



FORM ADV PART 2A

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**Philadelphia International Advisors, LP (PIA)**

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Disclaimer: This brochure provides information about the qualification and business practices of Philadelphia International Advisors, LP. If you have any questions about the contents of this brochure, please contact us at 215-419-6090. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Philadelphia International Advisors, LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Material changes from PIA's last Form ADV Brochure dated March 21, 2013 are outlined below and described in more detail in the appropriate sections of this Brochure:

- Effective June 3, 2013, PIA's address changed to 1650 Arch Street, Suite 2501 Philadelphia, PA 19103

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## Advisory Business

Philadelphia International Advisors, LP research effort began in 1985 when Andrew B. Williams, CFA, joined The Glenmede Trust Company (Glenmede) as Director of Research. Shortly after his arrival, Andy focused on building the international team, and introduced the Glenmede International Portfolio mutual fund (GTCIX) in 1988. In January 2002, Glenmede and the international team, headed by Andy, “reorganized” as a limited partnership and registered with the SEC as a registered international adviser\*. The partnership, Philadelphia International Advisors, LP (PIA), has two partners: Glenmede (a silent Limited Partner owning 25%) and Philadelphia International Partners, LP (PIP), (General Partner owning 75%). Glenmede is PIA’s sole affiliate and is not a broker-dealer. PIP currently has 16 partners including all key investment professionals and others. PIA’s ownership structure is depicted below.

\* Registration with the SEC does not imply a certain level of skill or training.



PIA is an investment management boutique, focused exclusively on international equity investing. PIA manages international equity investments in four distinct strategies:

1. **Diversified:** Portfolio typically holds 80-90 securities. The Diversified product is offered through three investment vehicles: separate account, mutual fund, or commingled fund.
2. **ADR:** ADR (American Depositary Receipt) portfolio typically holding 45-55 securities. The ADR product is available through a separate account (e.g., client custodied or through a traditional managed account (wrap) platform) or a unified managed account (UMA) platform.
3. **International Small Cap:** Portfolio consisting of small cap, non-US securities where the stock selection and portfolio construction are quantitatively driven. The International Small Cap strategy is currently available through a separate account and a mutual fund.
4. **Emerging Markets:** Portfolio consisting of non-US securities tied economically to emerging markets where the stock selection and portfolio construction are quantitatively driven. The Emerging Markets strategy is currently available through a separate account and a mutual fund.

PIA offers standard portfolio management services that adhere to its stated investment guidelines as well as custom services for clients that have specific investment guidelines and/or restrictions. PIA manages Socially Restricted Investment (SRI) mandates as well as portfolios with client specific restrictions such as no emerging markets and other stock specific or country/sector/industry guidelines. In 2012, PIA began managing International All-Cap and All-Country ex US mandates combining the Diversified product with the quantitatively driven International Small Cap and/or Emerging Market strategies.

As of December 31, 2013, PIA had \$2.8 billion in assets under management as follows:

By Strategy		By Investment Discretion	
Diversified:	\$1,998 million	Discretionary:	\$ 2,411 million
ADR:	\$650 million	Non-discretionary:	<u>\$368 million</u>
Small Cap:	\$79 million		
Emerging Markets:	<u>\$50 million</u>		
<b>Total:</b>	<b>\$2,779 million</b>	<b>Total:</b>	<b>\$2,779 million</b>

Individual strategy assets under management may not add up exactly to the Total due to rounding. Included above are all separately managed accounts including traditional managed account (wrap) platforms and unified managed accounts (UMA) and other similar programs where PIA provides model portfolios for its ADR strategy to various platforms. The Non-discretionary assets above represent client relationships where PIA either does not have trading authority, such as UMA platforms, or the client has imposed restrictions on its portfolio that inhibit PIA's ability to consistently implement the intended strategy.

PIA currently offers investment advisory services for its ADR strategy to several wrap sponsored platforms. PIA currently participates in one or more wrap fee programs sponsored by: Ameriprise, Charles Schwab, Citi Private Bank,, LPL Financial, Lockwood Advisors, Morgan Stanley, Envestnet, RBC, Wells Fargo Advisors, and others. UMA platforms include Envestnet, FolioDX, AssetMark, Merrill Lynch, Morgan Stanley, Parametric, Placemark, RBC, and Wells Fargo Advisors among others.

### Fees and Compensation

PIA's fee schedules, for its four core investment strategies and their associated investment vehicles, are described below. While it is PIA's intent to charge clients in accordance with the current fee schedules, fees are subject to modification and negotiation. Typically, investment management fees for separate accounts (excluding wrap) are charged in arrears on a quarterly basis. However, PIA does accommodate monthly billing for certain clients. Within the commingled fund, at a client's request, PIA may deduct investment management fees directly from a client account. Investment management fees for wrap platform services may be monthly or quarterly and either in advance or arrears, depending upon the contractual arrangement with the client.

PIA's standard investment advisory agreement may be terminated by PIA, or the client, without penalty upon prior written notice given to the other party. Upon termination, the fees will be pro-

rated for the period in which PIA has rendered its services, and any fees paid or unearned will be refunded to the client on a pro-rated basis.

**Standard Fee Schedule for a separate account (Diversified & ADR Strategies):**

First \$15 million	0.75% on market value
Next \$20 million	0.55% on market value
Next \$30 million	0.45% on market value
Next \$35 million	0.35% on market value
Over \$100 million	Negotiable

**Standard Fee Schedule for a separate account (Small Cap Strategy):**

First \$15 million	0.80% on market value
Next \$20 million	0.70% on market value
Next \$30 million	0.60% on market value
Next \$35 million	0.50% on market value
Over \$100 million	Negotiable

**Standard Fee Schedule for a separate account (Emerging Markets Strategy):**

First \$15 million	0.85% on market value
Next \$20 million	0.75% on market value
Next \$30 million	0.65% on market value
Next \$35 million	0.55% on market value
Over \$100 million	Negotiable

**Standard Fee Schedule for commingled fund (Diversified Strategy):**

First \$10 million	0.75% on market value
Next \$20 million	0.55% on market value
Next \$30 million	0.45% on market value
Next \$40 million	0.35% on market value
Over \$100 million	Negotiable

Operating expenses, not included above, charged to the commingled fund may include administration, custody, accounting services, and other similar expenses.

While investment management fees for managed account (wrap) and UMA platforms vary, fees for these relationships generally reflect those of a larger (greater than \$100 million) account on the ADR separate account fee schedule referenced above.

