

Form ADV Part 2A (the “Brochure”)

Bailard Institutional

This Brochure provides information about the qualifications and business practices of Bailard Institutional. If you have any questions about the contents of this Brochure, please contact us at (650) 571-5800. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Bailard, Inc. is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about Bailard, Inc. and Bailard Institutional is available on the SEC’s website at www.adviserinfo.sec.gov.

June 29, 2020

ITEM 2 – MATERIAL CHANGES

This Brochure dated June 29, 2020, serves as an update to the Brochure dated June 28, 2019. This updated Brochure contains updated information as warranted and in some cases amended disclosure, as summarized below:

- Item 5: Bailard Real Estate Fund Fees – revised to reflect fee percentage for amounts above \$750 million
- Item 8: Small Cap Value Equity Strategy – added disclosure about the addition of a new screening tool, the ESG Capture™, used by the strategy.
- Item 8 – Summary of Risks – added “Socially Responsible Investment Risk” and “Business, Terrorism, and Catastrophe Risks”
- Item 11: Code of Ethics – added disclosure regarding our gifts and entertainment policy and added disclosure of our firm having established the Bailard Foundation in the past year
- Item 11 – added disclosures about certain employees’ management of portfolios belonging to their relatives
- Item 12: Soft Dollars – added disclosures regarding agreements with CSA aggregation firms
- Item 17: Voting of Client Securities – added language regarding our due diligence and monitoring of Glass Lewis.

ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE.....	1
ITEM 2 – MATERIAL CHANGES	2
ITEM 3 – TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS	4
ITEM 5 – FEES AND COMPENSATION.....	7
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	10
ITEM 7 – TYPES OF CLIENTS	11
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS.....	12
ITEM 9 – DISCIPLINARY INFORMATION	19
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	20
ITEM 11 – CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING	21
ITEM 12 – BROKERAGE PRACTICES.....	24
ITEM 13 – REVIEW OF ACCOUNTS.....	27
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION	28
ITEM 15 – CUSTODY	30
ITEM 16 – INVESTMENT DISCRETION.....	31
ITEM 17 – VOTING CLIENT SECURITIES.....	32
ITEM 18 – FINANCIAL INFORMATION	33
EXHIBIT I.....	34

ITEM 4 – ADVISORY BUSINESS

Firm Overview

Bailard, Inc. (Bailard) is a registered investment adviser headquartered in Foster City, California. This Brochure relates to Bailard Institutional, a division within Bailard that functions as a discretionary institutional asset manager offering single asset class investment strategies to investors on a standalone basis. It manages and provides advisory and sub-advisory services to separate account institutional clients and to pooled investment vehicles, including affiliated private funds. A separate division within Bailard, referred to as “Bailard Wealth Management”, provides investment advisory and financial planning services to investors seeking multi-asset diversification. A copy of the Bailard Wealth Management Brochure may be requested by contacting Pavita Fleischer at (650) 571-5800.

Bailard (formerly Bailard, Biehl and Kaiser, Inc. prior to its re-naming in 2005) was founded in 1969 by three graduates of the Stanford Graduate School of Business. The Bailard Institutional group emerged in 1990 to serve institutions as well as to provide proprietary investment strategies to Bailard’s own Wealth Management clients.

As of March 31, 2020, Bailard has a total staff of 67 employees. We maintain a business discipline designed to attract and retain top investment talent, and the average tenure among Bailard’s 44 key professionals is 16 years. 73% of the professional staff has advanced degrees and/or industry designations (PhD, Masters, MBA, CFA, CFP®, JD, CIMC, CIMA, MA, CTS™, CDFA®, RICP®). Led by Chief Executive Officer Peter M. Hill, Bailard’s senior management team is comprised of seven individuals with an average tenure at Bailard of 23 years.

Ownership Structure

Bailard is a wholly-owned subsidiary of BB&K Holdings, Inc., a privately owned C-Corporation. We view our independence as the best way to serve our clients well and to provide the scope, stability and alignment of interests for continued success. As of March 31, 2020, 48 employees owned approximately 67% of the firm, with the remaining shares owned by former employees and private investors.* Moreover, as of March 31, 2020, eighteen female employees owned approximately 23% of the firm. BB&K Holdings, Inc. is subject to the oversight of a board of directors which, as of March 31, 2020, consists of four independent directors and Bailard employees Peter M. Hill (Chairman) and Burnie E. Sparks, Jr. (President).

**For further information, please see additional disclosures in Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading.*

Description of Advisory Services

Bailard Institutional has demonstrated a long history of innovation and passion for intelligently-designed investment strategies in both traditional long-only equity management and alternative investments. Bailard Institutional manages the following asset classes and investment styles:

Long-Only Strategies

- International Equities: Developed and Emerging Markets
- Small Cap Value Equities
- Micro Cap Value
- All Cap Growth/Technology and Science Equities
- Tech Plus
- Active Fixed Income
- Laddered Bond

Alternative Investment Strategies

Real Estate
Emerging Life Sciences
Long-Short REIT

In the management of the long-only equity strategies, Bailard Institutional utilizes quantitative methods to varying degrees that attempt to add value relative to client specific benchmarks. These quantitative methods are based on an evolution of our quantitative research, which began in 1995. Our international equity strategies are designed to dynamically respond to the investment environment and focus on the selection of countries as well as individual securities. Our U.S. small value and micro cap value strategies integrate behavioral finance techniques in an effort to identify temporarily mispriced equities. Our U.S. all cap large growth/technology and science strategy emphasizes the technology and science sector as well as other growth industries in the marketplace. Our tech plus strategy invests in the stocks of firms that predominately use technology to drive their businesses, with exposure primarily to the information technology sector and, to a lesser extent, such broad economic sectors as telecommunications, industrials and consumer discretionary.

Bailard Institutional's long-only active fixed income strategy uses a top-down investment process to develop strategies that seek to add value relative to various fixed income benchmarks for both taxable and tax-exempt portfolios. We generally construct high-quality portfolios with intermediate duration targets, in an effort to produce a high level of after-tax income, while preserving principal. Bailard Institutional also offers a long-only passive laddered bond strategy that seeks to provide an attractive and predictable level of income while focusing on capital preservation by investing in high quality bonds.

Bailard Institutional's alternative investment strategies pursue a wide range of investment opportunities. Our real estate investment management strategy encompasses more than 40 years of Bailard's experience in investing in and managing real estate portfolios and offers investors exposure to office, industrial, retail, multi-family residential and other types of commercial properties. Our emerging life sciences strategy focuses on the small, emerging bioscience, device and medical technology companies and is supported by primary research and fundamental investment processes. Our long-short REIT strategy seeks to provide solid, long-term absolute returns independent of the equity markets' general direction.

Additional information on Bailard Institutional's equity and alternative investment strategies can be found in Item 8.

Separate Accounts, Sub-Advisory Services and Private Funds

Separate Accounts and Sub-Advisory Services

A separate account is a client specific portfolio individually managed in accordance with one of our long-only equity or alternative investment strategies, subject to the investment policies, limitations and restrictions of our clients. A separate account could, for example, represent all or a portion of assets of a public pension fund or endowment. We also offer sub-advisory services to pooled investment vehicles, including registered investment companies.

Private Funds

A private fund is a non-publicly registered commingled fund of multiple investor assets that is managed according to one of our long-only equity or alternative investment strategies.

Bailard Institutional currently manages two affiliated private funds in accordance with the investment restrictions outlined in their respective Confidential Offering Memoranda. They are:

1. Bailard Real Estate Investment Trust, Inc. (“Bailard Real Estate Fund”)
2. Bailard Emerging Opportunities Fund I, LP (formerly known as Bailard Emerging Life Sciences Fund I, LP)

Client Assets Under Management

As of March 31, 2020, Bailard Institutional managed \$1.61 billion in client assets on a discretionary basis. Bailard’s total assets under management as of March 31, 2020 were \$3.4 billion (including both discretionary and non-discretionary assets). Please note that there is overlap in reported client assets in the Bailard Institutional and Bailard Wealth Management brochures to the extent that clients of Bailard Wealth Management invest in Bailard Institutional’s proprietary products.

