

Uniform Application for Investment Adviser Registration

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|--|---------------|--------------|--------------|----------------------------|
| Name of Investment Adviser: Smith Asset Management Group, LP | | | | |
| Address: (Number and Street) | (City) | (State) | (Zip Code) | Area Code Telephone Number |
| 100 Crescent Court, Suite 1150 | Dallas | Texas | 75201 | (214) 880-4600 |

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. A. Advisory Services and Fees. (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

| | | | | |
|-------------------------------------|-----|---|------------|---|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services | 100 | % |
| <input type="checkbox"/> | (2) | Manages investment advisory accounts not involving investment supervisory services | _____ | % |
| <input type="checkbox"/> | (3) | Furnishes investment advice through consultations not included in either service described above | _____ | % |
| <input type="checkbox"/> | (4) | Issues periodicals about securities by subscription | _____ | % |
| <input type="checkbox"/> | (5) | Issues special reports about securities not included in any service described above | _____ | % |
| <input type="checkbox"/> | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ | % |
| <input type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ | % |
| <input type="checkbox"/> | (8) | Provides a timing service | _____ | % |
| <input type="checkbox"/> | (9) | Furnishes advice about securities in any manner not described above | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

| | | | | | |
|-------------------------------------|-----|--|-------------------------------------|-----|-------------------|
| <input checked="" type="checkbox"/> | (1) | A percentage of assets under management | <input type="checkbox"/> | (4) | Subscription fees |
| <input type="checkbox"/> | (2) | Hourly charges | <input type="checkbox"/> | (5) | Commissions |
| <input type="checkbox"/> | (3) | Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> | (6) | Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients — Applicant generally provides investment advice to: (check those that apply)

| | | | | | |
|-------------------------------------|----|----------------------------------|-------------------------------------|----|---|
| <input checked="" type="checkbox"/> | A. | Individuals | <input checked="" type="checkbox"/> | E. | Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> | B. | Banks or thrift institutions | <input checked="" type="checkbox"/> | F. | Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> | C. | Investment companies | <input checked="" type="checkbox"/> | G. | Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> | D. | Pension and profit sharing plans | | | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- A. Equity securities H. United States government securities
- (1) exchange-listed securities
 (2) securities traded over-the-counter
 (3) foreign issuers
- I. Options contracts on:
 (1) securities
 (2) commodities
- B. Warrants
- J. Futures contracts on:
 (1) tangibles
 (2) intangibles
- C. Corporate debt securities (other than commercial paper)
- K. Interests in partnerships investing in:
 (1) real estate
 (2) oil and gas interests
 (3) other (explain on Schedule F)
- D. Commercial paper
- L. Other (explain on Schedule F)
- E. Certificates of deposit
- G. Investment company securities:
 (1) variable life insurance
 (2) variable annuities
 (3) mutual fund shares

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- (1) Charting (4) Cyclical
(2) Fundamental (5) Other (explain on Schedule F)
(3) Technical

B. The main sources of information applicant uses include: (check those that apply)

- (1) Financial newspapers and magazines (5) Timing services
(2) Inspections of corporate activities (6) Annual reports, prospectuses, filings with the Securities and Exchange Commission
(3) Research materials prepared by others (7) Company press releases
(4) Corporate rating services (8) Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- (1) Long term purchases (5) Margin transactions
(securities held at least a year)
(2) Short term purchases (6) Option writing, including covered options, uncovered
(securities sold within a year) options, or spreading strategies
(3) Trading (securities sold within 30 days) (7) Other (explain on Schedule F)
(4) Short sales

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

| | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input checked="" type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? Yes No
-

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See item 11.A. on Schedule F.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

