury provides various administrative, operational, and business services to Mar Vista, including trading, marketing, client service, compliance, and accounting. Roxbury owns a non voting preferred interest in Mar Vista, and has representation on Mar Vista’s Board of Managers. Silas Myers, Brian Massey, Jeffrey Prestine and Joshua Honeycutt, the Principals of Mar Vista, were employees of Roxbury Capital before founding the firm.

**1(A). Advisory Services and Fees.**

Mar Vista provides investment supervisory services to accounts whose fee billings represent approximately 100% of Mar Vista’s total fee billings.

(B). Mar Vista does not call any of its services financial planning or by some similar term.

(C). Mar Vista offers investment advisory services for a percentage of assets under management.

(D). Mar Vista primarily offers investment advisory services for separate accounts on a discretionary basis. Mar Vista typically directs, in its sole discretion, the investment and reinvestment of the assets deposited by the client. As compensation for the services provided by Mar Vista under the investment advisory agreement (the “Agreement”), the client shall pay Mar Vista a management fee in accordance with the following fee schedule:

Strategic Growth

<u>Market Value of Assets in Account</u>	<u>Annual Fee</u>
First \$1 to \$25 million	0.75%
Next \$25 million	0.60%
Next \$50 million	0.50%
Over \$100 million	negotiable

Focus

<u>Market Value of Assets in Account</u>	<u>Annual Fee</u>
First \$1 to \$25 million	0.75%
Next \$25 million	0.60%
Next \$50 million	0.50%
Over \$100 million	negotiable

Mid Cap Growth

<u>Market Value of Assets in Account</u>	<u>Annual Fee</u>
First \$1 to \$25 million	0.75%

Next \$25 million	0.60%
Next \$50 million	0.50%
Over \$100 million	negotiable

Management fees are traditionally paid quarterly based upon the market value of all assets in the account(s) of the client as of the close of business on the last day of each calendar quarter. Client shall pay the management fee in advance or arrears on the last day of each said quarter. In any partial quarter, the fee will be pro rated based on the number of days that the client was a client of Mar Vista during that quarter. Mar Vista may, upon the client’s authorization, directly debit the management fee from the client’s account.

Either party may terminate the investment advisory agreement with at least thirty (30) days’ prior written notice to the other party. Upon termination, the advisory fees will be prorated to the date of termination.

The Client has the right to designate the custodian as well as the broker-dealer for execution of trades. In addition to Mar Vista’s investment advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers. Custodians may charge accounts for various transaction costs and administration fees.

**Managed Account Affiliation and Sub-Advisory Services**

Mar Vista expects to raise assets through the relationships of its Principals as well as Roxbury. Roxbury has a seasoned team of professionals who have extensive relationships with institutional, high-net-worth, and broker representatives. Mar Vista will act as a sub-adviser to Roxbury and will receive a negotiated advisory fee relating to Roxbury client portfolios monitored and supervised by Mar Vista in its capacity as sub-adviser. Mar Vista has sub-advisory relationships with firms who are not affiliated with it or Roxbury, as well. This sub-advisory fee may be negotiable in certain circumstances.

In addition, some brokerage and investment consultant firms have Managed Account Programs in which the brokerage or investment consultant firm typically provides manager search, financial consulting, performance measurement, custodial services, and in the case of brokerage firms, brokerage services. To the extent that Mar Vista enters into a relationship with a one of these firms, the Managed Account Programs may refer accounts to Mar Vista who have selected Mar Vista as an investment manager. These clients pay the brokerage or investment consultant firm for its Managed Account Program services a single fee based on a percentage of assets under

management. In some Managed Account Programs, brokerage commissions are included in the single fee; in other Managed Account Programs, clients pay brokerage commissions on each transaction. These clients pay Mar Vista a separate management fee.

Some of the Managed Account Program Sponsors prohibit Mar Vista from continuing to manage a client's account if the client terminates its agreement with the Managed Account Sponsor.

### **Miscellaneous Information on Services and Fees**

In certain circumstances, fees may be negotiable. As indicated in Item 10 of this brochure, Mar Vista typically requires a minimum account size of \$1,000,000, which may be waived at the discretion of Mar Vista's officers. Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

Clients', upon engaging Mar Vista as its discretionary investment manager, must select one of Mar Vista's styles of management for the client's portfolio. The Client may change the style upon written request to Mar Vista. Should the client chose not to adopt one of the firms styles and existing investment policies, Mar Vista will manage the client's portfolio in accordance with the client's individual investment objectives, financial situation, risk tolerance, and any reasonable investment guidelines established by the client. In addition, Mar Vista may manage taxable portfolios differently from tax-exempt portfolios that have selected the same management style unless directed otherwise by the client.

Mar Vista may purchase foreign securities that trade on major U.S. exchanges for its discretionary equity portfolios. Many foreign countries impose dividend withholding taxes up to 30%. Generally, taxable portfolios may be able to recoup all or a portion of foreign taxes on dividends by use of the foreign tax credit. However, tax-free portfolios will not be able to utilize the foreign tax credit and therefore may be unable to recover any foreign taxes withheld on dividends of foreign securities.