ITEM 5 – FEES AND COMPENSATION

Bailard Institutional’s management fees are negotiable and specified in the written agreement between Bailard and each client. Depending on the mandate, Bailard Institutional’s fee schedule varies, and includes flat, tiered or performance fees.

Standard fee schedules for Bailard Institutional’s new separate accounts are as follows:

Long-Only Strategies

International Equity Strategy

0.75% of the first \$25 million
0.65% of the next \$25 million
0.50% of the next \$50 million
0.40% on assets > \$100 million

Emerging Markets Equity Strategy

0.90% of the first \$25 million
0.80% of the next \$25 million
0.70% of the next \$50 million
0.65% on assets > \$100 million

Small Cap Value Equity Strategy

0.90% of the first \$25 million
0.70% of the next \$25 million
0.60% of the next \$50 million
0.50% on assets > \$100 million

Micro Cap Value Strategy

1.00% annual management fee

All Cap Growth/Technology and Science Equity Strategy

0.75% of the first \$100 million
0.70% above \$100 million

Tech Plus Strategy

0.75% of the first \$100 million
0.70% above \$100 million

Active Fixed Income Strategy

0.50% annual management fee

Laddered Bond Strategy

0.50% annual management fee

Alternative Investments Strategies

Real Estate Investment Strategy

0.85% annual asset management fee

Emerging Life Sciences Strategy

1% annual management fee

20% annual performance fee (subject to a high water mark)

Long-Short REIT Strategy

1% annual management fee

20% annual performance fee (subject to a high water mark)

Fee schedules for Bailard's affiliated private funds are as follows:

Bailard Real Estate Fund

0.85% investment management fee for the first \$750,000,000 of Net Equity Value and 0.75% for amounts over \$750,000,000. This fee is reduced when the Fund's uncommitted cash exceeds a specified threshold (10% of the Fund's Gross Asset Value).

Investment management fees are paid monthly based on quarter-end valuations.

Note: In addition to this investment management fee, the Bailard Real Estate Fund pays Bailard an annual operations management fee of 0.35% of the first \$500 million of Net Equity Value; 0.25% of the next \$500 of Net Equity Value; and 0.15% of the Net Equity Value above \$1 billion, where Net Equity Value is the gross value of the property portfolio less deductions for debt and for the interests of its operating/development partners.

Bailard Emerging Opportunities Fund I, LP

1% annual management fee

20% annual performance allocation based on net realized and unrealized appreciation (subject to a high water mark)

Performance allocation is payable to the Fund's general partner which is an affiliate of Bailard.

Management fees are paid monthly in arrears based on month-end valuations.

There are a number of sub-advisory relationships (including mutual funds) where the management fees are negotiated on a case by case basis depending on the services offered.

The specific manner in which fees are charged by Bailard is delineated in the client's investment management agreement (IMA) with Bailard. As specified in the IMA, clients may choose to have the fees deducted from their account or make separate payments to Bailard. In general, fees will be payable monthly or quarterly in arrears. However, both fixed income strategies' management fees are paid quarterly in advance. As specified in the IMA, management fees typically will be prorated for each capital contribution and withdrawal made during the applicable billing period (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a billing period will be charged a pro-rated fee. The initial management fee for Bailard Institutional clients who open an account during a billing period is calculated by multiplying their normal management fee by a factor equal to the number of calendar days during the billing period that their account will be under management divided by the total number of calendar days in the year. For clients who terminate during a billing period and pay their fees in arrears, a pro-rated final fee will be calculated by multiplying their normal management fee by a factor equal to the number of calendar days the account was active divided by the total

number of calendar days in the billing period. Terminating fixed income strategy clients who have already paid their quarterly fee in advance will receive a refund equal to the difference between their payment amount and their pro-rated final fee. A client may terminate at any time with written notice.

For separately managed accounts, the only fee paid to Bailard is the investment management fee and/or performance fee in the investment management agreement. All other fees and expenses associated with the account are the sole responsibility of the client. These fees include, but are not limited to, brokerage commissions, transaction fees, taxes, custodial fees, administrator fees, trustee fees, and fees for audit, tax and legal services. Clients who are employees of Bailard receive a discount on their investment management fee schedule.

Management fees for affiliated private funds vary by fund with some having an asset-based fee and others having an asset based fee along with a performance-based fee or allocation of profit based on a percentage of net realized and unrealized appreciation (collectively, "Performance Fees"). For private funds organized as partnerships, Performance Fees are allocated to the fund's general partner ("GP") annually or upon termination. The Bailard Real Estate Fund also pays Bailard a separate operations management fee.

In addition to their management fees and Performance Fees, investors in Bailard's private funds and sub-advised mutual funds bear all of their own operating expenses, which generally include brokerage and other investment-related expenses, in some cases certain research expenses, as well as administrative expenses including filing and legal expenses, fund administration, custody, tax preparation expenses and the fees associated with an annual audit.

A more complete description of the fees to be paid to Bailard and its affiliates in connection with each individual fund investment, as well as the expenses of each fund, is available in the offering documents and other governing documents of each fund. These documents are made available to each eligible prospective investor before, or by the time of, any investment in the fund.

In addition to their management fees and Performance Fees, Bailard Institutional clients also pay fees and expenses charged by exchange traded funds and mutual funds not managed or sub-advised by Bailard that are held in clients' portfolios.

Bailard has had different fee schedules, investment minimums and fee arrangements in the past. Some clients have higher or lower fees than other clients with the same assets under management.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted in Item 5 above, Bailard and its affiliates receive performance-based fees or allocations (collectively, “Performance Fees”) from a private fund that Bailard manages when certain criteria are met. We also offer separately managed accounts that will be charged Performance Fees. These Performance Fees typically are based on a share of a client’s or investor’s realized and unrealized profits above a defined level. Bailard also charges other types of fees, including fees that are based on a fixed percent of the assets under our management. The Performance Fees applicable to certain client accounts and funds create an incentive for Bailard Institutional to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, the Performance Fee creates an incentive for Bailard Institutional to favor client accounts and funds that charge Performance Fees (which are likely to be higher fee paying accounts) over other client accounts or funds in the allocation of investment opportunities.

Bailard has adopted Side-by-Side Management policies and procedures to help ensure that all of the accounts we manage are treated fairly regardless of the types of fees that they pay. Among other things, these policies and procedures state that:

1. We will conduct quarterly reviews of transactions in Performance Fee accounts versus non-Performance Fee accounts to monitor that there is no pattern of the former receiving preferential treatment.
2. Our Portfolio Managers will submit quarterly attestations that all trading has been in compliance with each account’s investment strategy and that all clients were treated equitably and fairly.

ITEM 7 – TYPES OF CLIENTS

Bailard Institutional provides portfolio management services to high net worth individuals, family offices, pension plans, charitable institutions, foundations, endowments, registered mutual funds, private investment funds, sovereign wealth funds and other U.S. and international institutions.

Separate account minimums for initial investment are as follows:

Long-Only Strategies

- International Equity Strategy - \$20 million
- International Emerging Markets Equity Strategy - \$20 million
- Small Cap Value Equity Strategy - \$5 million
- Micro Cap Value Strategy - \$25 million
- All Cap Growth/Technology and Science Equity Strategy - \$5 million
- Tech Plus Strategy - \$5 million
- Active Fixed Income Strategy - \$1 million
- Laddered Bond Strategy - \$1 million

Alternative Investment Strategies

- Real Estate Investment Strategy - \$100 million
- Emerging Life Sciences Strategy - \$5 million
- Long-Short REIT Strategy - \$15 million

In some circumstances, investment minimums are waived.

Private Funds

Account minimums for Bailard's private funds are set by each private fund. In order to be eligible to invest in Bailard's private funds, prospective investors must be "accredited investors" as defined in Regulation D under the Securities Act of 1933, and for certain of the Bailard private funds, "qualified clients" or "qualified purchasers" as defined in the Investment Company Act of 1940.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Bailard Institutional's investment strategies include traditional long-only strategies as well as alternative investments.

Our long only investment strategies include International equities (for a variety of client mandates, including developed and/or emerging markets), U.S. small value, U.S. micro cap value, U.S. all cap/technology and science, tech plus and fixed income.

Our alternative investments include a real estate investment strategy, a specialized long-only emerging life sciences strategy and a long-short REIT strategy.