***Mutual Funds***

PIA is the investment adviser to certain registered investment companies (mutual funds) under the Glenmede Fund, Inc. family of funds. PIA's maximum contractual investment advisory fee for these funds is as follows:

Philadelphia International Fund	0.75% of net assets
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International Small Cap Fund	0.60% of net assets
Emerging Markets Fund	0.65% of net assets

For more information on other expenses charged by these funds, please refer to the specific fund’s prospectus and its statement of additional information on file with the SEC. These other expenses may include, but are not limited to: custody, administration, shareholder servicing, transfer agency, and/or purchase/redemption fees.

PIA serves as a sub-adviser to various third-party sponsored registered investment companies including the fund families of CGCMF, Glenmede, and Guidestone. Fees charged under these relationships are based on assets greater than \$100 million and are therefore subject to negotiation.

PIA does not have any transaction-based compensation (e.g., commissions) arrangements. However, PIA-managed portfolios are subject to commissions and other trading related expenses. Please refer to the section entitled Brokerage Practices for a more detailed discussion on PIA’s brokerage policies/procedures.

### **Performance-Based Fees and Side-By-Side Management**

As described in the Fees and Compensation section above, PIA’s typical fee arrangement is an asset-based fee schedule. However, PIA may have clients with performance-based fee arrangements. The presence of performance-based compensation arrangements may present a conflict of interest, as there could be an incentive to favor those client accounts with variable fee schedules. Conflicts of interest of this type are minimized by PIA’s investment management decision-making process (see Methods of Analysis, Investment Strategies and Risk of Loss) and trade allocation policies. PIA will only enter into performance-based compensation arrangements as applicable by law and regulation.

### **Types of Clients**

PIA provides investment advisory services to a wide range of clients. PIA’s clients include public pension plans, corporations, Taft-Hartley plans, defined benefit plans, defined contribution plans, sub-advised funds, commingled funds, endowments, foundations, religious organizations, individuals (personal assets, estates, trusts), managed account (wrap) platforms, UMA platforms (non-discretionary) and others.

### **ERISA Section 408(b)(2) Fee Disclosure**

PIA is a Covered Service Provider that has entered into contractual agreements to provide investment advisory services to various covered plans governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). PIA provides international equity investment advisory services as more fully described in the sections entitled Advisory Business, Fees and Compensation, Performance-Based Fees and Side-by-Side Management, Types of Clients, Methods of Analysis, Investment Strategies, and Risk of Loss, and Brokerage Practices. PIA is a Registered Investment Adviser under the Investment Advisers Act of 1940 and acknowledges that it is a “fiduciary” with respect to applicable covered plan clients within the meaning of ERISA. PIA will receive direct compensation for services rendered as described in the sections entitled Fees and Compensation and Performance-Based Fees and Side-by-Side Management. Commissions paid by a

covered plan client and PIA's use of soft dollars (indirect compensation) are more fully described in the Brokerage Practices section. Upon termination of an investment advisory agreement, PIA will receive compensation for services rendered in accordance with the applicable investment advisory agreement and as generally described in the Fees and Compensation section. PIA typically receives its direct compensation through direct billing quarterly in arrears. Please refer to the Fees and Compensation section for more information.

PIA's standard account minimums for the establishment and maintenance of an investment advisory account are:

Separate Account: \$10,000,000

Commingled Fund: \$10,000,000

Philadelphia International Fund: \$1,000,000

International Small Cap Fund: \$1,000,000 (Class I), \$10,000,000 (Class IV)

Emerging Markets Fund: \$1,000,000 (Class I), \$10,000,000 (Class IV)

Managed (Wrap) Account: \$100,000 (this may differ from program to program)

PIA reserves the right to accept or maintain accounts below the stated minimums.

## Methods of Analysis, Investment Strategies and Risk of Loss

PIA's investment strategies are also summarized under the Advisory Business section. PIA utilizes fundamental, quantitative, and technical research when constructing client portfolios.

### *Diversified Strategy and ADR Strategy*

**Philosophy** – PIA's steadfast approach to international equity investing is long-term and risk aware. PIA believes an unhedged portfolio of companies with traditional value characteristics and positive company-specific catalysts, concentrated in countries that also exhibit strong relative value characteristics, will outperform the market over time.

There are three main components to PIA's investment philosophy:

**Buy Undervalued Stocks.** It is PIA's core value discipline that determines both country allocation and stock selection for its international equity portfolio.

**Risk Aware.** PIA maintains a strict adherence to a value-oriented philosophy, broad geographic and industry diversification, and an emphasis on quality.

**No Market Timing.** Portfolios are fully invested. PIA does not hedge currencies or utilize derivatives, futures, or other speculative instruments.

### *Investment Process*

Proprietary Ranking Process – PIA's process begins with its proprietary, multi-factor model which narrows the universe within each country. To construct the PIA universe, PIA evaluates traditional value, profitability, and earnings catalyst factors.



**PIA Universe** - The PIA Universe is the true starting point for all buy decisions. To become part of this universe, stocks must rank in the top 30% within each country, according to the aforementioned proprietary multi-factor model. European securities must also rank in the top 30% of our European regional screen, which employs the same factors as our country model, to become part of our universe.

**Quality Filters** – Before a stock can move to our Buy List, it must meet our strict quality standards that focus on: liquidity, balance sheet strength, industry fundamentals, and management quality.

**Fundamental Research** - The Buy List is then further reduced through a process of judgmental elimination and extensive in-house research. PIA’s analysts focus on the following:

- ▶ Financial Statement Analysis – Confirm each security’s rank.
- ▶ Relative Valuation – Compare to security’s own history, country and sector peers.
- ▶ Identifying Drivers – Of earnings growth or change.
- ▶ Management – Conduct on-site interviews with company management.
- ▶ Build Valuation Models – For stocks, using long-term estimates.
- ▶ Evaluate Point/Counterpoint Analysis - Confirm our understanding of all the factors driving optimistic and pessimistic views.

All Diversified and ADR portfolios are managed within a team environment. The investment team makes specific portfolio recommendations (buys/sells) with Andy Williams, Lead Portfolio Manager, having the final say.

### *International Small Cap Strategy*

#### *Philosophy*

PIA's small cap approach to international investing is systematic, diversified, and risk aware. PIA believes a portfolio of companies with traditional value characteristics, coupled with positive momentum factors, will outperform the market over the long-term.

There are three main components to PIA’s international small cap investment philosophy:

***Quantitatively Driven*** – Systematic, objective methodology that derives its advantage from unemotional, strict adherence to proven drivers of excess returns. The systematization of PIA’s investment methodology also allows this rigorous investment process to be applied effectively over very broad investment universes – such as the international small cap space.

***Valuation*** – PIA’s equity research on international markets has demonstrated that stocks with low valuation ratios produce superior returns over more expensive stocks over time. Markets are inefficient, and thus, a systematic investor can uncover and capitalize on these mispricings.