Mar Vista may purchase exchange traded limited partnerships. By organizing as a partnership, a company is able to distribute more of its earnings to its limited partners than it would be able to if it were taxed as a corporation. For taxable accounts, limited partnerships can provide tax advantages through partially tax deferred cash distributions and other estate planning considerations. For non-taxable entities, income from a limited partnership may be considered unrelated business taxable income, subjecting an otherwise tax-exempt account to taxes.

Generally, Mar Vista does not render any advice or take any action with respect to securities clients hold or have held that become the subject of any legal proceedings, including class actions and bankruptcies. However, Mar Vista in its sole discretion may advise or take such action with respect to legal proceedings involving securities currently or previously held by certain accounts.

Under special circumstances, Mar Vista may advise

clients on a non-discretionary basis. The services that Mar Vista provides to non-discretionary accounts and the fee charged for such services are individually negotiated with the client.

Special circumstances may cause fees to vary from the above schedule. Mar Vista may group multiple accounts of one client relationship together for purposes of calculating the fee. Mar Vista reserves the right to negotiate fees with clients. Mar Vista may charge higher or lower fees than those described above. Roxbury, on behalf of Mar Vista, has negotiated fee schedules with certain brokerage firms for clients of those firms that the firms refer to Mar Vista for investment management. These fee schedules vary by firm and may be different from the fee schedules listed above. Mar Vista may manage the accounts of its employees and their family members at lower fees or no charge. In addition, Mar Vista occasionally provides its services on a pro bono basis for charitable or other reasons.

If a client that has been referred to Mar Vista by a broker moves his account to a different broker or custodian, Mar Vista may terminate its agreement with the client. Mar Vista may do this because Mar Vista does not believe it can work effectively with the new broker or custodian, or because of Mar Vista's desire to maintain relationships with referring brokers.

Mar Vista does not generally invest in mutual funds for its client's separate accounts. However, if a client's portfolio holds mutual funds or money market funds, the client will be paying two fees for the management of these assets, one to Mar Vista and one to the money market or mutual fund manager.

### **Proxy Voting Policies and Procedures**

Mar Vista will typically assume proxy voting authority on behalf of its separate account management clients pursuant to the Agreement. When Mar Vista has discretion to vote proxies for its clients, it will vote such proxies in the best interest of its clients and in accordance with Mar Vista's established policies and procedures. Mar Vista generally utilizes Roxbury Capital Management, LLC and its Proxy Voting Committee to assist with Mar Vista's proxy voting responsibilities.

Clients may obtain a copy of Mar Vista's complete proxy voting policies and procedures by contacting Lance Simpson, Mar Vista's Chief Compliance Officer, at [lsimpson@marvistainvestments.com](mailto:lsimpson@marvistainvestments.com). Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of Mar Vista's complete proxy policies and procedures or how Mar Vista voted proxies for his/her account(s), Mar Vista will promptly provide such information to the client.

## **2. Types of Clients.**

Mar Vista generally provides investment advice to pension and profit sharing plans; individuals; trusts, estates or charitable organizations; and corporations or business entities other than those listed above. Mar Vista also provides investment advice as a sub-adviser for Roxbury and

for other firms who are not affiliated with it or with Roxbury.

### **3. Types of Investments.**

Mar Vista offers advice on the following: equity securities: exchange-listed securities, securities traded over-the-counter, and foreign issues.

### **Methods of Analysis, Sources of Information, and Investment Strategies.**

**4(A).** Mar Vista uses primarily a fundamental method of security analysis.

**(B).** The main sources of information Mar Vista uses include financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; corporate rating services; annual reports, prospectuses, filings with the Securities and Exchange Commission; and company press releases.

**(C).** The investment strategies used to implement any investment advice given to clients includes long-term purchases (securities held at least one year) and short-term purchases (securities sold within one year).

### **THE FOLLOWING DESCRIBES THE INVESTMENT PHILOSOPHY AND PROCESS UTILIZED BY MAR VISTA IN MANAGING CLIENT ACCOUNTS.**

### **THIS INFORMATION SHOULD BE REVIEWED BY A CLIENT BEFORE ENGAGING MAR VISTA TO ACT AS INVESTMENT ADVISER AND IS REFERRED TO IN MAR VISTA'S CONTRACT WITH CLIENTS.**

#### **Equity Portfolios**

##### The Investment Philosophy

Mar Vista's investment philosophy, which is captured in each of our equity portfolios, Strategic Growth, Focus and Mid Cap Growth, is based on tenets that we believe have been consistently proven through time to generate superior investment returns for long-term investors. Specifically, we invest in high quality growth businesses that are what we believe to be trading at significant discounts to fair value.

We define "high quality growth businesses" as those with a wide economic moat, or sustainable competitive advantage, and abundant opportunities to grow and reinvest capital at high rates of return. We also seek management teams with a proven ability to allocate capital in a way that maximizes shareholder value. Once we have identified these rare businesses, we do extensive valuation analysis.