See item 11.B. on Schedule F.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|-------------------------------------|--------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- | | | |
|--|--------------------------|-------------------------------------|
| Has applicant provided a Schedule G balance sheet? | Yes | No |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

| | |
|--|--|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Smith Asset Management Group, LP | IRS Empl. Ident. No.: 75-2620252 |
|--|--|

| Item of Form (identify) | Answer |
|-------------------------|--|
| 1.D | <p>SERVICES PROVIDED: Portfolio Management - Smith Asset Management Group, LP (Smith Group or the Advisor) manages the investment and reinvestment of client's assets (the Portfolio). The Portfolio will be invested in various securities including equities, and, in certain cases, money market instruments.</p> <p>PORTFOLIO MANAGEMENT: The client will pay to the Advisor a fee for managing the Portfolio (the "Advisory Fee") which will be based upon the market value of the Portfolio, including cash equivalents, as determined at the close of the last day of each quarter. In some instances, clients pay monthly or use a daily average balance to calculate payments. The Advisory Fee will be computed quarterly in arrears and the client will either authorize the Advisor to withdraw the fees from the Portfolio or will be billed for the fee.</p> <p>Fees charged for separate accounts are based on the assets under management as selected by the Client:</p> <p>FEE SCHEDULE:</p> <p>LARGE CAP EQUITY- (Fixed Rate) 1st \$10 million - 1.00% of managed assets next \$15 million - .75% of managed assets All assets above \$25 million - .50% of managed assets</p> <p>or</p> <p>LARGE CAP EQUITY- (Variable Rate) 25 b.p. +25 percent of the excess return over the benchmark charged quarterly in arrears for the previous trailing twelve-month period.</p> <p>For qualified clients, and at the client's option, the management fee may be charged as a combination of a percentage of assets under management plus a performance based fee. The fees to be charged for this service will be determined by the client's individual circumstances and will never exceed 25% of the account's performance. The actual fees will be disclosed to the client before entering into this type of arrangement. The percentage of assets under management will be billed quarterly, in arrears.</p> <p>Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was last assessed. In measuring the client's assets for</p> |

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| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Smith Asset Management Group, LP | IRS Empl. Ident. No.: 75-2620252 |
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| | <p>the calculation of the performance-based fees, Smith Group shall include: for the securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period. The client should note that the performance-based fee arrangement may create an incentive for Smith Group to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Smith Group may receive increased compensation with regard to unrealized appreciation as well as unrealized gains in the client's account. The client must understand the proposed method of compensation and its risks prior to entering into the contract. Performance-based fees will only be charged in accordance with the provisions of Reg. 205-3 of the Investment Advisers Act of 1940.</p> <p>SMALL CAP, REIT, SMID, SMALL CAP FOCUS and any other- (Fixed Rate) All accounts - 1.00%</p> <p>WRAP FEE PROGRAM - 1% of managed assets</p> <p>Clients pay according to the stated fee schedule. Under certain circumstances, fees may be negotiated to a level either higher or lower than the stated fee schedule.</p> <p>Portfolio values are computed quarterly based on the quarter end market value and multiplied by the applicable percentage/basis points. This amount is then divided by (4) and deducted from the portfolio value, unless client chooses to be billed for the fee.</p> <p>In addition to the foregoing fees charged by Advisor, the client will incur additional fees charged by non-affiliated firms to transact trades and provide custodial services.</p> <p>The variable rate fee offered for the Large Cap Equity product is paid based on the performance produced within the client's account. Anyone considering the usage of this type of fee should be aware that it might encourage the manager to take an undue amount of risk with the client's capital in order to potentially increase the fee paid to the manager. Although Smith Group carefully monitors the risk level of each client's portfolio, the potential does exist for clients using the variable fee to have a higher risk level than if that fee were not used.</p> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Smith Asset Management Group, LP | IRS Empl. Ident. No.: 75-2620252 |
|--|--|

