



## FAIR PRACTICES POLICY

*Unanimously adopted by the membership May 6, 1997  
and reconfirmed as a requirement of membership April 28, 1999.  
Amended June 7, 2000.*

In the interest of developing and maintaining cooperative relationships with the mutual funds with which our members do business, the National Association of Active Investment Managers (NAAIM) has developed the following standards to guide its members in working with mutual fund families.

1. NAAIM members shall deal openly and fairly with the mutual fund family:
  - a. Members will comply with fund family policies, as understood by the member after reasonable inquiry of fund personnel with apparent authority to speak for the fund, regarding amounts to be invested per mutual fund and the reporting of lists of clients.
  - b. Before establishing or when assuming power of attorney over accounts within a fund family, members shall make every effort to contact fund personnel with apparent authority to speak for the fund to ensure that the advisor is complying with the asset guidelines of the fund and to offer to provide background information and explanations of the member's management style, including past trading practices.
  - c. Members shall make every attempt to keep open channels of communication with the fund.
2. A member shall not control the movement of more than 5 percent of a fund without prior negotiation or approval from fund personnel with apparent authority to speak for the fund.
  - a. If, due to withdrawals beyond the NAAIM member's control, assets suddenly exceed fund limits, the advisor shall, as soon as possible, contact the fund regarding proper steps to be taken.
3. When working directly with a fund family, NAAIM members will make every attempt to use other funds within the family when re-allocating or moving assets.
4. If requested, whenever possible, NAAIM members will provide the mutual fund with advance notice of portfolio changes.
  - a. If a member anticipates an upcoming move in the near future because of past experience with his/her asset management model, the member will notify the fund of the possibility of the move.
  - b. If circumstances permit, the member will provide the fund administrator with as much advance notice as is possible/practical.
5. When modifications in an advisory firm's investment management practices alter the frequency or magnitude of portfolio changes, the member will inform the mutual fund companies of the change in investment approach in advance of its implementation.
6. Any apparent violation of this Fair Practices Policy shall be reported to NAAIM according to the procedures specified in Article III, Section 7 of the NAAIM Bylaws.