We do not believe revenue or earnings growth solely drive the value of companies. By focusing only on earnings or revenue growth, we think investors miss a key component that drives wealth. The amount of capital needed to generate that growth is just as important.

Our process is focused on identifying companies that will grow economic value yet trade at a discount to their true worth. The foundation of our approach is based on fundamental research. Our analysts use their extensive

knowledge of the industries and companies to project revenue growth, margins, required capital investments and the sustainability of competitive advantages to understand the value creation potential of the business. We also adjust for accounting distortions to uncover true economic performance.

We value these companies as though they were private entities, discounting future free cash flow or economic value added to determine what the business is worth. We then compare this private value to the price the market is currently willing to pay for the business.

The "margin of safety", or discount to fair value, required to invest in the stock depends on the stability and predictability of the business. The wider the range of potential outcomes, the higher the margin of safety we require to invest. At times, the market is overly optimistic relative to our estimate of fair value and we can sell our investment, or sometimes a pessimistic market is giving us an opportunity to invest in the business at discount prices.

We sell an investment when the market price exceeds our estimate of fair value, the fundamentals fall short of our original investment thesis, or when there are more attractive investment alternatives. Our philosophy and process is unwavering. From time to time, the market will favor certain businesses that may not fit our investment criteria and in such an environment we will likely under perform. We would expect to under perform when the market favors commodity-related businesses with little pricing power, highly cyclical businesses with poor long-term returns on capital, and momentum-oriented stocks that we consider to be excessively valued.

Mar Vista's approach is unique relative to other growth managers in that we place as much emphasis on the valuation and protection of capital as we do on the growth potential of a company. We prefer businesses that can grow profits at high rates relative to capital, but we will not invest if the stock price already reflects these growth opportunities.

##### The Investment Process

Our process is steadfast regardless of the investment environment. We own those rare durable growth franchises only when their price represents an adequate margin of safety. We put each company through the same process, regardless of the business model or its sector. Every time we look at a company, we ask a series of questions. What are the future cash flows? How much are we willing to pay today for those cash flows? How are we different from the consensus? What is the downside if we are wrong about the future? How does this stock fit into the overall portfolio?

The potential universe for our Strategic Growth, Focus and Mid Cap Growth portfolios consists of companies over \$2 billion in market cap but our strict "durable growth franchise" criteria whittles our true universe down to approximately 150 businesses. Our investment team has developed extensive proprietary financial and valuation models to better understand the true economics and likely future cash flows of these businesses. We adjust up to ten years of accounting statements to better reflect economic

reality allowing us to understand the business model and management's track record of capital allocation. We project revenue, margin and capital intensity up to ten years in the future to assess a range of future free cash flows.

We apply various valuation analyses, primarily discounted cash flow, to determine fair value. Our estimates are not based on a single scenario but rather a range of optimistic and pessimistic scenarios, each of which we assign a probability of occurrence. The resulting probability-weighted average fair value is compared to the current market price to determine if the margin of safety is appropriate.

From the universe of 150 stocks, the managers construct the portfolio to maximize the reward to risk ratio. The weight of each position is determined by: (1) the spread between our growth expectations versus the market's (i.e., our confidence in the 'edge' versus the market), (2) the discount to intrinsic value, (3) the expected payoff with emphasis on those with minimal downside risk. Our largest positions are those where we have a significant edge versus the street and low risk of permanent capital loss due to a large margin of safety.

Mar Vista believes short-term timing of stocks or markets is an exercise in futility. The primary investment emphasis is on fundamental bottom-up stock selection by filtering ideas through the investment process outlined above.

Any perceived sector rotation or market timing decisions are purely residual effects of this bottom-up process. For example, high cash positions indicate a lack of interesting investment alternatives, while a high/low sector weighting indicates there are many/few mispriced individual attractive ideas in that sector.

#### Risk Controls

We define risk as the chance of permanent capital loss. On an individual stock basis, Mar Vista believes that the best way to control risk is to pay the right price at initial purchase. When stocks are bought at a discount to fair value, even if we are wrong, capital loss will likely be minimized.

Stocks are typically sold or trimmed when they either approach our estimate of fair value, when the original thesis is altered, the economic moat deteriorates, or to make room for better ideas in the portfolio.

Stocks are reviewed on the basis of any price weakness, defined as a drop of 10% from cost or 20% from a recent high. Such activity may be an indication of important fundamental information making its way into the marketplace. More often than not, price weakness is an opportunity to add to a long-term position.

In addition, through our relationship with Roxbury, we have an Oversight Committee, composed of Senior Executives that review our performance on a quarterly basis. The review includes attribution, decision making processes, and compliance with an eye towards ensuring portfolio managers are executing on their stated objectives.

#### **Mar Vista's Competitive Advantages**

We believe Mar Vista has several sustainable competitive advantages that should allow us to generate superior risk adjusted returns over the long term. The willingness to look beyond the next several quarters and assess the true cash flow potential of a business three to five years hence creates numerous low-risk investment opportunities.