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|-------------------------|---|
| 2.G. | <p>TERMINATION: Client shall have the right to terminate the Investment Advisory Contract ("Agreement"), without penalty, at any time within five (5) business days after the effective date of the Agreement. Thereafter, either party may terminate the Agreement upon thirty (30) days written notice to the other party by certified or registered mail to the address set forth in the contract. In the event the Agreement is terminated, and the client has advanced any fees which have not been earned as of the effective date of termination, such unearned fees shall be refunded to the client.</p> <p>PRIVATE FUND MANAGEMENT: Smith Group is the general partner and the investment advisor of each of the following private funds. Smith Asset Management Group Small Cap Equity Fund, L.P. ("Small Cap Fund"), Smith Asset Management Group Large Cap Equity Fund, L.P. ("Large Cap Fund"), Smith Group Large Cap Core Growth 130/30 Fund, L.P. ("LCCG130/30 Fund"), Smith Asset Management Group Income Fund, L.P. ("Income Fund") and the Smith Group International Focus Fund ("International Focus") (each a "Fund" and, collectively, the "Funds"). Each Fund is exempt from registration as an investment company pursuant to Section 3(c)(1) of the Investment Company Act of 1940, as amended ("1940 Act").</p> <p>The investment objective of the Small Cap Fund is to produce capital appreciation through equity investments in a broadly diversified portfolio of U.S.-based, small capitalization companies. Smith Group employs the same investment methodology in this Fund as it uses in the management of its institutional small cap client accounts.</p> <p>The investment objective of the Large Cap Fund is to produce capital appreciation through equity investments in a broadly diversified portfolio of U.S.-based, large capitalization companies. Smith Group employs the same investment methodology in this Fund as it uses in the management of its institutional large cap core/growth client accounts.</p> <p>The investment objective of the Income Fund is to produce capital appreciation, consisting of a steady income stream and long-term moderate price appreciation, through investments in a diversified portfolio of U.S.-based, real estate investment trusts ("REITs").</p> <p>The investment objective of the LCCG 130/30 Fund is to seek long-term capital appreciation. The LCCG 130/30 Fund takes long positions primarily in large-capitalization U.S. stocks that have been identified as attractive, and takes short positions in such stocks that have been identified as poised for</p> |

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| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Smith Asset Management Group, LP | IRS Empl. Ident. No.: 75-2620252 |
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|-------------------------------|---|
| <p>4.A.(5)</p> <p>4.B.(8)</p> | <p>underperformance. The LCCG 130/30 Fund will normally hold long positions up to 130% of its assets, and will generally hold approximately 30% of its assets in short positions. The benchmarks used for comparative analysis are the S&P 500 and the Russell 1000.</p> <p>The investment objective of the International Focus is to produce capital appreciation through equity investments in a portfolio of foreign domiciled companies that trade on U.S. security exchanges. Smith Group employs the same investment methodology in this Fund as it uses in the management of its institutional large cap and small cap equity client accounts.</p> <p><i>Management Fee.</i> The Large Cap Fund, Small Cap Fund, the LCCG 130/30 Fund, Income Fund and the International Focus will pay Smith Group, in advance with respect to each Limited Partner each month, a management fee (“Management Fee”) equal to one-twelfth of 1.0% of a Limited Partner’s Capital Account balance at the Valuation Time on that Monthly Valuation Date.</p> <p>Smith Group may, however, in its sole and absolute discretion, waive the payment of all or part of the Management Fee payable with respect to any Limited Partner in any of the Funds (including persons employed by Smith Group and its Affiliates) for any month Smith Group determines is appropriate.</p> |
| <p>6.</p> | <p>Smith Group uses a variety of databases, which provide the financial data and earnings picture of a large number of companies. The exact sources of this information vary from time-to-time.</p> <p>The education and business background of the Smith Group officers follows.</p> <p><i>Stephen S. Smith (born 1947)</i> is the majority owner and a founding partner of Smith Group. Since the firm’s founding in 1995, Mr. Smith has served as both Chief Executive Officer and Chief Investment Officer. Mr. Smith began his investment management career as a portfolio manager with Wachovia Bank in 1976. In 1983 he joined the predecessor to Bank of America, where he held a variety of senior investment management positions. His other work includes a stint with NASA as an aerospace engineer. Mr. Smith’s educational background includes a B.S. in Industrial Engineering (graduating with honors) and an M.B.A., both received from the University of Alabama. Mr. Smith was awarded the Chartered Financial Analyst (“CFA”) designation in 1981.</p> <p><i>John D. Brim (born 1967)</i> joined Smith Group in March 1998 and is a senior portfolio manager of the firm. From April 1997 to March 1998, Mr. Brim was a manager within the Institutional Investment Consulting Group of Deloitte & Touche, LLP. From June 1990 to April 1997, he held a variety of positions,</p> |

