

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

Name of Investment Adviser: Kovitz Investment Group, LLC			
115 S. LaSalle St., 27 th Floor	Chicago	IL	60603 (312) 334-7300

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

Table of Contents

Item Number	Item	Page
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies.....	3
5	Education and Business Standards.....	4
6	Education and Business Background	4
7	Other Business Activities.....	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions.....	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet.....	6
	Continuation Sheet.....	Schedule F
	Balance Sheet, if required	Schedule G

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

Applicant: Kovitz Investment Group, LLC	SEC File Number: 801-62239	Date: March, 2008
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1. A. Advisory Services and Fees. (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

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

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

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

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

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

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

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

Applicant:
Kovitz Investment Group, LLC

SEC File Number:
801-62239

Date:
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2. Types of clients – Applicant generally provides investment advice to: (check those that apply)

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

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

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

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

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

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

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

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

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

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

5. Education and Business Standards.

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

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

6. Education and Business Background.

For:

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

On Schedule F, give the:

<ul style="list-style-type: none"> • name • year of birth 	<ul style="list-style-type: none"> • formal education after high school • business background for the preceding five years
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7. Other Business Activities. (check those that apply)

A. Applicant is actively engaged in a business other than giving investment advice.

B. Applicant sells products or services other than investment advice to clients.

C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

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

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

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

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

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

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

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

9. Participation or Interest in Client Transaction.

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

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

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

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

..... Yes No

(If yes, describe on Schedule F.)

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

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

Our portfolio managers (and assistant portfolio managers (under supervision of our portfolio managers)) continuously review client accounts for which they have management responsibility for among other things holdings, position size, liquidity, consistency with suitability and investment objective considerations, and asset allocation. In addition, our portfolio managers and assistant portfolio managers undertake quarterly and annual account reviews covering similar considerations, with particular focus on asset allocation. Primary management responsibility is initially determined at client intake (without consideration to amount of assets under management), based on such considerations as relationship and subject area expertise. Accounts are also reviewed when significant events occur, including additional asset contributions or withdrawals. While our review policy does not mandate a maximum number of accounts to be assigned, the number of accounts is a factor in staffing.

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

Each client will receive a monthly account statement from our broker-dealer or its clearing firm (unless a less frequent (though no less frequently than quarterly) reporting is mandated by the broker-dealer or its clearing firm such as for inactive accounts)). These statements typically set forth holdings and valuation as of the end of the month, by asset class, and also describe purchases, sales and other transactions, including income and expense items, occurring during the period covered by the statement. Additionally, our clients will receive from us quarterly and annual statements describing holdings, valuation, cost information, transactions, income and expenses, interest earned, accrued interest, dividends and other information useful for tax purposes. Hedge fund investors receive a monthly statement from the fund's third party administrator.

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
-
- B. Does applicant or a related person suggest brokers to clients? Yes No