#### Analytical Advantage

We believe that our unique perspective, which focuses on the growth of shareholder value and the sustainability of excess economic returns, uncovers superior business models that we value differently than the market. While many managers focus on revenue and EPS growth, we place as much emphasis on how much capital was required to generate those earnings. By assessing the 'moat' around a business and its ability to extract economic value well into the future, we strive to only own those businesses with excellent management teams that understand and are incentivized by economic returns, not just short-term performance. Our valuation analysis differs from most investors that simply place a multiple on earnings to determine a target price. We develop proprietary and detailed discounted cash flow models and run multiple scenarios to determine a probability-weighted estimate of intrinsic value. To reduce risk of permanent capital loss, we only buy those unique durable growth franchises when they are trading at an appropriate margin of safety, or discount to our estimate of fair value.

As another key analytical advantage, each member of our investment team has covered their respective industries for an average of ten years. This cumulative knowledge, which allows us to deeply understand the industry, business, and management through various cycles of the economy, gives us an important competitive edge.

#### Behavioral Advantage

We believe that investors have consistent behavioral biases that we can identify and exploit. Put simply, our longer-term investment horizon (3-5yrs+) creates a significant competitive advantage. The willingness to look beyond the next several quarters and assess the true cash flow potential of a business three to five years hence creates numerous low-risk investment opportunities. Human nature consistently projects recent experiences too far into the future. Businesses that are going through transitory issues often get priced as though the issues will be permanent. Our unemotional analysis sifts through the noise and emotion of the stock market and assesses the true value-creation potential for a business over the long-term. Often times, what is perceived as the maximum point of uncertainty and risk, is in reality the lowest point of risk since the market has already priced in an overly pessimistic scenario.

#### Concentrated Positions

We believe that concentrated positions in our highest conviction ideas is a key driver of differentiated performance. By focusing our clients capital on unusually

attractive asymmetrical opportunities, we believe we are increasing the odds of both growing and protecting their capital over time.

#### Status as a Minority-Owned and Emerging Manager Firm

Mar Vista is majority owned by Silas Myers, an African-American. We expect our unique status as a minority-owned firm allows us to qualify for business for which we would not otherwise compete. Additionally, our initial level of assets under management will likely qualify Mar Vista for emerging manager business for which a larger money manager would not qualify.

#### **Mar Vista's Portfolio Offerings**

##### Strategic Growth

Mar Vista's Strategic Growth strategy seeks long-term capital appreciation and capital preservation by investing in a portfolio of generally 30-50 durable growth businesses with a wide "economic moat," or sustainable competitive advantage, and abundant opportunities to grow and reinvest capital at high rates of return, yet are trading at attractive margins of safety. For clients with a lower risk profile, we believe a portfolio of generally 30-50 stocks provides ample opportunity for superior investment returns while dampening the volatility experienced in more concentrated portfolios.

##### Focus

Mar Vista's Focus strategy seeks long-term capital appreciation and capital preservation by investing in a concentrated portfolio (generally 15-20 stocks) of durable growth businesses with a wide "economic moat," or sustainable competitive advantage, and abundant opportunities to grow and reinvest capital at high rates of return yet are trading at attractive margins of safety. Studies have indicated that a concentrated portfolio of twenty stocks can provide 90% of the market's diversification and perform with lower risk. For our clients with a longer time horizon and tolerance for volatility, we believe our concentrated portfolio will, over time, provide superior risk-adjusted returns relative to more diversified strategies.

##### Mid-Cap Growth

Mar Vista's Mid-Cap Growth strategy seeks long-term capital appreciation and capital preservation by investing in a portfolio of generally 30-50 durable growth businesses with an emerging "economic moat," or sustainable competitive advantage, and abundant opportunities to grow and reinvest capital at high rates of return yet are trading at attractive margins of safety. We believe a portfolio of generally 30-50 stocks provides ample opportunity for superior investment returns while dampening the volatility experienced in more concentrated portfolios.

#### **5. Education, Business Standards and Background**

All client portfolios are supervised by senior staff and monitored for compliance with investment policies and restrictions agreed to by both Mar Vista and the clients.

Mar Vista requires that each employee involved in determining investment advice to clients pass a securities examination administered by the Financial Industry Regulatory Authority, Inc., or be a Chartered Financial Analyst or have appropriate experience in the securities industry.

#### **6. Education and business background of principals and key investment personnel:**

##### **Brian L. Massey, CFA:**

Born 1970. Education: B.A., Economics, Johns Hopkins University; M.B.A. Finance, Anderson School of Business, UCLA. Business: Managing Member, Mar Vista Investment Partners, LLC, 9/07 to present; Director of Research and Portfolio Manager/Analyst, 8/97 to 11/07 and Member of Board of Managers, 6/05 to 11/07, Roxbury Capital Management, LLC.