***Intelligent Risk taking*** – PIA concentrates bets where they are most effective and where we expect the largest payoff, and limits bets which would introduce an excessive amount of risk for the associated return. Strict adherence to our disciplines, including neutrality to region, sector, and size exposure, give the portfolio attractive risk/return characteristics.

## *Investment Process*

PIA's security selection entails the use of our proprietary stock model to evaluate approximately 2,200 companies in 21 developed non-U.S. markets with market capitalization currently less than \$7.1 billion (market cap cut off is determined by country as outlined by the MSCI EAFE Small Cap index methodology). PIA ranks all the securities within the universe by country and by sector. Stocks in Continental Europe are also grouped as one region and ranked by sector. A security rank is based on: traditional valuation metrics, price and earnings momentum, profitability factors, and others. Stock-specific risk characteristics, as well as trading costs and liquidity characteristics, are also taken into consideration. PIA strives to construct a portfolio of securities to maximize alpha potential while minimizing uncompensated risk and transaction costs.

## *Emerging Markets Strategy*

### *Philosophy*

PIA's approach to emerging markets investing is systematic, diversified and risk aware. PIA believes a portfolio tilted to particularly attractive markets composed of companies with traditional value characteristics coupled with positive company-momentum factors will outperform the broad market over time.

There are four main components to PIA's emerging market investment philosophy:

***Quantitatively Driven*** Systematic, objective methodology that derives its advantage from unemotional adherence to proven drivers of excess returns. Broad stock coverage facilitated by systematization of PIA's investment methodology.

***Valuation*** PIA's equity research on emerging markets has demonstrated that stocks with low valuation ratios produce superior returns over more expensive stocks over time. The volatility and inefficiencies in emerging markets allow a systematic investor the ability to uncover and capitalize on mispricings.

***Country Matters*** Unlike in the developed markets, systematic country forecasting in emerging markets can yield large risk adjusted rewards.

***Intelligent Risk Taking*** Taking bets in areas where our models have a high predictive power and limiting uncompensated risks gives the portfolio attractive risk and return characteristics.

## *Investment Process*

PIA's security selection entails the use of our proprietary stock model to evaluate approximately 3,000 companies in 21 emerging markets with market capitalization typically greater than \$300 million. PIA ranks all the securities within the universe within their respective country. A security rank is based on: traditional valuation metrics, price and earnings momentum, profitability factors, and others. Stock-specific risk characteristics, as well as trading costs and liquidity characteristics,

are also taken into consideration. PIA strives to construct a portfolio of securities to maximize alpha potential while minimizing uncompensated risk and transaction costs.

Investing in non-US securities involves several types of risk, as described below:

***Market Risk:*** Stocks may decline over short or even extended periods of time. Equity markets tend to be cyclical – there are times when stock prices generally increase, and other times when they generally decrease. Also, there is an additional risk that the particular types of stocks held by PIA-managed portfolios will underperform other types of securities. **Investing in stocks involves possible risk of loss that clients should be prepared to bear.**

***Foreign Investment Risk:*** Foreign stocks involve special risks not typically associated with US stocks. Foreign investments may be riskier than US investments because of factors such as foreign government restrictions, changes in currency exchange rates, incomplete financial information about the issuers of securities, and political or economic instability. Foreign stocks may be more volatile and less liquid than US stocks. Investments in depositary receipts (ADRs and GDRs) involve risks similar to those accompanying direct investment in foreign securities.

***Frequent Trading Risk:*** While it is not part of our normal investment strategy, we may actively trade securities to achieve our performance objective. A high rate of portfolio turnover involves correspondingly high transaction costs, which may adversely affect portfolio performance over time. High portfolio turnover may also result in the realization of short-term capital gains.

***Liquidity Risk:*** Low trading volume, lack of a market maker, a large position, or legal restrictions may limit our ability to sell particular securities in a short period of time, without material market impact. These risks are particularly pronounced for equity investments in companies with smaller capitalization.

***Market Disruption and Geopolitical Risk:*** Geopolitical events may disrupt securities markets and adversely affect global economies and markets. Those events, as well as other changes in foreign and domestic economic and political conditions, could adversely affect the value of the portfolio's investments.

***Emerging Markets Risk:*** The risks associated with foreign investments are heightened when investing in emerging markets. The governments and economies of emerging market countries may show greater instability than those of more developed countries. Such investments tend to fluctuate in price more widely and to be less liquid than other foreign investments.

***Smaller Company Risk:*** The securities of small- and mid-capitalization companies often are less widely held, may trade less frequently and trade in lesser quantities, than the securities of companies with larger market capitalizations. In addition, small cap stocks may have more price volatility than larger cap stocks.

## Disciplinary Information

There are no legal or disciplinary events that are material to one's evaluation of PIA's advisory business or the integrity of its management.

## **Other Financial Industry Activities and Affiliations**

As described in “Advisory Business” on page 4, the Glenmede Trust Company (Glenmede) is PIA’s sole affiliate and is not a broker-dealer. Headquartered in Philadelphia, Glenmede was founded in 1956 as an independent trust company, devoted exclusively to investment management and trust services. Glenmede manages an array of investment products for institutions and high net worth individuals. PIA is the sub-adviser to the Glenmede International Portfolio (GTCIX) and provides Glenmede with a model portfolio for its ADR strategy in a similar capacity to that of a UMA platform. There are no other services provided to or received from Glenmede.

All PIA employees complete a conflict of interest survey on an annual basis. The survey asks detailed questions regarding employee (and direct family) relationships and their outside activities to document any potential conflict of interest with our clients. Any noteworthy relationships are monitored.

On July 1, 2005, PIA began advising a “private fund” as defined under SEC Rule 203(b)(3)-1. The partnership is a commingled fund managed in PIA’s Diversified strategy. PIA acts as investment advisor to the commingled fund and is the sole member of its general partner. The fund was created primarily for institutional investors who meet the criteria to invest in a “private fund”. Minimum investment for inclusion in the commingled fund is \$10,000,000. PIA reserves the right to accept or maintain accounts below the stated minimum. Each investor in the fund is required to enter into a separate investment advisory relationship with PIA. The investment management fees associated with this fund are described under the Fees and Compensation section.