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| 8.D | <p>including senior client manager, with NationsBank Asset Management in Dallas. Mr. Brim earned his B.S. in Economics from Texas A&M University. Mr. Brim was awarded the chartered Financial Analyst ("CFA") designation in 1998.</p> <p>Smith Group is the general partner of each of the Funds. See Item 2.G for a description of the Funds.</p> |
| 9.D | <p>Smith Group is engaged in the business of managing long-only, U.S. equity portfolios for its institutional and individual clients ("Long-Only Accounts"). Smith Group also serves as the general partner and investment advisor to one long-short investment strategy the Smith Group LCCG 130/30 Fund ("Long/Short Fund"). Some of Smith Group's employees invest personally in the Long/Short Fund.</p> <p>In order to address any potential conflicts of interest involved in the trading practices of its Long-Only Accounts and the Long/Short Fund, Smith Group has adopted the following trading policies and procedures:</p> <ul style="list-style-type: none"> • Smith Group may hold the same security in its Long-Only Accounts and Long/Short Fund, all such securities being hereinafter referred to as "Overlapping Securities". • Smith Group may not sell a security short in any Long/Short Fund if that security is held in the Long-Only Accounts. • Smith Group may not buy a security in its Long-Only Accounts if that security is held as a short position in any of the Long/Short Fund. • When buying or selling a security that will be or has been held in both the Long-Only Accounts and Long/Short Fund, Smith Group will aggregate such trades in the same block such that the Long-Only Account clients and Long/Short Fund clients receive the same average execution price, and will allocate such trades pro-rata. • In the event Smith Group buys a security in the Long/Short Fund, and within seven (7) trading days thereafter buys the same security in any of its Long-Only Accounts, Smith Group will record such transaction in its trading log. The trading log will be reviewed quarterly to ensure that the Long/Short Fund is not systematically "front-running" the Long-Only Accounts. |
| 9.E | <p>Smith Group operates for the purpose of providing investment management services to its clients. The firm has a code of ethics ("Code") that governs the behavior of its employees. An important element of the Code is to ensure that client benefit overrides employee benefit in the area of obtaining a profit from investment ideas developed by Smith Group. The Code details the employee reporting and approval mechanism used to monitor the activities of employees. Occasionally employees may buy and/or sell securities for their own account</p> |

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| 10. | <p>when Smith Group holds the same securities in its clients' accounts. This practice is allowed as long as (a) proper documentation of this trading is reported and (b) the trading does not have a detrimental impact on any client's account.</p> <p>In an effort to minimize any potential impact employee trading may have on client accounts, Smith Group has placed several restrictions on the trading activities of employees. Smith Group employees, directors and officers (each an "Access Person"), and their family members, may purchase or sell, securities within the parameters for personal securities transactions stipulated in the Code. In addition, an Access Person must comply with the blackout period restrictions detailed in the Code. Generally, the blackout period restrictions prevent an Access Person from purchasing or selling, either directly or indirectly, any security in which the person had any beneficial ownership where the person knew that the security is being considered for purchase or sale by Smith Group on behalf of its clients or is being purchased or sold by Smith Group on behalf of its clients. The blackout period extends seven calendar days before and after the time that the same security is purchased or sold by any Smith Group client portfolio.</p> <p>A copy of Smith Group's Code is available to clients and prospective clients upon request.</p> <p>For details on Smith Group's trade allocation policies, see Item 12.A.B.</p> <p>Minimum Account Sizes:</p> <p style="padding-left: 40px;">Separate Account minimum account size is \$10,000,000 Large Cap Fund minimum account size is \$500,000 Small Cap Fund Minimum account size is \$500,000 Income Fund Minimum account size is \$500,000 LCCG 130/30 Fund minimum account size is \$1,000,000 International Focus Fund minimum account size is \$1,000,000 Wrap Fee program minimum account size will be determined on a case by case basis.</p> <p>Advisor may accept investments of lesser amounts than those listed above in its sole and absolute discretion.</p> <p>Generally, each investor in a Fund must be an "accredited investor," as defined in Regulation D of the Securities Act of 1933, as amended. However, Smith Group may allow a limited number of non-accredited investors to invest in each of the Funds.</p> |

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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|--|--|
| 1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Smith Asset Management Group, LP | IRS Empl. Ident. No.: 75-2620252 |
|--|--|