##### **Silas A. Myers, CFA:**

Born 1968. Education: A.B. Psychology, Harvard College; M.B.A, Harvard Business School. Business: Managing Member, Mar Vista Investment Partners, LLC, 9/07 to present; Portfolio Manager/Analyst, Roxbury Capital Management, LLC, 5/00 to 11/07.

##### **Joshua J. Honeycutt, CFA:**

Born 1976. Education: B.S. Management/Finance, Purdue University. Business: Portfolio Manager/Analyst, Mar Vista Investment Partners LLC 1/09 to present; Portfolio Manager/Analyst, Roxbury Capital Management, LLC, 6/00 to 12/08; Research Associate, Harvey & Company, 3/00 to 6/00; Forensic Accounting Intern, Tucker Alan, LLC, 5/99 to 9/99.

##### **Jeffrey B. Prestine:**

Born 1971. Education: B.A. Communications, University of Colorado; M.B.A., University of Southern California. Business: Portfolio Manager/Analyst, Mar Vista Investment Partners, LLC 1/09 to present; Portfolio Manager/Analyst, Roxbury Capital Management, LLC 6/06 to 12/08; Equity Analyst, Seneca Capital Management 7/00 to 2/06.

##### **Lance Simpson:**

Born 1979. Education: BS Accountancy, California Lutheran University; MBA University of La Verne. Business: Controller, Roxbury Capital Management, LLC 10/07 to present Chief Compliance Officer, Roxbury Capital Management, LLC, MarVista Investment Partners, LLC 05/09 to present; Accountant, Workrite Inc 01/2004 to 10/2007.

##### **Other Financial Industry Activities or Affiliations.**

**8(C)(3).** To allow us to focus on managing our clients' capital, Mar Vista has a contractual agreement with Roxbury through which Roxbury provides various administrative, operational and business services, including trading, marketing, client service, compliance, and accounting. Roxbury will have representation on Mar Vista's board.

Mar Vista has sub-advisory relationships with investment advisors who are not affiliated with Mar Vista or Roxbury, as well.

#### **Participation of Interest in Client Transactions.**

**9(E).** Mar Vista's manner of trading for its clients is such that it typically buys or sells the same securities for many clients for whom such trades are appropriate in light of the client's individual investment objectives. (Such trades are referred to hereinafter as a "Trading Program"). Trading Programs may take as little as a day or as long as a week or more to complete depending upon the availability of the securities at the targeted price range. Trading Programs may be canceled before they are completed for any of several reasons including a change in the price of the security or a change in Mar Vista's opinion of the security. Moreover, Trading Programs may become inactive because of the price of the security(ies) or general market activity. In addition, Mar Vista also does trades which are not part of a Trading Program ("Incidental Trades") for one or more client accounts, triggered, for example, by a new account being invested for the first time, the addition or withdrawal of funds, or one of Mar Vista's portfolio managers "fine-tuning" one or more accounts for any of various reasons. Also, Mar Vista may not include certain client portfolios in a Trading Program for a variety of reasons distinctive to that portfolio or a group of similarly managed portfolios. Mar Vista may purchase or sell the securities that are the subject of a Trading Program for these client portfolios after the Trading Program has been substantially completed. (Such trades are also referred to as "Incidental Trades").

#### Code of Ethics

Mar Vista has adopted a Code of Ethics that emphasizes the high standards of conduct that Mar Vista will observe. The Code of Ethics consists of certain core principles including, but not limited to: 1) the interests of clients will be placed ahead of the firm's or any employee's own investment interests; 2) officers and employees will not take inappropriate advantage of their positions; 3) information concerning client investments will be kept confidential; 4) employees will provide professional investment management advice based upon unbiased independent judgment; and 5) officers, directors, and employees will act with the utmost integrity. In addition, the Code of Ethics places restrictions on officer and employee personal securities transactions and requires officers and employees to obtain prior approval for certain personal securities transactions. It also requires officers and employees to report periodically, with a few minor exceptions set forth in Rule 204A-1 under the Investment Advisers Act, their personal securities transactions and holdings.

Mar Vista's officers and employees may purchase and/or sell securities contrary to active Trading Programs for client portfolios, but generally will not do so until at least five business days after the completion of a Trading Program.

The guidelines for securities transactions for Mar Vista officers and employees with respect to client Incidental Trades are as follows: generally, on any given day, purchases and/or sales of the same securities for officers and employees as for client Incidental Trades will come after such purchases and/or sales for client portfolios unless there are sufficient securities or sufficient buyers at the same price to fill the needs of both client portfolios and Mar Vista's officers and employees. As a result of this daily trading policy and due to market fluctuations, it is possible that: (1) Mar Vista's officers and employees may purchase or sell the same security on the same day as a client portfolio and receive a better price; and (2) Mar Vista's officers and employees may purchase or sell the same security as a client portfolio a day or more in advance of the purchase or sale of the security for the client portfolio and receive a better price than the client portfolio receives a day or more later.