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

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

13. Additional Compensation

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

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

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

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

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? Yes No

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

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV Kovitz Investment Group, LLC	
Item of Form (identify)	Answer
1.D	<p>Our investment advisory clients are charged an annual fee determined according to fair market value of assets under management at the quarterly valuation date. Fees are payable quarterly, in advance, and are subject to change upon prior written notice to clients. Upon termination of the relationship, the effective date of termination shall be used as the concluding date for valuation of the accounts. Fees will be prorated to the termination date and unearned fees will be refunded to the investment advisory client.</p> <p>Our primary fee schedule is listed below. Fees to be charged to clients are subject to negotiation (including waiver in limited circumstances) and certain clients are not charged fees pursuant to the following schedule.</p> <ul style="list-style-type: none"> • 1 ¼ % per annum on all equity assets up to \$5,000,000 • 1% per annum on all equity assets \$5,000,000 - \$10,000,000 • ¾ of 1% per annum on all equity assets \$10,000,000 - \$25,000,000 • ½ of 1% per annum on all equity assets over \$25,000,000 <ul style="list-style-type: none"> • ½ of 1% per annum on all fixed income and cash assets up to \$5,000,000. • ¾ of 1% per annum on all fixed income and cash assets over \$5,000,000. <p>Commissions paid on securities transactions to the broker-dealers effecting the trades for your account are, of course, in addition to the management fees you pay to us. Please see additional disclosure below in item 9 of this Schedule F concerning selection of affiliated broker-dealers, the relationship between commissions and management fees, and other issues relating to conflicts of interest.</p> <p>From time to time, we enter into agreements with “qualified clients,” such as those described in Item 8.D(1), (2), and (4) below, whereby we charge a performance fee in addition to our primary fee shown above.</p>
3.G	As stated in item 10 below, we generally suggest a minimum of a \$250,000 in equities to invest with us. If we accept clients with substantially less than that amount invested with us, we may recommend the purchase of shares in unaffiliated, open-end mutual funds. Mutual funds are assessed management fees by their own advisers. Clients invested in mutual funds will pay these fees in addition to our own management fee as shown in the schedule above.
3.K	We offer investment advice on interests in partnerships (“hedge funds”), of which we serve as general partner, that generally invest in publicly traded equity and fixed income securities, publicly traded options, and futures contracts on market indices.
4.C	Trading strategies indicated in items (3), (4), and (5) are not generally used in providing investment management services to our individual advisory clients, but are instead anticipated to be used primarily in our role as the general partner of affiliated hedge funds.
5.	Our financial advisers, fixed income specialists and equity analysts are expected to have a minimum of two years industry experience prior to rendering advice to investment advisory clients, and to

6.

have or obtain industry appropriate certifications, such as certified financial planner and chartered financial analyst. Portfolio managers are expected to have or obtain industry specific and appropriate advanced degrees (i.e. MBA, JD) and/or certifications (i.e. CPA, CFA, CFP®).

Mitchell A. Kovitz, Born 1964

University of Illinois, Urbana, IL – Degrees: BS 1986, MS 1987
Kovitz Investment Group, LLC, Chicago, IL (CEO) 2003 - Present
Kovitz Securities, LLC, Chicago, IL (CEO) 2003 - Present
Rothschild Investment Corporation, Chicago, IL (President) 1989 – 2003

Jonathan A. Shapiro, Born 1964

Carleton College, Northfield, MN – Degree: BA 1986
University of Chicago, IL – Degree: MBA 1997
Kovitz Investment Group, LLC, Chicago, IL (Vice President) 2003 - Present
Kovitz Securities, LLC, Chicago, IL (Vice President) 2003 - Present
Rothschild Investment Corporation, Chicago, IL (Vice President) 1999 – 2003
Vector Securities, Deerfield, IL (Analyst) 1997 – 1999

Marc S. Brenner, Born 1963

University of Illinois, Urbana, IL – Degree: BS 1985
University of Chicago, Chicago, IL – Degree: JD 1988
Kovitz Investment Group, LLC, Chicago, IL (President) 2003 - Present
Kovitz Securities, LLC, Chicago, IL (President) 2003 - Present
Rothschild Investment Corporation, Chicago, IL (Vice President) 2001 – 2003
Neal, Gerber & Eisenberg, Chicago, IL (Partner) 1999 – 2001
Rosenberg & Liebentritt, Chicago, IL (Vice President) 1996 – 1999

Bruce A. Weininger, Born 1964

University of Illinois, Urbana, IL – Degree: BS 1986
Kovitz Investment Group, LLC, Chicago, IL (Vice President) 2004 - Present
Kovitz Securities, LLC, Chicago, IL (Vice President) 2004 – Present
Deloitte & Touche (Partner) Chicago, IL 2000 – 2004
Ayco Company L.P. (Partner) Lake Forest, IL 1989 – 2000

Harold (Skip) W. Gianopoulos, Jr., Born 1965

Taylor University, Upland, IN – Degree: BS 1987
John Marshall Law School, Chicago, IL – Degree: JD 1999
Kovitz Investment Group, LLC, Chicago, IL (Managing Director) 2005 – Present
Kovitz Securities, LLC, Chicago, IL 2005 – Present
Harris Trust & Savings Bank, Chicago, IL (Senior Vice President) 1996 – 2005