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| 11.A | <p>REVIEW OF ACCOUNTS:</p> <p>The Adviser uses a team of portfolio managers to review the Client accounts. The team includes the following principal portfolio managers, and other portfolio managers from time to time:</p> <p style="padding-left: 40px;">Stephen S. Smith, CFA- Chief Investment Officer; responsible for overseeing the review process and implementation of the investment discipline within Adviser's client accounts.</p> <p style="padding-left: 40px;">John D. Brim, CFA- Senior Portfolio Manager; responsible for conducting the review process within the Client accounts to which he is assigned and for participating as an active member of the portfolio manager team. The account review process consists of the following steps:</p> <ol style="list-style-type: none"> 1) Thorough discussions between the Client and a member of the portfolio management team, the investment objective is established for each Client relationship. Because the Adviser is primarily in the business of managing equity portfolios, the typical objective is to produce investment performance that exceeds that of a stock market benchmark. 2) On a daily basis, the portfolio management team monitors each individual investment to ensure that the investment is appropriate for the Client's account. 3) If an investment is no longer appropriate, the portfolio manager assigned to the Client relationship initiates the trading procedure, which replaces this asset with a more suitable investment. 4) The portfolio management team monitors the investment performance of the Adviser's Client portfolios on a daily basis to ascertain whether the Client performance objective is being met. 5) The performance of each account is reported to the Client on a mutually agreed schedule, usually at least quarterly. |
| 11.B | <p>REPORTING</p> <p>Advisor will provide comprehensive portfolio performance reports to Clients quarterly. These reports typically contain (1) a list of the assets held, (2) a report of the investment performance, and (3) information to help explain the performance. Such reports are usually sent to the client in the month after the end of the calendar quarters March, June, September and December.</p> |

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| 12.B. | <p>Smith Group will cause to be sent, within 45 days after the close of each quarter of each Fiscal Year of a Fund, to each person who was a Limited Partner of that Fund at any time during that quarter an unaudited account statement and any other information that Smith Group believes to be appropriate. In addition, within 120 days after the end of each Fiscal Year of a Fund, Smith Group will cause to be sent to each person who was a Limited Partner of that Fund at any time during that year a report, in narrative form, that summarizes the status of the Fund's business and activities during that year and that contains a balance sheet as of the end of that year and statements of operations, Limited Partners' equity, and changes in financial position for that year and accompanied by an auditor's report.</p> <p>INVESTMENT DISCRETION The portfolio managers of the Adviser have discretion as to the stock selection made in Client's account including (1) which securities are to be purchased and sold; (2) the amount of the securities to be traded; and (3) the timing for which trades are to be made. However, the Adviser's authority may be restricted by conditions placed by the Client. These restrictions could include, but not be limited to, investing in specific companies or industries. The Adviser does not have access to any customer funds or securities since these will be held in custody at the Client's selected broker/dealer or commercial bank. In addition, neither the Adviser nor any affiliated person trades ahead of any stock selections made on behalf of a Client's account.</p> |
| 12.A(3) | <p>BROKERAGE DISCRETION Smith Group makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transaction for each of the Funds and all other discretionary client accounts. Smith Group manages the investments of each Fund in accordance with that Fund's limited partnership agreement and that Fund's private placement memorandum.</p> <p>Smith Group in its sole discretion, unless otherwise provided, directs the execution of all securities transactions through broker-dealer firms of its own choosing. In some instances clients may direct Smith Group to place orders for execution whenever practicable with a specifically identified broker-dealer. If a client elects to direct securities transactions to a particular broker-dealer, Smith Group may not be able to obtain best execution and may not have the flexibility to negotiate commissions, which may result in increased commissions for that client.</p> <p>Smith Group uses its best efforts to obtain execution of securities transactions at prices that are advantageous to the client and a reasonable, competitive</p> |

