

Item 4. Advisory Business

OUR OWNERS AND PARTNERS

LSIA was organized in October 2008 as a spin-off from Natixis Global Asset Management, parent company to Loomis, Sayles & Company, LP (“Loomis Sayles”). Loomis Sayles is an independent investment advisor registered with the Securities and Exchange Commission. Loomis Sayles was founded in 1926. In connection with the spin-off transaction, Loomis Sayles retained a 4.9% interest in LSIA in order to facilitate their ability to provide us certain services pursuant to a Services and Research Sharing Agreement (see Items 10 and 17 below).

Our firm, which currently maintains offices in Bloomfield Hills, MI, Milwaukee, WI, Pasadena, CA and Boca Raton, FL, was established by our current partners: William Camp, Mark Shank, Karen McClintock, Jay Van Cleave, Kristine Hollister, Joann Kayser and Daniel Kostaroff.

We are required to disclose the persons owning twenty-five percent (25%) or more of our firm’s membership interests. No one owns twenty-five percent (25%) or more of our firm’s membership interests.

ASSETS UNDER MANAGEMENT

As of December 31, 2019, we had \$6,030.4 million of assets under management, all of which we managed on a discretionary basis. Within LSIA, we divide our business into two areas, one for institutional clients, including accounts managed through a sub-advisory relationship, referred to as “LSIA Institutional”, and one for individual clients, referred to as “LSIA Wealth”. As of December 31, 2019, LSIA Institutional accounted for \$5,306.6 million of the total assets, and LSIA Wealth accounted for \$723.8 million of the total.

OUR INVESTMENT SERVICES

LSIA Wealth takes a holistic approach to managing the personal economy of each individual client. Acting as a personal Chief Financial Officer, we work to coordinate the many aspects of each client’s finances to ensure they are aligned with the goal of building and protecting wealth. Our portfolio management services include financial planning whereby we integrate client investment, insurance and estate planning needs, working alongside other professionals, including insurance agents, estate planning attorneys, accountants and business partners. For LSIA Wealth clients, we develop a customized investment strategy based on the specific goals and objectives

of the individual client. Within any such strategy, clients may impose restrictions on certain securities or types of securities.

LSIA Institutional provides its clients with single-strategy or balanced investment management, including equity, fixed income, index replication and factor-based investment strategies, designed to meet the needs of the client organization. We work with the organization to identify one or more strategies that are consistent with the client's investment policies and objectives. For each selected strategy, we will make modifications to accommodate client-directed investment restrictions, including prohibited issuer lists, socially responsible investment policies, tax implications, and other investment limitations.

Portfolio Management

The investment strategies we offer our clients include both actively managed U.S.-traded equity and U.S.-traded fixed income strategies, as well as equity and fixed income passive index replication and other factor-based investment strategies.

For our actively managed strategies, we have two separate investment teams: one that focuses on equities, and another that focuses on fixed income. On the passive management side, we have one investment team that manages both index replication and other factor-based investment portfolios.

Direct Clients

At the onset of any new client relationship, we designate a portfolio manager to work closely with the client to understand the individual goals or mandate of the client, including long-term goals, risk tolerance, tax considerations, if any, and unique circumstances.

Based upon the nature of our engagement, client assets are invested in accordance with our Multi-Asset Class Strategy, Equity Strategy, Bond Strategy, or an index replication or other factor-based Passive Management Strategy. See *Item 8. Methods of Analysis, Investment Strategies and Risk of Loss* below.

With the exception of some of our longstanding clients, we utilize a written investment policy statement ("IPS") to document goals, objectives, risk tolerance and any special or particular circumstance unique to the client. Some clients provide us with their own IPS, while other clients may ask us to assist them in creating an IPS. Some of our clients, both LSIA Institutional and LSIA Wealth clients, engage us to manage only a portion of their assets. In all cases, if the client has a written IPS, we use the applicable part(s) to create and manage the portfolio.

While our current client agreements provide for discretionary management, we may also manage accounts on a non-discretionary basis if the client prefers. All clients, even those whose accounts we manage on a discretionary basis, have the opportunity to place reasonable restrictions on the types of investments we will make on their behalf. See *Item 16. Investment Discretion* below for more information on how clients place restrictions on discretionary accounts.

For our LSIA Wealth clients, we seek to include as part of our portfolio management services consultation on matters relating to the client's overall financial well-being, including other investments not managed by LSIA Wealth, retirement considerations, estate planning, insurance, taxes, and/or other significant financial decisions. While we will recommend specific action items as part of this consultation, it will be the client's responsibility to implement these types of recommendations. Upon request, we will help coordinate the planning effort between our client and their other service providers as needed.

Sub-Advisory Arrangements

From time to time, LSIA Institutional establishes relationships with other investment advisors or investment program sponsors pursuant to which we serve in a sub-advisory capacity and provide investment advisory services to clients of the other investment advisor or investment program sponsor. When we participate in an arrangement sometimes known as a "managed account program", we make one or more of our strategies available to clients of the investment advisor sponsoring the program. The sponsoring investment advisor will determine if our strategy is suitable for its client and submit the account to us for acceptance. If we accept the account, we will manage it with full discretionary authority and in accordance with any reasonable investment restrictions requested by the applicable client of the sponsoring investment advisor. In these cases, however, we do not have an agreement or any direct, contractual relationship with the client. Instead, we enter into a sub-advisory agreement with the sponsoring investment advisor. The sponsoring investment advisor establishes the fee which the client pays and we receive a portion of the fee for our advisory services as agreed upon in the sub-advisory agreement.

If a client's investment advisor desires us to provide investment management services to the client and to have a direct, contractual relationship with the client, we provide sub-advisory services through a tri-party agreement among the client's investment advisor, the client and LSIA. In these arrangements, the investment advisor selects us to manage a portion of the client's assets in accordance with a particular strategy. We manage the assets in accordance with the client's investment

guidelines, including any restrictions. We receive our fee directly from the client as agreed upon in our agreement with the investment advisor and the client.