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

PIA has adopted a written Code of Ethics that complies with the provisions of Rule 204A-1 under the Investment Advisers Act of 1940, and it has adopted procedures reasonably necessary to prevent its access persons from violating the provisions of the Code of Ethics. All PIA personnel and applicable on-site vendors are considered access persons and therefore must pre-clear all non-US security trades. Access persons may not invest in securities currently in PIA’s “buy zone” or held in PIA client accounts. A restricted stock list is generated weekly, which contains stocks held in client accounts, and those that rank as a ‘buy’ in our quantitative screens. On a quarterly basis, the pre-clearance requests and personal transaction disclosures are reconciled against the brokerage statements and confirmations received for each employee. Any deviation between the disclosures and statements is investigated and appropriate actions taken. In addition, PIA’s personal trading guidelines do not allow investments in IPOs or private placements of public companies, and prohibits short-term trading. All employees are provided Code of Ethics training on an annual basis.

PIA’s Code of Ethical Conduct states:

- ▶ To its employees, PIA is committed to honesty, just management and fairness, to provide a safe and healthy work environment, and respect for the dignity due to everyone.

- ▶ To its clients, PIA is committed to providing reliable and appropriate services, delivered competently, in a timely manner, and for fair compensation.
- ▶ To its communities in which PIA employees work and live, PIA is committed to acting as concerned and responsible neighbors reflecting all aspects of good citizenship.
- ▶ To its partners, PIA is committed to sound and sustained growth and the prudent use of its assets and resources.

A copy of PIA's Code of Ethics is available upon request.

PIA forbids any officer, director, or employee from trading, either personally or on behalf of a client account, on material non-public information, or communicating material non-public information to other persons in violation of the law. This conduct is frequently referred to as "insider trading". PIA's policy applies to every employee and extends to activities within and outside their duties for PIA. Every employee must read and retain a copy of the Policy Statement.

All access persons are prohibited from receiving compensation in any form (other than their PIA compensation package) from any person or entity that does business with or on behalf of a client. Receipt of gifts, gratuities, hospitalities, or other things of more than \$100 face or retail value, is also prohibited. Access persons are expected to use particular care and good judgment to achieve and maintain independence and objectivity. PIA's policy on gifts does not generally apply to food and entertainment relating to a regular luncheon, dinner, or business meeting; awards received for contributions or service to charitable, civic, religious, or industry-related organizations, or honoraria for speaking engagements.

PIA implemented its Pay-to-Play policy in March 2011. All access persons must report any political contributions made on a quarterly basis. Covered Employees, defined as all partners and sales/marketing professionals, must also adhere to the de minimus limits on contributions.

Gifts received in the course of business by PIA employees, regardless of value, must be disclosed. PIA employees will document all gifts received on their quarterly transaction report. The Chief Compliance Officer will compile and monitor a log of all gifts received to ensure adherence to the stated policy.

PIA may, from time to time, support various seminars or training programs for managed account (wrap) and/or UMA sponsors. In addition, PIA may sponsor investment and pension consultant conferences for third party consultants that may recommend clients to PIA. PIA may also purchase management consulting/business services from the third party consultants. PIA also participates in shareholder servicing reimbursement arrangements where the firm, out of its own resources, pays servicing agents that provide omnibus accounting and other related shareholder services to its customers who beneficially own shares of PIA mutual funds. These activities may create a conflict of interest whereby consultants/advisers/agents may recommend the use of PIA's services to their clients. It is PIA's policy to limit these activities to generally accepted business practices consistent with its fiduciary duty.

## Brokerage Practices

While acting in the best interest of the client, PIA will allocate the execution of transactions to brokers and dealers at specific commission rates as is consistent with the good faith judgment of PIA. PIA has a fiduciary obligation to seek to obtain best execution on behalf of its clients.

An assessment of applicable brokers takes place on an annual basis and is reviewed on a semi-annual basis to ensure that the opinions, by the investment team, towards each individual brokerage firm have not changed over the course of the year. The process involves a brokerage vote amongst the investment professionals (on an individual basis) by allocating preference to those brokers based on the level of service received in areas such as:

- ▶ access to analysts, strategists and economists via phone, email and personal visits
- ▶ high quality investment research
- ▶ ability to access company management teams and to arrange visits
- ▶ broker sponsored events including industry conferences
- ▶ expertise of the brokerage firm in a specific sector or analytical skill
- ▶ quality of trade execution services

Votes are then compiled, reviewed, and a commission schedule is created based on the percentage of votes received and how that corresponds with the total estimated commission pool. Feedback is then given by each member of the team. In the case where a firm does not make the allocation list, they are put on a watch list and reviewed on a periodic basis to assess whether they should be given an allocation. Documentation of the voting process is maintained by trading/compliance personnel.

Twice a year, the commission schedule is reviewed by the investment team to assess whether each firm is meeting the requirements listed above. In certain cases, brokerage firms are either moved up, down, or removed from the schedule.

In general, the broker list is used by the trading desk to allocate trades over the course of the year. While security trading should reflect the research-driven priorities over the long term, traders are directed to implement each trade on a best execution basis.

Due diligence is performed on all brokers selected for the approved list. Financial records are requested and scrutinized to ensure certain net capital requirements (e.g., \$250,000 or 2 percent of aggregate debit items, computed in accordance with the Formula for Determination of Reserve Requirements for Brokers & Dealers) are maintained. In addition, all brokers are reviewed for any regulatory enforcement actions against them. In the event that a broker has had regulatory issues or does not meet net capital requirements, the Brokerage Allocation Committee will determine if the broker is to be removed from the approved list or put on watch.

PIA trading currently utilizes full service brokers, execution only brokers, and Electronic Communication Networks (ECNs) to execute security trades.

At a client's request, PIA may direct a portion of the client's trades to a broker specified by the client. Every effort is made to ensure best execution; however, there is no guarantee that best execution can be achieved while consistently meeting the client's directed brokerage targets. In addition, directed trades may have higher execution costs, as they may be executed outside block trades that could receive more favorable transaction costs.

PIA utilizes proprietary research (considered soft dollars) from full service brokerage firms as well as research provided through Commission Sharing Agreements (CSAs) as described below. The proprietary research is used to augment PIA's own internal research efforts. Due to the added value of proprietary research, commissions paid to full service brokers are typically higher than those deemed 'execution only'. All soft dollar arrangements will satisfy the Section 28(e) safe harbor provision of the Securities Exchange Act of 1934. Only those services deemed to enhance the research effort (i.e. "lawful and appropriate assistance to the money manager in the performance of his investment decision-making responsibilities") are eligible for soft dollar payments.