Joel D. Hirsh, Born 1982

University of Michigan, Ann Arbor, MI – Degree: BA 2004
Kovitz Investment Group, LLC, Chicago, IL (Analyst) 2006 – Present
Kovitz Securities, LLC, Chicago, IL 2006 – Present
McDonald Investments, Cleveland, OH (Analyst) 2004 – 2006

Jason M. Petite, Born 1980

DePaul University, Chicago, IL – Degree: BS 2002
Kovitz Investment Group, LLC, Chicago, IL (Analyst) 2005 – Present
Kovitz Securities, LLC, Chicago, IL 2005 – Present
Rothschild Investment Corporation, Chicago, IL (Trader) 2001-2005

8.C(1)	<p>Kovitz Securities, LLC is a general securities broker-dealer registered with the Securities and Exchange Commission, and is a member of the Securities Investor Protection Corporation and the NASD. Kovitz Securities, LLC and Kovitz Investment Group, LLC are under common ownership. The owners and executive officers (Messrs. Kovitz, Shapiro, Brenner, Weininger, and Gianopulos), in the aggregate, spend less than 25% of their time solely on the activities of Kovitz Securities, LLC. Subject to best execution, and our clients' ability to request brokerage be directed to other broker-dealers, we use Kovitz Securities, LLC to effect securities transactions for our non-hedge fund client accounts. We also use Kovitz Securities, LLC to effect some securities transactions for our hedge fund clients.</p>
8.D	<p>Messrs. Kovitz, Shapiro, Brenner, Weininger, and Gianopulos who are our owners and officers, also control, manage, or are otherwise involved in the following activities in which clients are solicited to invest:</p> <ol style="list-style-type: none"> 1) Kovitz Investment Group, LLC is the general partner of New Millennium Fundamental Hedged Equity, L.P., a Nevada private limited partnership, limited to accredited investors. The partnership invests in listed and unlisted publicly traded equities, fixed income securities, options, and futures contracts on market indices. 2) Kovitz Investment Group, LLC is the general partner of Anchor Capital Partners I, L.P., a Delaware private limited partnership, limited to accredited investors. The partnership invests in listed and unlisted publicly traded equities, fixed income securities, options, and futures contracts on market indices. 3) Kovitz & Associates II, LLC is a Delaware limited liability company and the managing member of CES Optical, LLC, a Delaware private limited liability company, limited to accredited investors. CES Optical is the sole member of Chicagoland Optical, LLC, a Delaware limited liability company and an operator of retail optical stores in the Chicagoland area (Kovitz & Associates II, LLC and CES Optical pre-date applicant, and CES Optical is closed to new investors). 4) Kovitz Investment Group, LLC is the general partner of New Millennium Fundamental Hedged Equity QP, L.P., an Illinois private limited partnership, limited to accredited investors and qualified purchasers, which was formed in 2005. The partnership invests in listed and unlisted publicly traded equities, fixed income securities, options, and futures contracts on market indices. <p>Messrs. Kovitz, Shapiro, Brenner, Weininger, and Gianopulos engage, in the aggregate, approximately 25% (varies by executive officer) of their time in these activities.</p>
9.B	<p>Our related persons (i.e. employees) are also registered representatives of Kovitz Securities, LLC, and Kovitz Securities, LLC effects security transactions for our clients and will receive compensation in the form of commissions from effecting those security transactions. Kovitz Securities, LLC representatives (our employees) do not share in any commissions received by Kovitz Securities, LLC from effecting security transactions for our clients. Such compensation to be earned by our affiliated broker-dealer includes a portion of 12b-1 fees paid by distributors on money market funds in which we place cash of client accounts and asset-based fees or trailers paid by distributors of mutual funds in our client accounts. Additionally, our principals, who are also the principals of Kovitz Securities, LLC, will receive a financial benefit from the securities business of Kovitz Securities, LLC, including effecting security transactions for our clients. This constitutes a conflict of interest. However, a significant percentage of our revenue is derived from the management fee charged to clients, which is based on the value of assets under management. We</p>