Long-Only Investment Strategies

International Equity and Emerging Markets Equity Strategies

These strategies are actively managed and utilize a robust country selection approach to offer broad developed and/or emerging market exposure. We use a quantitative approach to investing where we pursue a disciplined, consistent and repeatable investment methodology. Our approach focuses first on country selection and then on stock selection within each individual country. We view the world's countries on a relative basis using a dynamic country factor model, overweighting our highest ranked markets and underweighting our lowest ranked markets relative to a predetermined benchmark. After we have arrived at our country weights, we engage in an independent security selection process to choose individual stocks within each country. Our stock selection models are tailored to the specific conditions of regions and markets around the world. They incorporate measures of value, momentum, earnings revisions and earnings quality to assess the attractiveness of individual stocks.

We seek to manage risk through diversification. Our advanced portfolio management systems focus on managing risk at the country, sector, industry and security levels, allowing us to offer developed and/or emerging /frontier market portfolios to customized mandates. We aim to constrain sector/industry, country and regional active weights.

Small Cap Value Equity Strategy

Our small value strategy focuses on a universe of U.S. small cap stocks and micro cap stocks. Our strategy seeks to use insights from behavioral finance regarding the economically irrational behavior of investors. We apply our quantitative expertise to the management of this strategy. A variety of proprietary behavioral factor models are combined in an effort to determine which of the strategy's investable universe of several thousand stocks provide the best mispricing opportunities based on multiple behavioral finance factors. The highest ranked stocks are then scrutinized for qualitative behavioral anomalies. Our objective is to enhance the quality and reasonableness of the output of our stock selection models.

In addition, ESG Capture™ is used as an investable universe screening tool. It helps us to identify companies that we view as having higher risk exposure to events like lawsuits, regulatory action or negative publicity due to either the nature of their business or how management conducts themselves.

We employ other stringent risk controls in an effort to limit volatility and minimize unexpected outcomes. Economic cycle exposure is controlled by sub-sector neutrality to a client specified benchmark. Stock specific risk is contained by holding a broadly diversified portfolio of 75 to 150 individual stocks.

Managing small and micro cap stocks requires astute trading expertise. We use a range of electronic platforms and systems to access crossing networks and dark pools of liquidity that do not publish quotes in the open market. Navigating through these different pools of liquidity can allow low volume stocks to be traded with reduced market impact.

Micro Cap Strategy

Our micro cap strategy focuses on a universe of U.S. micro cap stocks. Our strategy seeks to use insights from behavioral finance regarding the economically irrational behavior of investors. We apply our quantitative expertise to the management of this strategy. A variety of proprietary behavioral factor models are combined in an effort to determine which of the strategy's investable universe of several thousand stocks provides the best mispricing opportunities based on multiple behavioral finance factors. The highest ranked stocks are then scrutinized for qualitative behavioral anomalies. Our objective is to enhance the quality and reasonableness of the output of our stock selection models.

In addition, ESG Capture™ is used as an investable universe screening tool. It helps us to identify companies that we view as having higher risk exposure to events like lawsuits, regulatory action or negative publicity due to either the nature of their business or how management conducts themselves.

We employ other stringent risk controls in an effort to limit volatility and minimize unexpected outcomes. Economic cycle exposure is controlled by limiting economic sub-sector bets versus a client-specified benchmark. Stock specific risk is contained by holding a broadly diversified portfolio of 75 to 125 individual stocks.

Managing micro cap stocks requires astute trading expertise. We use a range of electronic platforms and systems to access crossing networks and dark pools of liquidity that do not publish quotes in the open market. Navigating through these different pools of liquidity can allow low volume stocks to be traded with reduced market impact. In addition, patient and flexible trading allows for the capturing of volume when it is available and allows for the ability to seek alternative stocks from the trade list when volume is scarce in a particular name.

All Cap Growth/Technology and Science Equity Strategy

Our all cap growth/technology and science strategy seeks to provide investors with exposure primarily to the information technology sector and, to a lesser extent, other broad economic sectors including, but not limited to, healthcare, telecommunications, industrials and consumer discretionary.

The investment process combines fundamental and quantitative analysis, careful portfolio construction and disciplined risk management to create a broadly diversified portfolio of stocks across several industries, primarily within the information technology and healthcare sectors. Our stock selection model focuses on measures of value, earnings and revenue growth, earnings quality, expectations of future growth and momentum to identify attractive investment candidates. In addition, our fundamental stock selection process attempts to identify those companies with high or increasing levels of market concentration, accelerating long-term revenue growth and a pipeline of innovation.

We seek to limit industry specific risk by diversifying our technology exposure to all of the major industry groups within the sector.

Tech Plus Strategy

Our tech plus strategy invests in the stocks of firms that predominately use technology to drive their businesses, with exposure primarily to the information technology sector and, to a lesser extent, such broad economic sectors as telecommunications, industrials and consumer discretionary.

The investment process combines fundamental and quantitative analysis, careful portfolio construction and disciplined risk management to create a broadly diversified portfolio of stocks across several industries,

primarily within the information technology sector. Our stock selection model focuses on measures of value, earnings and revenue growth, earnings quality, expectations of future growth and momentum to identify attractive investment candidates. In addition, our fundamental stock selection process attempts to identify those companies with high or increasing levels of market concentration, accelerating long-term revenue growth and a pipeline of innovation.

We seek to limit industry specific risk by diversifying our technology exposure to all of the major industry groups within the sector.

Active Fixed Income Strategy

Bailard Institutional's active fixed income strategy uses a top-down investment process to determine our economic and interest rate outlook. We focus on interest rate volatility, yield curve movements and credit trends in developing optimal investment strategies. We rigorously analyze risk at every juncture of the investment process. For taxable accounts, our strategy is to construct high-quality national or state concentrated portfolios with intermediate duration targets, in an effort to produce a high level of after-tax income while preserving principal. We incorporate tax, accounting and regulatory concerns in the portfolio construction process. For tax-exempt accounts, our strategy is to construct diversified portfolios using bond exchange traded funds (ETFs) as well as corporate, Treasury, agency, taxable municipals and other individual bonds. We focus on holding large and liquid bond issuers, and use a variety of methods to ensure credits meet our quality criteria.

We seek to manage risk through diversification and evaluating portfolio returns under different economic and interest rate scenarios to manage the risk of loss. We also limit duration and yield curve deviations relative to benchmarks.

Laddered Bond Strategy

We use a top-down analysis of the interest rate cycle in conjunction with an analysis of corporate and municipal bond market valuations and trends to construct passive laddered bond portfolios. For taxable accounts, our strategy is to invest in approximately equal amounts among high quality (i.e., investment grade) municipal bonds with different maturities. For tax-exempt accounts, our strategy is to invest in approximately equal amounts among high quality (i.e., investment grade) corporate and taxable bonds with different maturities. In both cases, we occasionally utilize liquid, low fee exchange-traded bond funds at account inception and when investing residual cash. We diversify among bond sectors, paying attention to liquidity considerations and monitoring the credit quality of the issuers held.

[Alternative Investment Strategies](#)

Real Estate Investment Strategy

Bailard brings over 40 years of specialized experience to the execution of its real estate investment strategy. Bailard seeks to build diversified portfolios of direct real estate that combine stabilized, core properties with assets going through the value-add phase of their life-cycle. Bailard's real estate team proactively seeks to tailor its strategy to create an ideal blend between steady/sustainable income and strong potential for capital appreciation.

This real estate investment strategy strives to uphold the following principles:

- Own only quality assets (location, material, design, tenancy and amenities) that will stand the test of time
- Build at or buy below replacement cost
- Add value through active asset management

- Align with best-in-class local operators and service providers
- Identify and continually monitor multiple exit strategies

Bailard believes that there are opportunities for nimble, active investors to buy, create and capture value at all points of the investment cycle. Bailard's approach offers the potential for both income and growth, where a large component of stabilized core assets offers the potential to generate a strong and durable income stream while a value-add acquisition focus – with active asset and portfolio management – provides the prospect for capital appreciation. Bailard endeavors to maintain agility and discipline to reposition properties and portfolios through prudent investments and divestments and to optimize the mix of markets and properties.