In 2012, PIA launched a CSA program to pay for selected third party research providers which may not be capable of accepting equity trades or providing best execution. PIA may enter into CSAs with certain broker-dealers in order to purchase both proprietary and/or independent third-party brokerage and research services, under the safe harbor provision of Section 28(e) of the Securities and Exchange Act of 1934. Simply put, a portion of the commission paid to executing brokers under the CSA program may be used to pay for these approved services. PIA takes several factors into consideration when selecting or recommending broker-dealers for client transactions, and these factors may include financial strength, reputation, execution, pricing, and reporting, among others. PIA intends to use its best efforts to ensure that fees and costs for services provided by brokers are reasonable. All clients of PIA may not benefit from proprietary and third-party research arrangements, but these services may assist PIA in managing and administering all, or a substantial number of, client accounts.

Since PIA obtains a benefit from these services, which it does not pay for itself, there may be an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services. To ensure that PIA is continually seeking best execution, PIA reviews all trades on a regular and on-going basis.

The Brokerage Allocation Committee meets quarterly to review commission activity relative to the budget, commission rates, and quality of trade execution. The Committee is comprised of the Chief Compliance Officer, Lead Portfolio Manager, CIO, trading personnel, and other investment professionals.

PIA looks to maximize the value of a client's portfolio within the guidelines of each client's stated investment objectives and constraints. In this regard, all security transactions are handled to fill an order while seeking the best execution possible. Account specific characteristics of the security, the conditions within the market in which the order is being executed, and relevant instructions given from the portfolio manager are all taken into consideration for each order. The trading desk conducts pre-trade cost analysis, which estimates a trade's market and price impact based on size and liquidity within the marketplace. This gives the traders a sense of the execution that they should be able to receive from their respective brokers. Upon completion of the order, the execution is analyzed to determine the total cost of the particular trade. In addition, PIA traders receive a formal cost analysis on a quarterly basis provided by Abel Noser.

PIA currently trades its international small cap and emerging market portfolios in a program fashion on an execution only basis; however CSA brokers may be utilized if deemed appropriate. Applicable brokers are vetted based on price, global breadth, execution capabilities, and whether or not there is an existing PIA relationship from a full service broker standpoint. Initially, a pre-trade analysis is run on the program to view specific factors of the trade makeup, such as bid/ask spread, liquidity, and overall market impact. Securities that suggest a greater market impact will be pulled from the program and traded as individual stocks in order to seek increased liquidity at minimal impact.

Multiple orders of the same security are treated fairly and equitably so that no account is favored over another. Except as noted below with respect to relatively small orders, all multiple orders of the same security are aggregated, provided that aggregation in a certain situation is consistent with PIA's policy to seek the best execution and the best price. Each account in an aggregated order participates at the average share price for all transactions in that security on that day. Transaction costs are shared on a pro rata basis by each account's participation in the transaction. Notwithstanding the foregoing, in the interest of operational expediency, de minimus orders may be executed as a single block outside other larger orders. This exception does not apply to orders that would give an unfair advantage to one account over other accounts. Trade allocations are documented and retained for recordkeeping purposes.

In the day-to-day management of PIA international equity portfolios, foreign exchange (F/X) trades typically occur from the following sources: equity trading (buying/selling stocks in local markets), dividend repatriations, and income repatriations. In general, F/X trades can be executed three ways: 1) standing instructions with the custodial bank, 2) directly negotiated one-on-one with the custodial bank and 3) across a platform that provides multiple prices. PIA currently trades F/X for its clients using all three methods. Standing instructions and multiple bids are utilized for specific clients at their request. PIA's typical/default method of executing F/X for a typical portfolio is one-on-one negotiation with the client's custodial bank. PIA negotiates F/X prices directly with client custodial banks across an electronic platform called F/X All. Trades are negotiated in a recorded session and rates are compared to Bloomberg feeds. PIA is able to accept the rates, or choose to leave orders to work a better price as PIA traders are fully in control of the execution.

Allocation of IPOs is performed similarly to other trades on a pro-rata basis. Depending on the level of interest or subscription, the underwriting managers will determine how many shares of the initial interest PIA would receive. If PIA only receives a partial fill of the initial interest, the accounts will be allocated pro-rata, based on the percentage each account received of the total interest, relative to the number of shares which PIA received.

It is the general policy of PIA not to engage in any cross-trading among client accounts. In the event cross-trading may be applicable and beneficial to PIA clients, all necessary steps will be taken to ensure compliance with all applicable regulations. The Chief Compliance Officer will approve any cross-trading prior to its execution.

PIA utilizes a trade rotation system for the managed account programs and separate ADR accounts. The rotation is determined through an excel formatted randomizer. This insures that all managed account programs and separate accounts receive equal treatment when it comes to trading. All trade allocations are documented accordingly.



With two exceptions, all trades for the managed account programs are currently processed in APL. Trade blocks and allocations are created in APL and reviewed for accuracy. The blocks are then committed and sent to each corresponding trade desk for execution. The two exceptions are platforms that have a proprietary account management system that is unavailable through APL. Instead of using APL, the platform specific systems are used to process all trades and allocations for the respective program. In a similar fashion, trades are created in the system and sent to the associated trade desk for execution. If it is determined that trading in the local markets will provide better execution than using the wrap program sponsor broker-dealer, PIA will engage in “step-out” transactions. Step-out trades for wrap platforms are typically done in conjunction with other institutional accounts in a block trade at a negotiated commission rate. Applicable commissions paid for step-out trades are borne by the client account within the wrap program and may be higher than those paid under the client agreement with the sponsor broker-dealer.

### **Review of Accounts**

PIA continuously reviews its clients’ portfolios by tracking the performance/attribution of individual securities, sectors, countries, and overall portfolio performance. PIA’s portfolio managers, analysts, and client service professionals are primarily responsible for such reviews. Cash sheets, portfolio composition reports, and quantitative screens are reviewed by the investment team on a regular basis. In addition, portfolio accountants are responsible for daily trade and cash reconciliation and are, therefore, reviewing accounts constantly. Many of the PIA’s client investment guidelines and restrictions are coded into the trading system, ITG’s XIP. To ensure compliance with stated guidelines, compliance personnel run tests of various account restrictions on a regular basis. PIA also has pre-trade (stock specific) and post-trade (quarterly restriction review) checks in place for restriction monitoring purposes. PIA’s Policy and Compliance Committee meets quarterly to review and explain any account performance dispersion and account restriction violations.

PIA’s standard client reporting includes monthly accounting statements, monthly performance flash, and a written quarterly report. The quarterly report typically contains details on the market overview, portfolio performance, recent buy/sell activity, and portfolio diversification, characteristics, and holdings. Certain PIA clients have customized quarterly reports containing additional information. All standard reports can be sent electronically.