Applicant: Kovitz Investment Group, LLC	SEC File Number: 801-62239	Date: March, 2008
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9.D,E	<p>believe that this conflict of interest is addressed in part by our compensation structure which incentivizes employees to focus on purchase and sale decision making and other portfolio management decisions to maximize long term growth of assets, and not by generating commissions on trades. Our portfolio management philosophy is concentrated on long term asset growth in the most cost efficient manner possible. We believe that it is in our, our clients, and our employees' best interest to minimize transaction costs and increase the value of the clients' accounts.</p> <p>Our firm's policy is to aggregate discretionary client transactions where possible (i.e., generally, buys or sells of the same security on the same day), when advantageous to clients, when not favoring certain clients over other clients, and when consistent with best execution. Our primary consideration is fair treatment to our clients (i.e., average pricing; efficient and effective execution pricing), and not simply lowering commissions. However, it is not contemplated that the size of an order would result in lower per share transaction charges pursuant to our affiliated broker-dealer's (Kovitz Securities, LLC) commission guidelines and its clearing firm pricing arrangement. Whenever possible, the discretionary purchase or sale (execution) price of a security bought or sold during the same day effected by the same broker-dealer will be equitably averaged and aggregated with similar discretionary purchases and sales for other clients, including for our related persons (i.e., employees) (see item 9.D, E below). In these instances clients participating in any aggregated transactions will generally receive an average share (execution) price, but commissions will not be shared on a pro-rata basis with other clients. As management fees to be charged clients (and commissions to be charged by our affiliated broker-dealer, Kovitz Securities, LLC) are subject to negotiation, the amount of commissions paid on client securities transactions by our advisory clients to our effecting broker-dealer, Kovitz Securities, LLC, may vary depending on the amount of assets under management, amount of management fees charged, and policies of the broker-dealer, among other things. Therefore, the commissions charged to one client may be higher or lower than commissions charged to another client (and commissions charged to related persons, including employees, will generally be lower than commissions charged to advisory clients) which will make the net purchase or sale price also differ among clients (and our related persons). This is true also for aggregated trades. Commissions are not assessed pro rata among clients on aggregated trades, as we believe this would result in unfair treatment among clients upon consideration of other factors, such as management fees charged, assets under management and other considerations set forth in our affiliated broker-dealer's commission guidelines, which it makes available to its clients.</p> <p>From time to time, we have the opportunity to receive allocations of shares in initial public offerings (IPOs) or "new issues." Given the inherent risk of investing in IPOs, among other reasons, our policy is to allocate any such shares received to the hedge funds described in 8.D(1), (2), and (4) above, and to separate institutional accounts which are managed and traded in a manner similar to that of such hedge funds, considering their investment and trading strategy, and not to "core" advisory clients.</p> <p>We have procedures pertaining to correction of trade errors relating to the investment management services we provide to our advisory clients. We intend to make clients whole for losses resulting from trade errors caused by us or our affiliates, including our affiliated broker-dealer (or its clearing firm). Additionally, we do not intend to retain profits resulting from any such trade errors, and to this end we intend to donate these profits to charity, while at the same time ensuring that our advisory clients receive the results of the intended securities transaction. Profits resulting from trade errors so donated to charity may result in an income tax benefit to us. We do not anticipate that the number of such trade errors, the amount of such resulting profits, or the amount of any such income tax benefit will be material.</p> <p>Our related persons (i.e., principals) participate in the outside activities described in response to item 8.D above on a regular basis. As equity owners of the general partners or managing members of these investment partnerships or company, such persons benefit when clients invest in these entities</p>
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Applicant: Kovitz Investment Group, LLC	SEC File Number: 801-62239	Date: March, 2008