From time to time, Mar Vista may take positions for certain types of discretionary portfolios that are contrary to positions Mar Vista takes for other discretionary portfolios because clients' investment objectives or requirements (such as the need to take tax losses, realize profits, raise cash, diversify, etc.) are different from those of other clients. Similarly, Mar Vista may trade client portfolios managed according to one investment style in advance of other client portfolios managed according to a different investment style.

Mar Vista's Code of Ethics also places restrictions on officer and employee outside business activities. This is to eliminate potential conflicts of interest. As some of these business activities may present a perception of a conflict of interest, the activity must be disclosed.

Mar Vista will provide any client or prospective client a copy of the Code of Ethics upon request.

#### **10. Conditions for Managing Accounts.**

The minimum account size is generally \$1,000,000, but it may be adjusted at the discretion of Mar Vista's officers.

#### **Review of Accounts.**

**11(A).** Typically, client portfolios with similar investment objectives and managed by the same portfolio manager are reviewed as a group on an on-going basis, formally quarterly, or more often, and will be reviewed as a matter of practice rather than pursuant to a triggering factor. Mar Vista's portfolio managers are responsible for reviewing client portfolios. Administrative personnel support these persons.

**11(B).** A report of a client's complete portfolio is generally provided to clients, at a minimum, on a quarterly basis. Personal or telephone reviews with each client are conducted as necessary.

#### **12(A) & (B). Investment or Brokerage Discretion.**

Mar Vista has discretionary investment authority to manage portfolios, but will work within clients' investment policies and asset allocation guidelines when it determines such

management is feasible. Clients who place restrictions, including restrictions as to types of securities, concentrations, cash balances, and broker selection should recognize that the performance of their accounts may not be representative of the performance of accounts managed with no restrictions.

Some clients may direct Mar Vista to use a particular broker (i.e., a custodian broker, or Managed Account Program broker, a referring broker or simply a broker of the client's personal choice). In all such cases, the client may pay a higher commission or receive smaller discounts than if Mar Vista had discretion to choose a broker, may receive a worse price for a security than other clients for the same security, and best execution may not be achieved. Mar Vista may use step-out trades for aggregated orders for multiple accounts. A step-out trade is one in which Mar Vista places the order for a transaction for one or more client accounts with a broker (the "Step-out Broker"), other than the broker that the client has directed Mar Vista to utilize (the "Directed Broker"). The Step-out Broker executes the trade for the accounts without any commission because the customer pays it to their directed broker. The Step-out Broker will report a net price, which may include a mark-up for executing the transaction.

The brokerage firm shown on the confirmation for a step-out transaction for a client account with a directed broker is not the Step-out Broker, but the Directed Broker. The Directed Broker receives the compensation, if any, shown on the confirmation. This compensation is at whatever commission rate or wrap fee the client has negotiated. Thus, the clients that participate in a step-out transaction may pay different transaction costs. In this manner, the Directed Broker receives the agreed upon commission.

In placing orders for all portfolios for which Mar Vista has authority to select the broker, it is Mar Vista's policy to attempt to obtain the best net price considering both the execution price and the commission rate paid. Orders of clients are combined when possible to obtain a "volume" discount equal to a lower per share commission. Factors involved in trading negotiations include the size, type, and difficulty of the transaction.

When Mar Vista has discretionary authority to select brokerage firms, the selection is typically based upon: (1) general execution capability; (2) operational capability to clear and settle transactions; (3) capital position and risk taking ability; (4) historical trading experience in the stock; (5) integrity of personnel; and (6) quality of research and investment information. As a result of any of the above factors, a client may pay a higher commission than is available from other brokers.

Mar Vista does not implement securities transactions on behalf of Roxbury clients in its capacity as sub-adviser. Therefore, Mar Vista's sub-advisory services do not include blocking trades, negotiating commissions with broker-dealers or obtaining volume discounts, nor obtaining best execution for Roxbury client transactions.

### Managed Account Programs

Transactions under Managed Account Programs are usually effected "net," i.e. without commission and a portion of the single fee is considered to be in place of commissions. (However, Managed Account Programs do not include brokerage as part of the single fee.) Managed Account Programs typically require that a specific brokerage firm be used, and if trades are placed with another firm, the client will be charged separately for brokerage commissions. Therefore, when the client is participating in a Managed Account Program, Mar Vista is generally not free to seek best price or execution by placing transactions with other brokers or dealers. While it has been Mar Vista's experience that the brokerage firms to which it has been required to direct transactions in Managed Account Programs generally can offer the best price for transactions, no assurance can be given that such will continue to be the case in the future. Accordingly, a client may wish to satisfy himself/herself that the brokerage firm offering the Managed Account Program can provide adequate price and execution on most or all transactions.

In evaluating Managed Account Programs, a client should recognize that Mar Vista is not negotiating brokerage commissions on behalf of the client. Further, with a Managed Account Program, a client should also consider that, depending upon the level of the single fee charged under a Managed Account Program, the package of services provided, the amount of portfolio activity in the account, the value of custodial and portfolio monitoring services, the single fee may be higher or lower than the total cost of all the services the client is receiving were he/she to pay for each service separately.