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| | <p>commission rate. In choosing broker-dealers for execution of securities transactions, Smith Group considers various relevant factors, including without limitations, the size and type of the transactions, the nature and character of the market for the securities, the broker-dealer firm's financial stability, confidentiality, back office stability, trading desk capacities, referrals, custody, settlement, familiarity with derivative securities strategies and the overall value and quality of the services offered by the broker dealer firm.</p> <p>Smith Group receives research, statistical and quotation services, data, information and other services and materials that assist Smith Group in the performance of its investment advisory responsibilities from broker-dealer firms that execute transactions for Smith Group's clients. Where such services are provided Smith Group has agreed to compensate such broker-dealer or third party in either "hard" dollars (directly paid by Smith Group), "soft dollars" (commission generated) or some combination of the two. A broker-dealer providing such research services may receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided Smith Group determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful and of value to Smith Group in rendering investment advice to all or a significant portion of its clients, or may be relevant and useful for the management of one client's account or only a few clients' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. Smith Group will only make securities transactions that it in good faith believes are in the best interest of the client.</p> <p>Trades executed on a discretionary basis are typically executed electronically at a commission of no more than five cents per share. A portion of this commission may be reserved and used to pay for research and trading related services used to manage the Funds and other clients' portfolios, in compliance with Section 28 (e) of the Securities and Exchange Act of 1934.</p> <p>The exact amount paid is negotiated by the Adviser to be commensurate with the value of the brokerage service provided. This amount is typically higher than is available from brokerage firms which do not provide research services. Brokers are selected based on their ability to transact the trades with the best price and execution. These trading relationships are not exclusive and are subject to change at any time without notification. The Adviser conducts periodic analysis to measure transaction costs.</p> <p>The research services which are paid for by trading commissions are selected</p> |

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| | <p>because the Adviser believes they will add value to the Client's portfolio. The vast majority of these services are databases of financial information which are used by the portfolio managers in the investment decision-making process.</p> <p>When the cost of a research service exceeds the commission amount generated by an individual account, commissions are commingled with other accounts to pay for the research service.</p> <p>TRADE ALLOCATIONS</p> <p>Smith Group has adopted a trade allocation policy ("Policy") to promote fair and equitable treatment for the advisory clients of Smith Group. The Policy applies to the allocation of securities purchased or sold by Smith Group on behalf of its clients, including those purchased or sold through an aggregation ("bunching") of trades. The Policy is designed to minimize the risk that any particular client would be systematically advantaged or disadvantaged by the allocation of trades among clients. Smith Group may aggregate trade orders for clients if Smith Group deems it appropriate to do so and if such practices are not inconsistent with disclosures made to clients. Smith Group may consider various factors when determining whether an investment is appropriate for allocation, including, but not limited to: (i) the investment objectives of the client; (ii) the potential investment needs of the client; (iii) the existing diversification of the portfolio; (iv) existing levels of portfolio ownership in the investment and in similar types of companies; and (v) liquidity factors, including the availability of cash to fund the investment. Smith Group will typically make preliminary allocation determinations before placing a block order.</p> <p>If a pre-allocated block trade is partially filled, Smith Group will allocate the securities among participating client accounts in the pre-allocation on a pro rata basis. Accounts in which Smith Group or any officer, partner or employee of Smith Group has a beneficial interest that in the aggregate exceeds 10% of the net assets of such account ("Affiliated Accounts") may not participate in partial executions of a pre-allocated security transaction until after all non-affiliated, participating client accounts have been filled. Each Fund is expected to be treated as an Affiliated Account for a substantial period of time following its launch, and may remain as such indefinitely.</p> <p>Notwithstanding the prior paragraph, any investment by the California Public Employees' Retirement System ("CALPERS") in a Fund will not cause that Fund to be deemed an Affiliated Account for the purposes of Smith Group's Policy. CALPERS currently has an indirect, non-controlling ownership interest in Smith Group.</p> |