### **Client Referrals and Other Compensation**

PIA may compensate its sales/service professionals for referring clients to PIA. In addition, PIA may compensate third party solicitors for client referrals. If PIA, or any of its employees, engage third parties to solicit investment advisory business on behalf of the firm, it will only do so in adherence with the provisions of Rules 206(4)-3 and 206(4)-5 of the Investment Advisers Act of 1940. Prior to engaging any third party solicitor, PIA compliance personnel will perform due diligence on the solicitor(s) in question to determine whether or not the solicitor(s) meet the definition of a regulated person (as defined by the Rule). Currently, PIA has one client relationship through a third party solicitor. The compensation paid to the solicitor is pursuant to a written agreement which describes the solicitation arrangement, including fees paid by PIA. Prior to PIA contracting with the third party solicitor, the prospect received PIA’s then current Form ADV Part II and signed a written acknowledgement of the solicitation arrangement.

PIA also participates in shareholder servicing reimbursement arrangements where the firm, out of its own resources, pays servicing agents that provide omnibus accounting and other related shareholder services to its customers who beneficially own shares of PIA mutual funds. These activities may create a conflict of interest whereby consultants/advisers/agents may recommend the use of PIA's services to their clients. It is PIA's policy to limit these activities to generally accepted business practices consistent with its fiduciary duty.

## **Custody**

PIA does not have actual custody of any client account. In the normal course of business, PIA does not have the direct authority to open custodial accounts for its separate account clients. PIA will, however, notify clients promptly upon opening a custodial account on their behalf, or when there are changes, prompted by PIA, to the information on that account.

PIA sends monthly account statements to clients, excluding managed account (wrap) and UMA clients. PIA includes a legend on all applicable separate account statements urging clients to compare the account statements they receive from the custodian with those received from PIA. In addition, the legend asks clients not receiving statements from their independently contracted custodian to contact a PIA representative.

PIA may be deemed to have custody of assets by virtue of its position as General Partner to its commingled fund and due to its fee-deduction capabilities for certain commingled clients. PIA has procedures in place with the fund's custodian/administrator, StateStreet, to safeguard our client's assets against fraudulent actions. In particular, for those clients that have requested investment management fees be deducted from their account, PIA has obtained prior written authorization from the client and sends the client all invoices and subsequent trade confirmations for informational purposes.

## **Investment Discretion**

As described in the Advisory Business section, the majority of assets under management are discretionary. Generally, PIA has the authority to determine whether the securities are to be bought or sold, the amount of the securities to be bought or sold, the broker-dealer to be used, and the commission rate to be paid. However, clients may ask PIA to direct trades, restrict certain securities, or adhere to investment guidelines that deviate from our standard investment strategy.

PIA enters in investment advisory agreements with all clients that include PIA's discretionary authority and agreed upon investment guidelines to be followed. Wrap platforms normally adhere to PIA's standard ADR investment guidelines. If an individual client in the wrap platform has specific investment restrictions, PIA trading personnel will code these restrictions in the wrap trading platform, APL. In certain cases, PIA may rely on the wrap sponsor to properly restrict their client accounts, as applicable.

PIA's non-discretionary assets represent client relationships where PIA either does not have trading authority or the client has imposed restrictions on its portfolio that inhibit PIA's ability to consistently implement the intended strategy. Assets managed through UMA and other similar

programs, where PIA provides model portfolios for the ADR strategy, are also considered non-discretionary due to lack of trading authority.

### **Voting Client Securities**

Clients are solicited and records kept indicating whether PIA is to have discretion in voting proxies or whether they should be voted elsewhere. PIA has proxy voting authority for most of its clients. This is primarily documented via the investment advisory agreement. PIA votes all proxies in accordance with its general proxy policy in effect at the time, unless otherwise specifically instructed by the client in writing.

An independent third party proxy service, Institutional Shareholder Services (ISS), has been retained by PIA for their fundamental research on the proxy question and subsequent recommendations. Proxies are voted by ISS in accordance with their proxy voting guidelines with the intent of serving the best interests of PIA's clients. PIA has directed ISS that in the event shares are going to be blocked from trading or otherwise restricted in a specific country from the time the vote is cast until the adjournment of the meeting, ISS will abstain from voting.

PIA has developed its proxy policy to serve the collective interests of its clients, and accordingly, will generally vote pursuant to this policy when conflicts of interest arise. Potential conflicts of interest may arise through business relationships, personal relationships, or familial relationships involving PIA or PIA personnel. When there are proxy voting proposals, however, that give rise to conflicts of interest, the proxy shall be voted consistent with the recommendations of ISS provided that PIA believes that such a vote is consistent with the best interests of its clients.

PIA maintains detailed records on proxy voting. PIA clients may obtain information about how their proxies were voted or a copy of appropriate Proxy Voting Reports by contacting Kent Weaver, Chief Compliance Officer, Philadelphia International Advisors, LP, 1650 Arch Street, Suite 2501, Philadelphia, PA 19103.

### **Financial Information**

PIA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and, therefore, is not required to include a balance sheet with this brochure. In addition, PIA has no financial conditions that impair its ability to meet contractual commitments to clients and has not been the subject of any bankruptcy proceedings.

## FORM ADV PART 2B – BROCHURE SUPPLEMENT

May 31, 2013

Supervised Person: Andrew B Williams  
1650 Arch Street, Suite 2501, Philadelphia, PA, 19103  
(215) 419-6032

Firm: Philadelphia International Advisors, LP (PIA)  
1650 Arch Street, Suite 2501, Philadelphia, PA 19103  
(215) 419-6090

This brochure supplement provides information about Andrew B. Williams that supplements the Philadelphia International Advisors, LP brochure. You should have received a copy of that brochure. Please contact Kent Weaver, Chief Compliance Officer, if you did not receive Philadelphia International Advisors, LP's brochure or if you have any questions about the contents of this supplement.

Additional information about Andrew B. Williams is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Educational Background and Business Experience**

Andrew (Andy) Williams (born in 1954) has been President and Lead Portfolio Manager of the large cap strategies for PIA since its inception in 2002. Prior to forming PIA, Andy joined The Glenmede Trust Company in 1985 as Director of Research and spearheaded the international effort.

Andy received an M.B.A. in Finance from Temple University in 1981 and a B.A. in History from Trinity College in 1976. He earned his Chartered Financial Analyst designation in 1988.

### **Disciplinary Information**

Andy does not have any legal or disciplinary events material to his evaluation as a supervised person.

### **Other Business Activities**

Andy is not actively engaged in any other investment-related business or occupation.

### **Additional Compensation**

Andy does not receive an economic benefit for providing advisory services to someone who is not a PIA client.

### **Supervision**

Andy is PIA's President, and therefore, does not have a direct supervisor. However, advice provided by Andy to our clients is monitored through PIA's investment philosophy and process as well as PIA's overall compliance program which monitors portfolio construction, performance, and trading (among other areas).