### Aggregation and Allocation of Transactions

Although each client account is individually managed, Mar Vista often will, at any given time, purchase and/or sell the same securities for many accounts. When possible, Mar Vista aggregates the same transactions in the same securities for many clients who have the same directed brokerage firm. Similarly, when possible, Mar Vista aggregates the same transactions in the same securities for many clients for whom Roxbury has discretion to direct brokerage. Clients in an aggregated transaction each receive the same price per share or unit, but, if they have directed brokerage to a particular broker, they may pay different commissions or may pay or receive a different price. (See the reply to items 12A(3)(4) and 13B). Because some of these aggregated transactions may be placed through an omnibus account at a brokerage firm, some clients, depending upon their custodian arrangements, may never receive a confirmation of their individual transaction at the time of the transaction. Instead, such clients will receive only a monthly or quarterly statement from their custodian showing such individual transactions.

If Mar Vista has to place more than one order to fill all orders in an aggregated transaction, each client in the aggregated transaction receives the average price paid in all orders placed for clients in the same aggregate transaction in

the same security on that day. If Mar Vista is unable to fill an aggregated transaction completely, but receives a partial fill of an aggregated transaction, Mar Vista allocates the partially filled transaction pro-rata, random, or based on an equitable rotational system. Consideration is given to investment criteria, size of account, size of allocation, cash availability and other compliance requirements.

As a result, it is possible in a rapidly changing market that all client portfolios may not receive allocations of a purchase or sale of securities before Mar Vista determined to change its action for client portfolios. In such a situation, certain client portfolios may not participate in gains or losses that are made by other client portfolios with similar investment objectives.

Conflicts may arise in the allocation of investment opportunities among accounts that Mar Vista advises. Mar Vista will seek to allocate investment opportunities believed appropriate for one or more of its accounts equitably and consistent with the best interests of all accounts involved; however, there can be no assurance that a particular investment opportunity will be allocated in any particular manner.

In the course of providing advisory services, Mar Vista may simultaneously recommend the sale of a particular security for one account and the purchase of the same security for another account if such recommendations are consistent with each client's investment objectives and guidelines. Therefore, opportunities may arise for Mar Vista to effect "cross" transactions between client accounts. If Mar Vista determines that it is more cost effective and in the best interests of clients to cross securities between client accounts, Mar Vista, acting as investment advisor and fiduciary to both buyer(s) and seller(s) may effect cross trades between client accounts consistent with its policies and procedures. Effective for transactions occurring after August 17, 2006, the Pension Protection Act ("PPA") includes an exemption from ERISA's prohibited transaction rules for cross trading and enables investment advisers to ERISA plans to engage in cross trading if plan assets exceed \$100 million. Cross trading, under pre-Act rules, was prohibited due to ERISA's prohibition against a fiduciary's representing adverse parties in a transaction.

#### Initial Public Offerings

Mar Vista may, from time to time, be invited by the underwriter or a selling group member to participate in an initial public offering ("IPO"). Often Mar Vista is allocated only a small portion of the total IPO offering. It is Mar Vista's policy to allocate IPOs only to those accounts that Mar Vista considers suitable for such transactions and in accordance with the account's investment objectives and risk tolerance.

In addition, if a client portfolio is custodied at a brokerage firm that is not a selling group member for an initial public offering or secondary offering, such a client portfolio will not be able to participate in the purchase of securities in the offering. If the brokerage firm where the client's portfolio is custodied is a selling group member and

an initial public offering or secondary offering is suitable for the client's portfolio, the client may not be able to participate in the purchase of securities in the offering unless the client's individual broker is able and willing to allocate shares in the offering to the client's portfolio.

#### **13(A). Soft Dollar Arrangements**

At any given point in time, Roxbury on behalf of Mar Vista may have a soft dollar arrangement with one or more brokerage firms to receive research services whereby over a period of time, Mar Vista is required to direct a minimum amount of brokerage commissions from client transactions to the brokerage firm. These arrangements change over time. When Mar Vista has soft dollar arrangements with a brokerage firm, it negotiates rates that reflect both the commission rate and the services to be received from the brokerage firm. Clients may direct brokerage commissions generated by their accounts to recapture business and directly benefit their accounts, instead of having Mar Vista use these commissions for its benefit to pay for research services.

Only brokerage commissions from certain discretionary client accounts are used to pay for the research services furnished by brokers. However, Mar Vista may use these research services to service all of its accounts and not just the accounts whose transactions paid for the research services. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay some of Mar Vista's research obligations may not benefit in any way from this research. There is a potential conflict of interest in these soft dollar arrangements because Mar Vista may have an incentive to trade client accounts in order to pay for research services.