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| | <p>If a complete execution of a pre-allocated block trade occurs on a trade date, the purchased or sold securities will be allocated among the applicable accounts in accordance with the pre-determined allocation at a single average execution price, before taking into consideration the commission, mark-up or mark-down. Affiliated Accounts may participate in a complete execution of a pre-allocated block trade with unaffiliated client accounts if the Affiliated Accounts participate at the same average execution price as the client accounts, before taking into consideration the commission, mark-up or mark-down.</p> <p>In some instances, Smith Group may not make preliminary allocations prior to placing a trade order. In such instances, Smith Group will allocate those securities among suitable client accounts in an equitable manner, taking into account such factors as it deems appropriate. If there is a "partial fill" of client portfolio needs, Smith Group will allocate the order among client portfolios on a <i>pro rata</i> basis. However, Affiliated Accounts, including the Funds, may not participate in partial executions until after all non-affiliated client accounts have been filled.</p> <p>For the purposes of the policy, <i>pro rata</i> trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's relative net assets.</p> <p>Trades for non-discretionary accounts are executed after the trades for discretionary accounts have been completed.</p> <p>DIRECTED BROKERAGE</p> <p>Smith Group seeks to implement all transactions in a manner consistent with best execution practices. Smith Group selects brokers based on their ability to provide the lowest available net execution price as well as efficient back office operations such as clearing and settling of trades. Smith Group will generally aggregate directed orders into a block order and use step-outs to satisfy certain clients' restrictions to direct brokerage to preferred broker-dealers. In a step-out arrangement, Smith Group selects a broker to execute the block order and requires the executing broker to step-out a portion of the brokerage commissions to another broker. Step-outs permit Smith Group to seek to achieve best execution and the orderly transaction of the block trade, and at the same time satisfy client restrictions with regard to the direction of brokerage to desired broker-dealers. Smith Group has a substantial number of clients with directed brokerage arrangements.</p> |

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| | <p>If a client's broker-dealer is unable to accept a step out, Smith Group implements a trade rotation policy. The trade rotation policy sequences each directed client that was not aggregated into the block order onto a rotating list defining the timing of order releases. The list is made up of all such directed accounts along with the block order. For purposes of speed, all directed clients who share a particular broker are assumed to be a single block on the trade rotation schedule. The execution of trades is rotated among the block order and the directed clients. If a trade for a particular rotation is not completed during the trading day, any remaining portion of the trade will be completed on the following day(s) before any trade in the same security may be initiated for the next rotation. After the trades have been completed, the schedule is moved up in order and the next broker is put first on the list for the next implementation of trades.</p> <p>If a client decides to direct where its brokerage is placed by Smith Group, the client should consider: (1) Smith Group's brokerage placement practices; (2) a client who directs Smith Group to use a specific broker may pay higher commissions on some transactions that might be attainable by Smith Group, or may receive less favorable execution of some transactions, or both; (3) a client who directs Smith Group may forego any benefit from savings on execution costs that Smith Group could obtain for its clients through negotiating volume discount on batched transactions; (4) a client who directs Smith Group may restrict Smith Group from receiving research-related products and services available from other brokers; and (5) clients directing commission may not generate returns equal to clients which do not direct commissions.</p> <p>CONSULTANT PAYMENTS Occasionally Clients use the brokerage commissions paid as a result of trading in their account to compensate their investment consultant. The Adviser accepts these relationships under the following conditions: (1) The Client must send written documentation requesting that their account's trades be conducted by a trading firm affiliated with the consultant, (2) Unless directed in writing to cease this trading relationship for any reason, including the Client's determination that they are not receiving best execution, all trades will be directed to the firm affiliated with the consultant.</p> <p>PROXY VOTING PROCEDURES Adviser believes that voting Client proxies is an important tool for maintaining long-term shareholder value for its Clients in conjunction with the overall portfolio management process. Following are the policies and procedures that the Adviser has put in place to insure that these ideals are effectively maintained in accordance with the Client's best interests.</p> |