Bailard employs a top-down/bottom-up investment process designed to identify attractive opportunities and exploit mispricing across property types and geographic regions. The strategy invests in properties that can be characterized as value-add or opportunistic and converts them to Core. After repositioning, Bailard holds assets deemed to have further appreciation potential and sells those properties that it believes have greater downside risk than upside potential. Portfolios are diversified by property type, geography, life cycle and economic drivers in an effort to mitigate risk and enhance return. Bailard generally seeks to leverage its real estate efficiently but modestly, with the goal of a less than 35% aggregate loan to value ratio. Due to the illiquid nature of direct real estate, this strategy comes with risks associated with illiquidity.

Emerging Life Sciences Strategy

The Emerging Life Sciences strategy focuses on biotechnology, pharmaceutical, medical technology, medical service and other opportunities among the healthcare and life sciences sector to capitalize on opportunities within under-followed areas of this market where inefficiencies might exist. The strategy is generally concentrated within the healthcare sector and is primarily managed using our fundamental research expertise.

The strategy has several investment themes, some of which are listed here. We look for: 1) macro opportunities - those areas of healthcare that are large and underserved where a company capable of introducing an effective and safe product can grow exponentially even if it taps a small fraction of the available market; 2) “fallen angels” - companies that have suffered setbacks with their lead products but could be poised for a comeback due to a pipeline of products that hasn't been recognized by the market; 3) superior management; and 4) in some cases, for advanced technology that hasn't necessarily been widely adopted by the population at large.

Our process involves onsite visits and meetings with company management teams, as well as discussions with doctors and key consumers. We aim to understand industry trends and seek to identify those companies that will experience positive events in a reasonable time frame. Due to the nature of the investments, this strategy is concentrated and is thereby expected to be volatile.

Long-Short REIT Strategy

The long-short REIT strategy aims to exploit pricing inefficiencies in the U.S. publicly traded REIT market, while neutralizing long and short exposures by dollar and property type. Unlike the stocks of many other sectors, public real estate securities offer the potential for valuation of their underlying assets. Through a combination of qualitative and quantitative inputs, we seek to identify those REITS that are trading at a significant premium to net asset value (short candidates) and those that are trading at a significant discount to net asset value (long candidates). The resulting portfolio has the potential to generate positive returns when the stock prices of these REITs move closer in line with their underlying net asset values. The strategy aims to be equally weighted in long and short positions; therefore net market exposure tends to be limited. While historically the long-short REIT strategy has been implemented as a market-neutral application, targeted net market exposures can be modified at the discretion of the client.

Summary of Certain Risks

Investing in securities involves risk of loss that clients and investors in the Bailard affiliated funds should be prepared to bear. We create diversified portfolios with the goal of moderating some of these risks but can make no assurances that our clients or investors will not suffer losses. There can be no assurance that Bailard will meet its investment objectives.

The following is a brief summary of certain of the more significant risks associated with Bailard Institutional's investment strategies. For the Bailard affiliated funds, please see the offering memorandum or equivalent offering document for a more detailed description of the principal risks associated with the investment strategies as well as other risks associated with an investment in each fund.

General Risks:

Investments selected directly by Bailard may decline in value for any number of reasons, including changes in the overall market for equity and/or debt securities, and factors pertaining to particular portfolio securities, such as management, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, and the availability of additional capital and labor. In addition, our investments may be affected by general market conditions such as changes in sentiment, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including tax laws), developments in governmental regulation, and national and international political and economic circumstances. Real estate is also subject to the risk of changes in property supply and demand. These factors can cause unexpected volatility or even illiquidity and can result in losses. The value of our clients' investments will fluctuate. There is no assurance that Bailard will achieve any client's investment objective.

Foreign Investment Risk:

In addition to the possible loss of investment value due to general market price movements, international investments might suffer losses due to unfavorable exchange rate movements or economic and/or political instability in foreign countries. In some cases, financial statement information might not be readily available or might not be reliable for certain foreign markets. International accounting standards might be different from U.S. accounting standards, and financial data might be subject to misinterpretation. Trading in international markets can be more expensive than trading in domestic markets. Stock markets of certain foreign countries, particularly emerging and frontier markets, may be illiquid, and settlements can be delayed. Emerging and frontier markets have greater risks and can have higher transaction costs than their developed market counterparts.

Liquidity Risk:

Investments in small and micro-cap global equities may be illiquid or hard to value. Investments in real estate can be illiquid, and investors should not include these investments in their liquid pool of assets.

Credit Risk:

Fixed income investors are exposed to an issuer's ability to make the interest and principal payments that it is obligated to make. Credit risk refers to the risk that an issuer might not be able to meet its obligations, thereby defaulting on its debt. The risk of a default could lead to loss of principal and interest.

Interest Rate Risk:

Investments in fixed income and certain other instruments can lose value due to sudden or unexpected changes in interest rates. The value of these investments is inversely proportional to interest rates, meaning they will lose value in a rising interest rate environment.

Investment Style Risk:

Investments in a particular style may underperform other styles of investing or the overall market. Exposure to these types of investments can lead to underperformance.

Size Risk:

Investments across various market capitalizations might result in underperformance compared to the overall market. Investments in small and micro cap stocks might be illiquid and more expensive to trade.

Sector Risk:

Investments in one particular sector are not considered to be diversified and should not be treated as a complete investment program. Individual sector investments can be more volatile than a diversified portfolio.

Concentration Risk:

The market risk and volatility to which a concentrated portfolio is exposed generally is greater than, and may be substantially greater than, the market risk and volatility of a diversified portfolio.

Exchange Traded Funds (ETFs) Risks:

ETFs charge their own internal fees and expenses. Investments in these instruments will bear additional costs such as duplicative management fees, brokerage commissions and other related charges. In addition, from time to time, there might be a significant discrepancy between the net asset value of the underlying investment and the price at which the ETF trades on an exchange. In some circumstances, ETFs can be thinly traded and less liquid.

Publicly Traded REITs (REITs) Risks:

REITs must meet certain regulatory requirements to qualify for favorable tax treatment. From time to time, there might be a significant discrepancy from the net asset value of the underlying real estate investments and the price at which the REIT trades on an exchange.

Short Selling Risk:

A short sale theoretically involves the risk of unlimited loss; the price at which a position might have to be covered could rise without limit. There can be no assurance that investors will not experience losses on short positions, and there can be no assurance that long positions would appreciate enough in value to offset the loss on the short positions.

Socially Responsible Investing Risk:

The application of various environmental and governance screens may result in the exclusion of securities that might otherwise merit investment, potentially resulting in higher or lower returns than a similar investment strategy without such screens.

Valuation Risk:

In order to value the assets and liabilities of Bailard's private funds and accounts managed by Bailard, Bailard may rely on information provided by employees or outside parties. To the extent the information received by

Bailard is inaccurate or unreliable, the valuation of account assets and liabilities will be inaccurate. Real estate is subject to the risk of inexact valuations. Appraised values tend to lag market developments.

Counterparty Risk:

The assets and liabilities of funds and accounts managed by Bailard are held by brokers and other custodians and counterparties. There is a risk that any of such counterparties could become insolvent and/or be subject to insolvency proceedings. Such insolvency would impair the liquidity and operational capabilities of the affected fund or account.

Derivatives Risk:

Trading and investing in derivatives can be highly speculative and can entail risks that are greater than the risks of investing directly in securities or other assets. Prices of equity derivatives are generally more volatile than the rates, indices or asset prices on which they are based.

Leverage Risk:

The use of leverage, or borrowing, has the potential to increase the potential return and risk of an investment. If an investment goes up in value, the presence of leverage creates a positive outcome in that the leveraged return to the investor is greater than the unleveraged return. The opposite is true if the investment goes down in value. The presence of leverage in the latter case exacerbates the negative outcome for the investor.

Business, Terrorism and Catastrophe Risks:

These are the risks of loss that may be incurred, indirectly, due to the occurrence of various events, including hurricanes, earthquakes and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on Bailard's business and on clients' portfolios, including investment made by Bailard.

Cybersecurity Risk:

Bailard, its service providers and its counterparties rely on computer systems to conduct their businesses. There is a risk these systems might be compromised by cyberattacks despite the efforts of Bailard, its service providers and its counterparties to safeguard them. Depending upon its scope, a successful cyberattack could impede these entities' ability to conduct their businesses. There is also a risk that identity theft could be used to fraudulently withdraw funds from clients' accounts.