## FORM ADV PART 2B – BROCHURE SUPPLEMENT

May 31, 2013

Supervised Person: Robert Benthem de Grave  
1650 Arch Street, Suite 2501, Philadelphia, PA, 19103  
(215) 419-6033

Firm: Philadelphia International Advisors, LP (PIA)  
1650 Arch Street, Suite 2501, Philadelphia, PA 19103  
(215) 419-6090

This brochure supplement provides information about Robert Benthem de Grave that supplements the Philadelphia International Advisors, LP brochure. You should have received a copy of that brochure. Please contact Kent Weaver, Chief Compliance Officer, if you did not receive Philadelphia International Advisors, LP's brochure or if you have any questions about the contents of this supplement.

### **Educational Background and Business Experience**

Robert Benthem de Grave (born in 1960) has been an analyst for Philadelphia International Advisors, LP since its inception in 2002. Prior to PIA, Robert joined Andy Williams at the Glenmede Trust Company as a member of the international equity team in 1994. Robert began his investment career in 1987 in Amsterdam as an Analyst and Portfolio Manager for Mees Pierson.

Robert received doctorandus degree in business economics from Rijksuniversiteit Groningen, Netherlands, in 1986

### **Disciplinary Information**

Robert does not have any legal or disciplinary events material to his evaluation as a supervised person.

### **Other Business Activities**

Robert is not actively engaged in any other investment-related business or occupation.

### **Additional Compensation**

Robert does not receive an economic benefit for providing advisory services to someone who is not a PIA client.

### **Supervision**

Robert reports directly to PIA's President, Andrew B. Williams: 215-419-6032. Advice provided by Robert to our clients is monitored through PIA's investment philosophy and process as well as PIA's overall compliance program which monitors portfolio construction, performance, and trading (among other areas).

FORM ADV PART 2B – BROCHURE SUPPLEMENT

May 31, 2013

Supervised Person: Frederick B. Herman III  
1650 Arch Street, Suite 2501, Philadelphia, PA, 19103  
(215) 419-6610

Firm: Philadelphia International Advisors, LP (PIA)  
1650 Arch Street, Suite 2501, Philadelphia, PA 19103  
(215) 419-6090

This brochure supplement provides information about Frederick B. Herman that supplements the Philadelphia International Advisors, LP brochure. You should have received a copy of that brochure. Please contact Kent Weaver, Chief Compliance Officer, if you did not receive Philadelphia International Advisors, LP's brochure or if you have any questions about the contents of this supplement.

**Educational Background and Business Experience**

Frederick (Rick) B. Herman (born in 1962) has been an analyst for Philadelphia International Advisors, LP since its inception in 2002. Prior to PIA, Rick joined Andy Williams at the Glenmede Trust Company as a member of the international equity team in 1994. Rick began his investment career at Denver Investment Advisors (DIA) in 1990.

Rick received his M.B.A. from the University of Denver in 1995 and a B.A. in Economics from the University of Colorado in 1989.

**Disciplinary Information**

Rick does not have any legal or disciplinary events material to his evaluation as a supervised person.

**Other Business Activities**

Rick is not actively engaged in any other investment-related business or occupation.

**Additional Compensation**

Rick does not receive an economic benefit for providing advisory services to someone who is not a PIA client.

**Supervision**

Rick reports directly to PIA's President, Andrew B. Williams: 215-419-6032. Advice provided by Rick to our clients is monitored through PIA's investment philosophy and process as well as PIA's overall compliance program which monitors portfolio construction, performance, and trading (among other areas).

FORM ADV PART 2B – BROCHURE SUPPLEMENT

May 31, 2013

Supervised Person: Stephen C. Dolce  
1650 Arch Street, Suite 2501, Philadelphia, PA, 19103  
(215) 419-6740

Firm: Philadelphia International Advisors, LP (PIA)  
1650 Arch Street, Suite 2501, Philadelphia, PA 19103  
(215) 419-6090

This brochure supplement provides information about Stephen C. Dolce that supplements the Philadelphia International Advisors, LP brochure. You should have received a copy of that brochure. Please contact Kent Weaver, Chief Compliance Officer, if you did not receive Philadelphia International Advisors, LP's brochure or if you have any questions about the contents of this supplement.

**Educational Background and Business Experience**

Stephen (Steve) Dolce (born in 1968) has been an analyst for Philadelphia International Advisors, LP since 2007. Prior to joining PIA, Steve worked at DuPont Capital Management for over ten years, where he served as a Senior International Equity Analyst, Sector Portfolio Manager, and Global Equity Trader.

Steve received an M.S.F. from Northeastern University in 1998. He graduated from Boston College Carroll School of Management in 1990 where he earned his B.S. in Business Management, concentrating in economics.

**Disciplinary Information**

Steve does not have any legal or disciplinary events material to his evaluation as a supervised person.

**Other Business Activities**

Steve is not actively engaged in any other investment-related business or occupation.

**Additional Compensation**

Steve does not receive an economic benefit for providing advisory services to someone who is not a PIA client.

**Supervision**

Steve reports directly to PIA's President, Andrew B. Williams: 215-419-6032. Advice provided by Steve to our clients is monitored through PIA's investment philosophy and process as well as PIA's overall compliance program which monitors portfolio construction, performance, and trading (among other areas).

FORM ADV PART 2B – BROCHURE SUPPLEMENT

May31, 2013

Supervised Person: Scott E. Decatur  
1650 Arch Street, Suite 2501, Philadelphia, PA, 19103  
(215) 419-6128

Firm: Philadelphia International Advisors, LP (PIA)  
1650 Arch Street, Suite 2501, Philadelphia, PA 19103  
(215) 419-6090

This brochure supplement provides information about Scott E. Decatur that supplements the Philadelphia International Advisors, LP brochure. You should have received a copy of that brochure. Please contact Kent Weaver, Chief Compliance Officer, if you did not receive Philadelphia International Advisors, LP's brochure or if you have any questions about the contents of this supplement.

**Educational Background and Business Experience**

Scott Decatur (born in 1966) has been a quantitative analyst/portfolio manager for Philadelphia International Advisors, LP since 2004. In July 2012, Scott was promoted to Chief Investment Officer. Prior to joining PIA, Scott spent two years at Delaware Investments where he was a member of the Structured Products Group and served as Director of Quantitative Equity Research. Scott also spent five years with Grantham, Mayo, van Otterloo & Co. as a Quantitative Investment Analyst, focusing on emerging markets.

Scott earned a Ph.D. in Computer Science from Harvard University in 1995. Scott graduated from The Massachusetts Institute of Technology with a M.S and a B.S., concentrating in Electrical Engineering and Computer Science in 1989.