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| | <p>I. POLICIES AND PROCEDURES</p> <p>A. Voting responsibility and Oversight- An advisory committee has been established by the Adviser that consists of senior members of the management team as well as senior portfolio managers and chief compliance officer. It is this committee's responsibility to construct the Adviser's overall voting guidelines as well as the procedures in order to insure compliance. The Adviser has also identified a member of the committee as the proxy voting manager, whose duty it is to administer these procedures on an ongoing basis. The committee meets to address ongoing issues and adapt guidelines to meet changes in the corporate governance environment.</p> <p>B. Procedures- To insure proper implementation of the Adviser's stated proxy guidelines, the Adviser has adopted the following procedures for voting proxies.</p> <ul style="list-style-type: none"> ---For each client with which Adviser has stated proxy voting authority, as outlined in the advisory contract, the custodial bank or trustee has been instructed to forward proxy materials to the Adviser's designated voting delegate. ---Adviser has contracted with a third party service provider to assist with functions such as, but not limited to, collecting and sorting proxy materials. This relationship has been established to help the Adviser with the administrative and research portion of its proxy voting responsibility. ---Proxy items that do not fall under the stated guidelines set forth by the Adviser are reviewed on a case-by-case basis by the proxy voting manager and voted in the Client's best interest as determined by the proxy committee. ---Adviser will make copies of its policies and procedures available to all Clients upon written request. Details on how a particular Client's proxies were voted are also available upon written request. <p>C. Conflicts of Interest- <i>There may be certain situations that arise where the Adviser's interests potentially conflict with the interests of the Client. These situations could include:</i></p> <ul style="list-style-type: none"> ---The Adviser provides advisory services to public firms that the Adviser also owns in its Client's portfolio; ---The Adviser, its affiliates, and/or its employees have business or personal relationships with public firms that the Adviser also holds in its Client portfolios. ---The Adviser may be partially owned by a publicly traded company whose shares may also be held for its Client's portfolio. |

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| 13.A | <p>If these situations arise and proxy votes are being solicited by management, the following guidelines will be applied:</p> <ul style="list-style-type: none"> ---If the proxy voting guidelines already determine a course of action, votes will be cast according to the guidelines. ---If the proxy item does not fall under the specified guidelines or have been identified to be voted on a case by case basis, votes will be cast in accordance with an independent third party corporate governance consultant. The consultant has been contracted by the Adviser to provide guidance on proxy items determined to be in the best interest of the Adviser's Clients. <p>D. Proxy Voting Record Keeping- Adviser will maintain records of all policies, procedures, and guidelines as well as any amendments or updates. In addition, Adviser will maintain records of proxy votes recorded for each Client and any documentation that was used to determine the basis on which to vote the specific item. Client requests for documentation will also be maintained by Adviser in order to comply with current rules and regulations governing proxy voting.</p> <p>Smith Group may allocate brokerage on the basis of the broker's agreement to pay all or part of certain research-related expenses. Smith Group will to enter into such allocation arrangements, however, only where it determines that the commission charges are reasonable relative to the amount of expenses paid. In general, any and all brokerage allocations for Smith Group will be subject to principles of best execution and the other allocation policies described above as well as any restrictions imposed by applicable law.</p> <p>Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers who use commission dollars of their advisory accounts to obtain investment research, brokerage and other services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities, provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services provided. Smith Group will utilize allocations of commission dollars solely to pay for (1) certain expenses which would otherwise be borne by the Smith Group, as described above (and which therefore do not involve the conflict of interest issues normally presented by "soft dollar" arrangements covered by the Exchange Act) and/or (2) products or services that qualify as "research and brokerage services," within the meaning of Section 28(e), pursuant to arrangements that meet the other requirements of that Section.</p> |

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| 13.B | <p>In certain cases, Smith Group may deem research provided by the broker-dealer to be an important consideration when executing a trade. Subject to the Exchange Act, Smith Group may pay higher commissions than would be obtainable for execution by other broker-dealers where research is not obtainable in recognition of the value of the useful information provided by such brokerage firms. In paying the higher commissions, Smith Group will make good faith determination that the higher commission is reasonable in relation to the value of the research and brokerage services provided viewed in the terms of either that particular transaction of Smith Group believes that access to independent research provided by brokers is an important resource for its research and investment processes; however, research services furnished or paid for by broker-dealers through whom Smith Group effects transactions for a particular client may be used by Smith Group in servicing its other clients, and not all such services may be used for the benefit of the client that pays the brokerage commission that results in the receipt of such research services.</p> <p>In addition to its own internal marketing efforts, Smith Group may enter into written agreements with other third-party marketers, and may also agree to pay compensation to any person or organization which the firm determines is instrumental to the acquisition and/or servicing of a client relationship. This payment will be borne solely by Smith Group, and will not increase the amount paid by the client for the services provided by Smith Group.</p> <p>In accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940, as amended, Smith Group requires all third-party marketers to distribute to prospective Clients (i) Part II of Form ADV of Smith Group, and (ii) the solicitor's disclosure statement.</p> |