The above listed risk disclaimers are not designed to be exhaustive but are intended to give investors a sense of the various factors that should be considered when making investment decisions.

ITEM 9 – DISCIPLINARY INFORMATION

Bailard does not have any legal or disciplinary events to disclose.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Private Funds

Bailard Institutional currently manages two affiliated private funds: a real estate fund and a specialized emerging opportunities fund. See Item 5 – Fees and Compensation, for a list of each such Bailard fund.

Bailard affiliates also serve as the general partner for one of the affiliated private funds. Bailard General Partners I, Inc. is the general partner of the Bailard Emerging Life Sciences I GP, LP, which is the general partner of the Bailard Emerging Opportunities Fund I, LP.

For more information about the potential of a conflict of interest regarding Bailard’s private funds, please see Item 11.

ITEM 11 – CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics:

Bailard has adopted a Code of Ethics (the Code) in accordance with SEC rule 204A-1 under the Investment Advisers Act of 1940. The Code addresses, among other things:

1. General principles of business conduct, including requirements that employees comply with their fiduciary obligations to clients and applicable securities law;
2. Personal securities trading policies and procedures; and
3. Specific provisions relating to inside information, confidentiality, and gifts and entertainment

The Code is posted to Bailard's Intranet and each employee of Bailard is notified of any amendments to it. Bailard employees may buy and sell securities recommended for clients. The Code's personal securities trading policies and procedures are designed to prevent employees from materially benefiting from their advance knowledge of client transactions. The personal securities trading provisions of the Code apply to employees and to any account in which they have a beneficial interest (typically including members of their household). The Code requires employees to:

1. File initial holdings reports
2. Pre-clear all trades in covered securities that do not qualify for an exemption
3. File quarterly transaction reports
4. File an annual holdings report
5. Submit an annual attestation of compliance with the Code
6. Report any violations of the Code promptly to Bailard's Chief Compliance Officer

The pre-clearance requirements and trading restrictions of the Code do not apply to, among other things, *de minimus* transactions, investments in Bailard sub-advised mutual funds and investments in exchange traded funds. *De minimus* transactions are:

1) fixed-income transactions with a par value of \$50,000 or less, or 2) equity transactions with 1,000 or less shares and with a market value of \$20,000 or less. There is no *de minimus* exemption for purchases or sales of covered securities held by the Bailard Emerging Opportunities Fund.

As a general policy, subject to the Code's exemptions, employees may not:

1. Buy or sell a covered security for at least three days after a research recommendation has been issued to ensure that all orders for clients in that security have first been filled
2. Knowingly buy or sell a covered security on the same day that it is being traded in client accounts

In addition, subject to the Code's exemptions, Portfolio Managers and Investment Counselors may not buy or sell a covered security within seven calendar days before or after that said security is traded in a client account which they manage.

Moreover, employees may not execute a transaction in a covered security on Bailard's Restricted Stock list, regardless of the size of the trade.

The Code of Ethics, subject to some specific restrictions, generally allows employees to: 1) participate in business entertainment of a reasonable value; and 2) give or receive gifts with a total value of \$250 or less per year. Employees must report quarterly any gifts or entertainments (except meals) that are given or received.

Bailard will provide a copy of its Code of Ethics to any client or prospective client upon request.

Bailard has established a Foundation (the Bailard Foundation) to make charitable donations and impact investments. Initial capital for the Bailard Foundation was provided by Bailard and certain of its employees and directors. The Bailard Foundation has a board of directors that is led by chairperson Terri Bailard, widow of founder Tom Bailard, and is composed of both friends of Bailard, Inc, and employees.

Employee Investment Advisory Clients

A number of Bailard employees are also Bailard Wealth Management clients, and their portfolios pursue the same investment strategies and invest in the same type of investment securities as other Bailard Wealth Management clients. Like other clients, their portfolio trades are subject to Bailard's Trade and Aggregation Policy (see Exhibit I).

Employee Investments in Related Securities

A number of Bailard employees invest in affiliated private funds that Bailard recommends and purchases for clients. The same price must be paid by employees and clients for transactions occurring in the same funds at the same time. In addition, employees may invest in an affiliated private fund only after clients have been offered the chance to invest and interests remain available.

Bailard employees also invest in the mutual funds for which Bailard is the sub-adviser.

Bailard Investments in Securities Recommended to Clients

From time to time, Bailard and some of its affiliates buy or sell for themselves securities that Bailard also recommends to its clients. This typically happens when:

1. Bailard or its affiliates invest in interests in affiliated private funds that Bailard recommends to certain of its clients; or
2. Bailard or its affiliates buy and sell securities in a portfolio for a new strategy to test certain investment strategies before making those strategies available to its clients.

Bailard has adopted Side by Side Management policies and procedures to monitor that its clients' accounts are not adversely affected by this investing. These procedures include portfolio manager attestations and quarterly reviews of trading activity.

Certain Other Potential Conflicts

Trading in Client Accounts

From time to time, Bailard Institutional and Bailard Wealth Management buys, sells or sells short the same securities in different client accounts and in our own proprietary accounts (including those of certain affiliates). These trades may occur in the same direction (that is buying the same security in all affected accounts, selling the same security in all affected accounts or selling short the same securities in all affected accounts). These trades may also occur in opposite directions (that is buying the same security in one account (or accounts) while selling it or selling it short in other account(s) or vice versa). We can buy, sell or sell short the same security in different client accounts and in our proprietary accounts as long as the trades: (i) are consistent with the investment strategy for each account; and (ii) do not systematically favor or disadvantage one account or class of accounts over another.

The same Bailard employee can serve as the portfolio manager of accounts with different investment strategies (including competing investment strategies) as long as all such accounts are treated fairly and equitably. Bailard seeks to limit, to the extent that is practicable, the number of instances in which the same individual manages accounts with competing investment strategies.

Bailard can give advice to, and take action on behalf of, any of our clients that differs from that of other clients so long as it is consistent with the client's investment policy, and it is our policy, to the extent practicable, to allocate investment opportunities among our clients fairly and equitably over time.

Bailard has adopted Side by Side Management Policies and Procedures and an IPO Investment and Allocation Policy to help address conflicts of interests.

Certain Bailard employees have managed or currently manage accounts of clients who are their relatives. The Compliance Department conducts testing at least annually to monitor that these accounts do not receive preferential treatment. In addition, Bailard conducts quarterly asset allocation/performance reviews of all Bailard Wealth Management client accounts.

Client Firm Activities

Certain of Bailard's investment advisory clients serve on the Board of Directors of BB&K Holdings, Inc. (Bailard's parent company) or on the scientific advisory board of our emerging life sciences strategy. These clients are compensated for their service. A small number of clients also own shares of BB&K Holdings, Inc. stock. In addition, certain of Bailard's clients loaned money to BB&K Holdings, Inc. as part of a corporate restructuring that occurred in 2011. As part of the loan agreement, these clients receive access to certain of Bailard's financial records that are not generally available to clients who did not participate in BB&K Holdings, Inc.'s corporate restructuring. Certain of Bailard's clients have also participated or are currently participating in a program whereby they loan money to Bailard employees for the purposes of enabling the employees to purchase shares of BB&K Holdings, Inc. stock. These arrangements create an incentive for Bailard to give these clients preferential treatment. To address this conflict of interest, Bailard incorporates reviews of the relative performance of these clients' investment management accounts into its compliance testing.

Schwab Advisor Services Advisory Board Membership

Ms. Sonya Thadhani Mughal (Executive Vice President, Chief Risk Officer and Chief Operating Officer of Bailard) serves on the Schwab Advisor Services Advisory Board (the "Board"). The Board consists of approximately 20 representatives of independent investment advisory firms who have been invited by the management of Charles Schwab & Co. ("Schwab") to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. Board members serve for two-year terms. Board members enter into nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material non-public information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange and the NASDAQ stock market (symbol SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Ms. Mughal is not compensated by Schwab for her service.

As described under Items 12 and 14 of this Form ADV Part 2A, Bailard recommends that certain of its clients establish brokerage accounts with Schwab to maintain custody of the clients' assets and effect trades for their accounts. Bailard compensates Schwab for referring certain of its clients to Bailard. Bailard has established internal controls around Ms. Mughal's service on the Board.