**Disciplinary Information**

Scott does not have any legal or disciplinary events material to his evaluation as a supervised person.

**Other Business Activities**

Scott is not actively engaged in any other investment-related business or occupation.

**Additional Compensation**

Scott does not receive an economic benefit for providing advisory services to someone who is not a PIA client.

**Supervision**

Scott reports directly to PIA's President, Andrew B. Williams: 215-419-6032. Advice provided by Scott to our clients is monitored through PIA's investment philosophy and process as well as PIA's overall compliance program which monitors portfolio construction, performance, and trading (among other areas).



## FORM ADV PART 2B – BROCHURE SUPPLEMENT

May 31, 2013

Supervised Person: Wei Huang  
1650 Arch Street, Suite 2501, Philadelphia, PA, 19103  
(215) 419-6766

Firm: Philadelphia International Advisors, LP (PIA)  
1650 Arch Street, Suite 2501, Philadelphia, PA 19103  
(215) 419-6090

This brochure supplement provides information about Wei Huang that supplements the Philadelphia International Advisors, LP brochure. You should have received a copy of that brochure. Please contact Kent Weaver, Chief Compliance Officer, if you did not receive Philadelphia International Advisors, LP's brochure or if you have any questions about the contents of this supplement.

### **Educational Background and Business Experience**

Wei Huang (born in 1968) has been an analyst for Philadelphia International Advisors, LP since 2002. Prior to joining PIA, Wei completed an internship as a Global Industry Research Analyst for Wellington Management Company. Before he began his investment career, Wei worked for several years as an Engineer with Concept Software and Thiokol Propulsion.

Wei graduated from The Wharton School at University of Pennsylvania with an M.B.A., concentrating in finance and investment management in May 2002. He earned a Ph.D. in Industrial, Welding and Systems Engineering from Ohio State University in 1995 and a B.S. in Electrical Engineering from the University of Science and Technology of China in 1988.

### **Disciplinary Information**

Wei does not have any legal or disciplinary events material to his evaluation as a supervised person.

### **Other Business Activities**

Wei is not actively engaged in any other investment-related business or occupation.

### **Additional Compensation**

Wei does not receive an economic benefit for providing advisory services to someone who is not a PIA client.

### **Supervision**

Wei reports directly to PIA's President, Andrew B. Williams: 215-419-6032. Advice provided by Wei to our clients is monitored through PIA's investment philosophy and process as well as PIA's overall compliance program which monitors portfolio construction, performance, and trading (among other areas).

# **PHILADELPHIA INTERNATIONAL ADVISORS, LP**

## **PRIVACY POLICY**

PIA is committed to the confidentiality and privacy of our clients' non-public personal information.

### **I. CATEGORIES OF INFORMATION**

PIA comes into possession of and/or collects non-public personal information about our clients (the "information"):

- from applications, correspondence, account contracts, fiduciary documents and other documents and forms;
- from client transactions with us, account activity and holdings; and
- from third parties, consultants, custodians, attorneys, from which clients have authorized us to obtain such information.

### **II. DISCLOSURES TO UNAFFILIATED THIRD PARTIES**

PIA generally does not disclose information to third parties except as permitted by law. Third party processors or service providers may have access to information of clients in order to provide or assist PIA in providing services to PIA clients. In all cases, such third parties are prohibited from using, disclosing, or releasing information outside the scope of providing such services and have executed contracts containing confidentiality provisions.

PIA prohibits the disclosure of the holdings of the Philadelphia International Fund prior to the holdings being made publically available through quarterly regulatory filings.

### **III. OPT OUT PROVISIONS**

In the event that PIA intends to disclose information to a third party that is not providing services to PIA, then, PIA will notify all affected clients of such intended disclosure. Each such client will be advised of the nature of the disclosure and given instructions on how to opt out. At present, PIA has no intention of disclosing information to third parties beyond the necessary disclosures to processors and service providers and as otherwise permitted by law.

### **IV. SECURITY**

PIA restricts access to information about clients to those employees who need to know that information to provide services to such clients. PIA maintains physical, electronic and procedural safeguards that comply with state and federal regulations to guard client information.

The Privacy Policy is reviewed in the mandatory annual employee training. All employees are required to certify that they understand the policy and agree to adhere to its contents. The Chief Compliance Officer compiles and maintains the certification list.

**PHILADELPHIA INTERNATIONAL ADVISORS, LP**  
**PROXY VOTING POLICY**

As of January 24, 2014

**Overview**

Philadelphia International Advisors, LP (“PIA”) has responsibility to see that proxies are appropriately voted. Clients are solicited and records kept indicating whether we are to have discretion in voting proxies or whether they should be voted elsewhere. This is primarily documented via the account agreement. PIA votes all proxies in accordance with its general proxy policy in effect at the time, unless otherwise specifically instructed by the client in writing.

An independent third party proxy service, Institutional Shareholder Services (ISS), has been retained by PIA for their fundamental research on the proxy question and subsequent recommendations. Proxies are voted by ISS in accordance with their proxy voting guidelines with the intent of serving the best interests of PIA’s clients. PIA has directed ISS that in the event shares are going to be blocked from trading or otherwise will be restricted in the specific country from the time the vote is cast until the adjournment of the meeting, ISS will abstain from voting.

ISS will inform PIA’s proxy administrator of any proxies that do not fall within the adopted guidelines. PIA’s proxy administrator will send the proxies in question to the appropriate portfolio manager for review, documentation of vote rationale, and signature. In the event the designated portfolio manager is unavailable, the proxy will be forwarded to the CIO for execution.

**Proxy Voting Administration**

PIA provides ISS with holdings of all accounts that PIA is responsible for voting. ISS has approved guidelines from PIA to ensure that all issues are voted.

Quarterly reports are generated by ISS for each individual account indicating the number of shares and how the shares were voted. The reports are reviewed quarterly.

**Conflicts of Interest**

PIA has developed this policy to serve the collective interests of our clients, and accordingly, will generally vote pursuant to this policy when conflicts of interest arise. Potential conflicts of interest may arise through business relationships, personal relationships, or familial relationships involving PIA or PIA personnel. When there are proxy voting proposals, however, that give rise to conflicts of interest the proxy shall be voted consistent with the recommendations of ISS provided that PIA believes that such a vote is consistent with the best interests of its clients.

PIA maintains detailed records on proxy voting. PIA clients may obtain information about how their proxies were voted or a copy of appropriate Proxy Voting Reports by contacting Jennifer Hartz (phone: 215-419-6739; email: [Jennifer.hartz@piadvisors.net](mailto:Jennifer.hartz@piadvisors.net)).