In determining how much of a product or service should be paid with clients commissions and how much Mar Vista should pay, Mar Vista evaluates how the product or service is being used by each person that uses the product or service, and how many persons are using the product or service. Mar Vista utilizes clients' commissions to pay for that portion of the product or service that is being used by Mar Vista to assist in investment decision-making and/or placing orders for clients transactions with brokerage firms. For example, if one-half of the Mar Vista employees who use a product or service use it to assist with investment decision-making and the other half of the Mar Vista employees use it for administrative purposes, Mar Vista pays for one-half or less of the total cost of the product or service with clients' commissions.

Mar Vista may also receive research reports from various broker dealers on a non-soft dollar basis. The receipt of such reports is not directly connected to the recommendation of brokerage/custody services to advisory clients, but may create a possible conflict of interest of which clients should be aware in assessing Mar Vista's brokerage recommendations.

#### **13(B). Additional Compensation**

Mar Vista, through Roxbury, has relationships with

many Managed Account Programs which refer clients to Mar Vista.

If a Client is referred to Mar Vista by a Managed Account Program sponsor and the client wants to retain a broker affiliated with the Managed Account Program, Mar Vista will direct all of that client's brokerage to the referring broker (a "referring broker") as authorized by the client. Clients sometimes use brokers as a custodian of their portfolios in order to avoid bank trust department custodian fees and/or to receive other services such as portfolio monitoring services.

When a client does not select his or her own broker, Mar Vista's trading desk attempts to negotiate commissions. When a client is referred by a broker, Mar Vista's trading desk, reviews the commission structure, but does not review the single, flat fee, and, depending upon the circumstances, may attempt to negotiate commissions. However, Mar Vista or an affiliate have a potential conflict of interest in negotiating commissions with a referring or Managed Account Program broker and limited ability to negotiate commission discounts with a referring or Managed Account Program broker. Mar Vista would be in a better position to negotiate commission discounts if clients did not direct brokerage commissions to a particular broker. As a result, Mar Vista generally requests that a client negotiate commissions or a single, flat fee with such brokers, or approve agreed upon commission discounts.

Furthermore, Mar Vista may not be able to obtain volume discounts or best execution when a referring or Managed Account Program broker is used to execute transactions for a client. When possible, Mar Vista blocks the trades of referred or Managed Account Program clients who have requested that their brokerage be directed to the same brokerage firm. However, Mar Vista is not able to negotiate volume commission discounts in such situations. Clients who participate in such block trades are charged different commission rates and may pay or receive different prices for securities; some may be paying a single Wrap Fee and others may be paying on a transaction basis. When commissions are charged on a transaction basis, portions of the commissions are allocated to various referring or Managed Account Program individual brokers. As a result, a client with a referring or Managed Account Program broker may pay higher brokerage commissions on securities transactions or receive a worse price for a security than Mar Vista might be able to negotiate with another brokerage firm and higher brokerage commissions than Mar Vista's other clients pay. See also reply to Item 12.

Mar Vista may enter into written agreements with its affiliate. Pursuant to each such agreement, Mar Vista pays to the affiliate for specified periods of time specified percentages of the advisory fees paid to Mar Vista by clients Mar Vista determines to have become clients as a result of the affiliates efforts. Whether or not Mar Vista is obligated to pay its affiliate a portion of the fee payable to Roxbury, the client's fee to Mar Vista remains the same. Each incentive compensation agreement complies with Rule 206(4)-3 under the Investment Advisers Act of 1940.

In addition, Mar Vista may enter into solicitor arrangements with several organizations to refer clients to Mar Vista in compliance with rule 206(4)-3 under the Investment Advisers Act of 1940. In addition, affiliates of Mar Vista may refer clients to Mar Vista. Mar Vista may enter into additional arrangements in the future.

## **Mar Vista Privacy Notice**

### **Your Privacy at Mar Vista**

At Mar Vista, keeping client information secure is a top priority. Mar Vista is fully committed to protecting your right to privacy. We maintain high standards to protect your personal information, and we will prudently protect that information. Mar Vista will not sell or share your personal information or name.

### **Collection of Information**

Mar Vista collects nonpublic personal information from you from the following sources: (1) information you provided to us at the time your account was established; (2) information we receive from your professional advisors such as attorneys and accountants; (3) information from nonaffiliated third parties about the transaction we have ordered for you, your account balances and account activity; and (4) correspondence between you and Mar Vista or between you and your broker or custodian.

### **Disclosure of Information**

Mar Vista discloses nonpublic personal information about you or your accounts to any third party only under the following conditions:

1. We receive your prior consent;
2. We believe the recipient to be your authorized representative, including your attorney or accountant;
3. The recipient is a broker, custodian or other service provider with whom we must share information in order to manage your account properly, or
4. We are required by law to disclose information to the recipient.

Mar Vista will only use information about you and your accounts to help us better serve your investment and financial needs, to fulfill our regulatory obligations, to suggest other products and services to you, and to administer our business.

We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information and monitor these safeguards, updating them as necessary. We limit access to your personal information to personnel who need such information to provide you with our services and products.

Keeping customer information secure, and using it only as our clients would want us to, is a top priority for Mar Vista. Mar Vista is committed to upholding this policy whether you are a current or former client.