ITEM 12 – BROKERAGE PRACTICES

General

In the absence of specific written instructions to the contrary from a client, Bailard generally has complete discretion with respect to transactions in client accounts without any limitations on its authority. This discretion includes the authority to effect portfolio transactions through accounts with broker-dealers selected by Bailard and to negotiate rates of commissions, commission equivalents and other transaction-related charges (“commissions”) to be paid.

In selecting broker-dealers to effect portfolio transactions for clients, Bailard seeks best execution, taking into consideration a wide range of criteria, including the broker’s commission rate, execution capability, positioning and distribution capabilities; research and brokerage services; back office efficiency, clearance and settlement capabilities; order-entry systems and order execution reporting; attendant services for clients; ability to handle difficult trades; financial stability; and prior performance in serving Bailard and its clients. When circumstances relating to a proposed transaction indicate that a particular broker is in a position to obtain the best execution, the order is placed with that broker. This may be a broker or dealer which has provided research or brokerage services to Bailard.

Soft Dollars

Where more than one broker is believed to be capable of providing the best execution with respect to a particular portfolio transaction, Bailard periodically selects brokers that provide research or brokerage services to Bailard. Bailard also engages in commission sharing arrangements (“CSAs”) in which commissions for trades executed by one broker are shared with another broker that provides research or brokerage services to Bailard. These arrangements sometimes include agreement(s) with CSA aggregation firm(s) that transfer soft dollar credits from commissions generated from a non-CSA broker to a CSA broker which in turn will use those credits to pay for qualifying research services. All of these practices can cause a client’s account to pay an amount of commission to a broker greater than the amount another broker would have charged. In selecting such broker, Bailard makes a good faith determination that the amount of commission is reasonable in relation to the value of the research and brokerage services received, viewed in terms of either the specific transaction or Bailard’s overall responsibility to the accounts for which it exercises investment discretion. The receipt of research or brokerage services from any broker executing transactions for Bailard’s clients does not result in a reduction of Bailard’s customary and normal research activities.

Bailard currently receives proprietary and third party research services in oral, hard copy, electronic, internet and software formats (for both the U.S. and foreign countries), which includes, without limitation, information relating to: (i) the economic outlook, the political environment, and demographic, social and other trends; (ii) macroeconomic, country, foreign exchange, industry and company specific information (including credit analysis); (iii) current fundamental and trading data for a broad universe of global equities; (iv) historic fundamental and trading data for a broad universe of global equities; (v) daily pricing services; (vi) electronic access to analyst research; (vii) meetings with research providers regarding industries and issuers; (viii) access to meetings and phone calls with company management and industry experts; (ix) data specific to earnings estimate revisions; (x) risk management tools; (xi) portfolio optimization tools; (xii) global risk models; (xiii) post trade transaction cost analysis services; and/or (xiv) research regarding the structure of markets, trading strategies and the availability of securities and buyers and sellers of securities.

Bailard also receives brokerage services such as data transmission lines and trade matching and allocation software used for settlement purposes.

Bailard intends that any use of soft dollars to pay for research and/or brokerage services fall within the safe harbor provided by Section 28(e) of the Securities and Exchange Act of 1934. Some of these research services are also used by Bailard for purposes that do not qualify for this safe harbor. For example, post trade transaction

cost analysis services are used for compliance purposes (a non-qualifying purpose) as well as for assisting Bailard in the performance of its investment decision-making responsibilities. Bailard analyzes all mixed-use services to make a reasonable allocation of their costs between qualifying and non-qualifying uses and directly pays for the non-qualifying portion of their costs.

The research and brokerage services received from brokers are used by Bailard to service accounts other than those that pay commissions to the broker-dealer providing the products or services. For example, it is expected that commissions attributable to clients of Bailard Institutional will generate substantially more commission dollars than those attributable to accounts of clients of Bailard Wealth Management. Certain broker-dealers receiving commissions from Bailard Institutional clients provide Bailard with research and brokerage products or services which are used by Bailard to service other accounts of Bailard Wealth Management regardless of whether such accounts generated any of the brokerage commissions. Nevertheless, to the extent Wealth Management clients invest in affiliated private funds and mutual funds managed by Bailard Institutional, these clients indirectly generate commission dollars and in turn indirectly benefit from the research and brokerage services purchased with these commissions.

From time to time, Bailard may receive unsolicited research from broker-dealers. However, it generally does not use this research. In addition, certain broker-dealers provide other benefits to Bailard in connection with their brokerage services. See Item 14 – Client Referrals and Other Compensation.

Directed Brokerage

Clients may instruct Bailard in managing their accounts to use one or more particular broker-dealers for brokerage services. Clients may benefit from such direction to use a broker-dealer that also serves as custodian of the client's assets because the custodian may waive certain of the costs associated with maintaining the portfolio if a sufficient number of securities transactions in the portfolio are effected by that custodian or one of its affiliates. Clients may specify whether a particular broker/dealer is to be used even though Bailard may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. Clients who direct the use of a particular broker-dealer for transactions should understand that such direction may prevent Bailard from effectively negotiating brokerage compensation on their behalf, that best execution may not be achieved and that a disparity in commission charges may exist relative to the commissions charged to other clients. In addition, Bailard typically is not able to aggregate these clients' orders with those of other clients. Priority in trading activity is normally given to block trades which are aggregated for the benefit of numerous discretionary client accounts that are not wrap accounts and that are not subject to directed brokerage instructions. Directed brokerage instructions may result in orders being placed for relatively small amounts of securities that do not allow for trading on a more favorable aggregate basis. Clients are encouraged to consult with Bailard in connection with non-discretionary or directed brokerage arrangements, because discretionary non-directed trading authority to the adviser may, in various circumstances, be a more cost effective and efficient alternative to be considered.

Allocation of Brokerage

Bailard has not made and will not make commitments to place orders with any particular broker or dealer or group of brokers or dealers. Annually, we project the amount of commission dollars we expect to generate during the course of a fiscal year, and via an internal allocation procedure establish a budget of commission dollars to be directed to brokers providing us with research or brokerage services considered useful by Bailard's portfolio managers. However, no absolute dollar amounts are required to be able to provide the best price and execution. A substantial portion of brokerage commissions is paid to brokers and dealers who directly or indirectly supply research and brokerage services to Bailard.

Aggregation of Trades

Portfolio transactions of numerous accounts may be aggregated based on concurrent authorizations to purchase or sell the same security for numerous accounts served by Bailard. Although such aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts for any given transaction, Bailard only aggregates trades to the extent it believes that such aggregation is in the best interests of the affected accounts and consistent with its duty to seek the best execution for client trades. Bailard has adopted a Trade Priority and Aggregation Policy (“Trade Policy”) which is designed to allocate trades in a manner that is fair and equitable allocation when trades are aggregated. The Trade Policy is attached to the back of this Brochure as Exhibit I.

ITEM 13 – REVIEW OF ACCOUNTS

Bailard Institutional’s separate account, subadvisory and affiliated private fund clients are assigned to a team of individuals, including representatives from client service, operations, portfolio management and research. Client portfolios are rebalanced and reviewed by portfolio management on a schedule consistent with the particular investment strategy for which Bailard has been hired and, with the exception of the active fixed income and laddered bond strategies, are simultaneously rebalanced across all portfolios invested in that same strategy. In the public markets, this rebalancing may be as frequent as daily but in no case less frequent than monthly. Active fixed income and laddered bond strategy accounts are traded on an “as needed basis.” Client accounts are also reviewed on a regular basis by operations and research teams for matters including but not limited to custodian reconciliation, investment performance and conformity with a client’s investment policies and objectives. These reviews are facilitated by a combination of automated tools and processes, as well as through analysis by various team members.

Bailard Institutional sends reports to separately managed account and subadvisory clients at least quarterly; however, the schedule and contents of reports are tailored to the particular needs of each client. Reports can include but are not limited to performance information, accounting statements (portfolio valuations, transaction detail, income detail, etc.), a reconciliation of clients’ accounts with custodian records, performance attribution, proxies voted and commission/transaction costs.

Bailard Real Estate Fund:

Bailard reviews the consolidated monthly financial reports (i.e. income statement, balance sheet, etc.) and quarterly NAV reports produced by Real Foundations, a professional services firm for the real estate industry. The finalized reports are then provided to the affiliated private fund client. Bailard also delivers an annual audited financial report, which is audited by Deloitte & Touche, a PCAOB registered auditor.

Bailard Emerging Opportunities Fund I, LP:

Bailard reviews the monthly reports (i.e. balance sheet, holdings report, income statement, etc.) produced by UMB Fund Services, Inc., an independent fund administrative and accounting firm. The finalized reports are then provided to the affiliated private fund client. Bailard also delivers an annual financial report, which is audited by, EisnerAmper LLP, a PCAOB registered auditor.

Other Communications:

For all Bailard Institutional clients, Bailard publishes at no cost our quarterly newsletter “*the 9:05*”. This newsletter is also made available on Bailard’s website, www.bailard.com.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Other Compensation

In exchange for using the services of certain broker-dealers or custodians, Bailard Institutional receives, without cost, computer software and related systems support, which allow Bailard Institutional to better monitor client accounts maintained with them. In addition, Bailard Institutional receives one or more of the following benefits from such broker-dealers: access to a trading desk that exclusively services institutional brokerage group participants; access to block trading services which provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; access to capital introduction services and marketing consultation services ; access to an electronic communication network for client order entry and account information; attendance at conferences; access to industry data; and access to information regarding compliance and regulatory reporting and developments. Although Bailard Institutional receives these services and generally may direct trading for the client accounts through certain prime brokers, these services are not considered by Bailard Institutional to be “soft dollar” benefits because the services are not provided in exchange for Bailard Institutional’s clients paying higher transaction commissions or fees than those obtainable from other brokers in return for similar services.

Referral Fee Arrangements

Bailard, Inc. engages solicitors who refer clients to certain Bailard Institutional strategies. Bailard pays the solicitors a portion of the advisory fees it receives from the referred clients. The Bailard advisory fee paid by these clients is no higher than the fee payable by comparable new clients who were not referred to Bailard by the referral source. Referred clients receive a written disclosure document describing the referral arrangement. Bailard has adopted policies and procedures to ensure compliance with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by law. In the future, Bailard, Inc. may engage solicitors to refer clients to other Bailard Institutional strategies.

These arrangements include referral agreements with the broker-dealers or custodians that Bailard recommends to its clients and uses to execute clients’ brokerage transactions. For example, Bailard has entered into referral arrangements with Charles Schwab & Co., Inc. (“Schwab”) a FINRA registered broker-dealer, member SIPC and with TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”) whereby Bailard compensates Schwab and TD Ameritrade for referring clients to Bailard Wealth Management and to certain of Bailard’s affiliated private funds. The referrals are made by Schwab and TD Ameritrade through their proprietary services designed to help individuals or others identify professional investment advisers to manage their assets. The TD Ameritrade referral program is called AdvisorDirect (“TDAD”) and the Schwab program is called the Schwab Advisor Network (“SAN”). The on-going referral fees paid to TD Ameritrade are based on a percentage of the management fees payable to Bailard from such clients, not to exceed 25%. The referral fees (“Participation Fee”) paid to Schwab are a percentage of the value of assets in the client’s account, subject to a minimum Participation Fee. Bailard will also pay TD Ameritrade and Schwab ongoing referral fees on any advisory fees it receives from any of a referred client’s family members, including a spouse, child or other immediate family member who resides with the referred client and hired Bailard on the recommendation of such referred client. Schwab also refers (and in the future other such brokers may refer) their clients to Bailard for the purpose of investing in its affiliated private fund(s) only. Bailard pays Schwab (and will pay other such referring broker) a referral fee based on the advisory fee attributable to that investor that Bailard receives from the affiliated private fund. Schwab and TD Ameritrade are discount brokers independent of and unaffiliated with Bailard, and there is no employee or agency relationship between Bailard and either of these two firms. Schwab and TD Ameritrade do not supervise Bailard and have no responsibility for Bailard’s management of client portfolios or Bailard’s other advice or services.

Bailard’s participation in these arrangements gives rise to potential conflicts of interest. For example, Bailard may have been selected to participate in these arrangements based in part on the amount of trading or client

assets it maintains with the broker-dealer. Bailard does not, however, charge clients referred to it by Schwab or TD Ameritrade additional fees or expenses as a result of such referral. Nor do these arrangements affect Bailard's duty to seek best execution on behalf of its clients. For certain of these arrangements, Bailard has agreed not to solicit clients to establish brokerage or custody accounts with other broker-dealers or custodians absent a fiduciary duty to do so.

ITEM 15 – CUSTODY

Bailard does not hold client funds or securities. Qualified custodians that are not affiliated with Bailard hold client funds and securities in safe-keeping for clients. These qualified custodians are typically banks or brokerage firms. Separate account clients receive electronic or hard copy account statements directly from their qualified custodians at least quarterly. Clients also receive quarterly account statements from Bailard. We urge clients to compare the account statements they receive from qualified custodians and any transfer agent or administrator with the quarterly account statements they receive from us. Bailard will from time to time recommend or select custodians for clients. Bailard is deemed to have custody of our affiliated private funds by virtue of the control that our affiliated general partners and certain of our employees have over these funds' operations. Investors in the affiliated private funds will receive a copy of each fund's annual audited financial statements.

ITEM 16 – INVESTMENT DISCRETION

Bailard and a new client enter into a written investment management agreement at the outset of the advisory relationship. The agreement generally grants Bailard discretionary authority to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the agreement and with the stated investment objectives for the particular client account.

As authorized in a written investment agreement at the outset of the advisory relationship, generally Bailard has full investment discretion in managing client accounts; however, in some cases, this authority is subject to restrictions agreed with the client in advance and set forth in the applicable investment management agreement. Bailard will accept reasonable limitations on its authority through client guideline restrictions provided such restrictions are essentially consistent with Bailard Institutional's investment process. Typical contract provisions include: restrictions relating to what constitutes a permissible or authorized investment; restrictions and prohibitions relating to borrowing, leverage, short selling, currency hedging and use of derivatives; and sector, country and other exposure limits relative to the client's chosen benchmark. In the case of the Bailard Real Estate Fund, determinations to purchase and sell property holdings are subject to the approval of the Fund's board of directors.

ITEM 17 – VOTING CLIENT SECURITIES

Bailard has adopted proxy voting policies and procedures that are reasonably designed to ensure that we vote proxies in the best interests of our clients. Bailard currently votes domestic and international stock proxies for accounts whose investment advisory agreement includes proxy voting service. The accounts for which Bailard votes proxies include, but are not limited to, mutual funds, our private affiliated funds, certain separately managed institutional accounts, ERISA accounts and (unless otherwise directed) omnibus ballots.

In seeking to avoid material conflicts of interest, we have engaged Glass Lewis, a third party service provider, to vote Bailard Institutional account proxies in accordance with Glass Lewis's standard U.S. and international stock proxy voting guidelines. Bailard generally does not allow the option for clients to direct the votes in a particular solicitation. In certain limited circumstances, Glass Lewis may be instructed to use custom guidelines in voting proxies for specific Bailard Institutional accounts.

Glass Lewis's proxy voting guidelines generally:

1. Seek to support Boards of Directors that serve the interests of shareholders by voting for Boards that possess independence, a record of positive performance, and members with diverse backgrounds and with a breadth and depth of experience;
2. Seek transparency and integrity of financial reporting by voting for management's recommendation for auditor unless the independence of a returning auditor or the integrity of the audit has been compromised;
3. Seek to incentivize employees and executives to engage in conduct that will improve the performance of their companies by voting for no abusive compensation plans (including equity based compensation plans, performance based executive compensation plans and director compensation plans);
4. Seek to protect shareholders' rights by voting for changes in corporate governance structure only if they are consistent with the shareholders' interests;
5. Vote against shareholder proposals affecting the day-to-day management of a company or policy decisions related to political, social or environmental issues. However, on a case by case basis, Glass Lewis may support proposals that are designed to protect shareholder value in circumstances where Boards of Directors and management have not adequately monitored, disclosed and addressed material environmental or social risks. Glass Lewis will also generally support those shareholder proposals that protect and enhance important shareholder rights, promote director accountability or seek to improve compensation practices.

In certain circumstances, Bailard may override Glass Lewis's recommendations. Bailard conducts at least annual due diligence of Glass Lewis as well as periodic monitoring/testing of the services Glass Lewis provides.

For accounts where Bailard does not have the authority to vote proxies, clients receive their proxies directly from the custodian, transfer agent or the issuer's proxy solicitor. If clients have any questions about a particular solicitation, they can send a letter to: Bailard, Attn: Proxy Department, 950 Tower Lane Suite 1900, Foster City, CA 94404.

The Bailard Proxy Voting Policies and Procedures Manual sets forth our proxy voting process in more detail. A copy of this manual is available to clients upon request. Moreover, if we are voting proxies on a client's behalf (including proxies voted by Glass Lewis), that client may ask us for information about how his or her securities were voted. To request a copy of our Proxy Voting Policies and Procedures Manual or information about how their securities were voted, clients should send a letter to: Bailard, Attn: Proxy Department, 950 Tower Lane Suite 1900, Foster City, CA 94404.

ITEM 18 – FINANCIAL INFORMATION

There is no financial condition that is likely to impair Bailard’s ability to meet contractual commitments to our clients.

EXHIBIT I

TRADE PRIORITY AND AGGREGATION POLICY

Section 206 of the Advisers Act imposes a fiduciary duty on an investment adviser to act in the utmost good faith with respect to its clients and to provide full and fair disclosure of all material facts. An advisor that aggregates client orders must do so in a manner consistent with its duty to seek best execution of the orders and must ensure that all clients are treated fairly in the aggregation and allocation process.

Bailard provides investment advice to a number of different types of clients, including individuals, employee benefit plans, foundations and endowments, private placements, pooled funds and registered investment companies. Bailard is obligated to seek best execution of all trades for all of its clients.

Bailard's clients can be either discretionary (accounts for which Bailard assumes full responsibility for investment decision-making) or non-discretionary (accounts for which the client plays some role in deciding whether or not to follow Bailard's investment advice). In addition, Bailard's clients can either choose to allow Bailard to select the brokers to be used or establish directed brokerage arrangements (where the client selects the broker to be used). Most of Bailard's clients have chosen to be managed on a discretionary, non-directed basis. Bailard believes that this arrangement is usually in the best interests of its clients.

Generally, Bailard will place trade orders for discretionary accounts first, with discretionary non-directed accounts having priority over discretionary directed brokerage accounts. Bailard will typically aggregate or "block" mass buy and sell orders of the same stock or exchange traded fund (ETF) for Bailard Wealth Management clients, although this may not be done in certain circumstances where only a small number of accounts are involved.. Bailard will consider aggregating or blocking stock trades for other clients (including mutual fund and private placement accounts) if:

- A. The Trading Desk knows about and receives the trade orders at the same time on the same day, and the common securities can be easily identified (i.e., are not buried in a list);
- B. It is appropriate to use the same broker to execute the trades and the blocking is operationally feasible; and
- C. Blocking the common securities is consistent with each account's investment strategy.

Bailard will typically seek to aggregate or block bond or bond ETF buy and sell orders for Bailard Institutional fixed income strategy clients and for the fixed income portion of Bailard Wealth Management clients' portfolios if there is an investment need for a specific account, if blocking is operationally feasible and if blocking the common security is consistent with each account's investment strategy. Multiple blocks are typically created based upon the accounts' size, tax status and investment strategy. Smaller Bailard Wealth Management accounts might not participate in certain bond or bond ETF blocks.

Bailard Wealth Management client accounts are held at a number of different bank and broker custodians, each of whom may custody multiple accounts. Bailard's trading department will follow procedures to ensure that the orders for these custodians are placed in a generally fair fashion. Currently, separate block orders are created for accounts custodied at banks, at Charles Schwab, and at TD Ameritrade. Priority in trading is rotated among each of these three entities on a monthly basis. (The Trading Desk is responsible for maintaining a record of this rotation, which is reported to the Best Execution Committee on a regular basis.) However, in some instances, a

custodian may not allow such aggregation to occur. In those cases, the blocked trade orders are placed before the orders for the accounts at the non-participating custodian or custodians.

To fill bond orders, we generally focus first on buying the security and then on seeking to allocate to the accounts with the greatest investment need.

Bailard can also seek to block certain corporate account trades with the mass buy or sell trades of Bailard clients. In these instances, Bailard will block the corporate accounts' trades with the trades of client accounts held at the same custodian. If no client account is held at the corporate account's custodian, Bailard will add the corporate account custodian to the list of client account custodians for the block trade, and the corporate custodian's trades will be rotated in the priority of trading along with those of the Bailard Wealth Management client account custodians. The corporate account custodian will be included in the record of rotation which is reported to the Best Execution Committee on a regular basis.

Bailard will aggregate client orders as follows:

1. Bailard has adopted this written policy for the aggregation of orders, which it will fully disclose on Form ADV to existing clients and separately to brokers.
2. Bailard will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek the best price) for its clients and is consistent with the terms of Bailard's investment advisory agreement with each client for which trades are being aggregated.
3. As noted above, priority in trading activity is normally given to discretionary accounts not subject to directed brokerage instructions. Each such client that participates in an aggregated order with a given broker will participate at the average share price for all Bailard transactions in that security with that broker on a given business day. Transaction costs are shared pro rata based on each client's participation in the transaction, except when the broker charges each client a flat fee per transaction. Directed brokerage accounts, non-discretionary accounts, and complex accounts may trade on an individual basis in amounts that do not allow for trading on a more favorable aggregate basis. If the trades for these accounts can be blocked, each such client that participates in the aggregated order with a given broker will participate at the average share price for all Bailard transactions in that security with that broker on a given day with transaction costs shared pro rata based on each client's participation in the transaction, except where transaction costs must be shared on a different basis pursuant to different commission levels negotiated by participating accounts. Clients are encouraged to consult with Bailard, Inc. in connection with directed brokerage, complex or non-discretionary arrangements, because discretionary, non-directed trading authority to the adviser allows us to act more quickly on our investment judgment and may, in most circumstances, be a more cost-effective and efficient alternative.
4. Prior to placing an aggregated order for a particular security, Bailard will prepare and archive an Allocation Statement specifying the participating client accounts and how it intends to allocate the order among those client accounts.
5. If an aggregated order is filled in its entirety, it will be allocated among all participating clients in accordance with the Allocation Statement. If the order to buy or sell a stock is not completely filled, the amount of the order filled will be pro-rated at the same average price over all the accounts listed on the Allocation Statement. When trade orders are allocated to individual accounts, the rounding

feature of our portfolio accounting system's trade allocation function may result in certain accounts being allocated marginally more or less amounts than other accounts. For bond trades, priority in allocating partial fills will typically be given to the accounts with the greatest investment need and/or best fit.

6. The order may be allocated on a basis different than Paragraphs 4 and 5 if (a) all clients receive fair and equitable treatment, (b) the reason for the different allocation is explained in writing and (c) the explanation is approved in writing by the Chief Compliance Officer (or a delegate) before one hour after the open of the market of the trading day following the day the trade is executed.
7. All trade allocations for investment companies will be made by the end of the trading day. All trade allocations to other accounts will be made before the open of the market of the trading day following the day the trade is executed.
8. Bailard's books and records will separately reflect for each client account any orders which were aggregated.
9. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker/dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale on a delivery versus payment basis. Cash or securities held for clients will be delivered out for deposit to the clients' accounts at the custodian bank or broker/ dealer as soon as practicable following the settlement.
10. Bailard will receive no additional compensation as a result of the aggregation.
11. Individual investment advice and treatment will be accorded to each advisory client.
12. Bailard will review its aggregation procedures annually to assure that no account is being systematically disadvantaged by aggregation and will make corrective changes to its procedures, if appropriate.
13. Copies of Allocation Statements and records of deviations from the Allocation Statements (with the appropriate approvals) will be kept for five (5) years in an easily accessible place, the first two (2) years in the office of the advisor.

In cases where orders of registered investment companies are to be aggregated with the orders of others, Bailard will submit its policies on aggregation to the Board of Directors or the Board of Trustees of the registered investment companies.