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	<p>through the fees paid to the general partners and manager, which, under certain circumstances, could be higher than the fees paid to us as investment management fees for core advisory services. Additionally, our related persons (employees) benefit when clients invest in affiliated hedge funds, such as those identified in item 8.D above, by sharing in fees paid to the general partner of such hedge funds which, under certain circumstances, could be higher than fees paid to us as investment management fees for core advisory clients. Additionally, our officers, members and employees may buy and sell for their own accounts the same securities as are bought and sold for clients. There are potential conflicts of interests inherent in these activities. However, we will not exercise discretion on behalf of our clients in making investments on behalf of our clients in our affiliated investment partnerships (hedge funds). These investment decisions must be made by our clients. We have established a policy regarding trading in our own accounts which, among other things, prohibits our officers, members and employees from disadvantaging our clients, such as by buying or selling a security prior to buying or selling the same security for clients. Additionally, we average the purchase or sale price of a security bought or sold during the same day in our own accounts and our clients' accounts, to ensure that such accounts never receive better pricing than client accounts. Any advantage which results in spite of the above described policies and procedures will be resolved in favor of the client accounts affected. We have procedures which govern the timing and allocation of purchases and sales among our advisory clients, including our (and our affiliates') investment partnership advisory clients, and our own accounts. In addition to the average pricing and other procedures discussed above, we attempt to equitably and ratably time the purchases and sales (or the initiation of the execution process) for accounts with our affiliated broker-dealer and those not with our affiliated broker-dealer so as not to advantage one over the other. We will, however, take into account the execution methodology of broker-dealers other than our affiliated broker-dealer (such as showing full volume and obtaining immediate execution at the inside market) in modifying the time we initiate execution. This risk is further addressed by the fact that virtually all of our equity selections are of publicly traded mid and large capitalization companies, and not new or private equity issues. See also the description of our code of ethics contained below which further describes restrictions and procedures we have in place to address these conflicts of interest and which protect our clients.</p> <p>10. While we don't strictly impose a stated minimum dollar value of assets for starting or maintaining an account, we do suggest to prospective clients (and we may elect not to accept certain prospective clients based on the fact) that a minimum \$250,000 investment in equities is preferable giving consideration to our investment philosophy, equity selection methodology, and transaction cost structures.</p> <p>12.A,B When clients grant us discretion the discretion is limited in that discretion is not exercisable to withdraw funds (other than for payment of purchases of securities or previously authorized payment of investment management fees and transaction costs) from the account without specific client authorization.</p> <p>Unless our clients direct otherwise (see below), our non-hedge fund clients' securities transactions are effected by our affiliated broker-dealer, Kovitz Securities, LLC. We also use Kovitz Securities, LLC to effect some securities transactions for our hedge fund clients. We acknowledge that a conflict of interests exists with respect to the selection of Kovitz Securities, LLC. Please see the discussion in item 9.B. above.</p> <p>If our client directs us to use a particular broker-dealer (a "Specified BD") for the purchase and/or sale of securities or other assets, we will not have discretion to select broker-dealers on a trade-by-trade basis and we will not be responsible for our client's use of such broker-dealer. Our client may not receive any benefit from research available from other broker-dealers in return for business directed to them, or otherwise obtain best execution of transactions. Additionally, we will not negotiate commissions on such client's behalf and such client may pay materially disparate</p>
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Applicant: Kovitz Investment Group, LLC	SEC File Number: 801-62239	Date: March, 2008
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	<p>commission rates from those clients who authorize Kovitz Securities, LLC to execute their transactions in their accounts. Also, by directing us to use a Specified BD, we will be unable to average price transactions with our other clients, obtain volume discounts, or ensure best execution for such client, which may result in material disparities in total commission charges to such client compared to commission charges to our other clients. Additionally, by directing us to use a Specified BD, there may be a conflict of interest that arises from client referrals from such Specified BD and such directed brokerage practices.</p> <p>With respect to the selection of broker-dealers with which to effect securities transactions generally, our primary consideration is best overall execution. Considerations in the selection include cost, pricing and timing of execution, accessibility to traders, responsiveness to us by traders, breadth and quality of services rendered for the direct benefit of clients, provision of research, analytic and other hardware and software tools available to serve our clients generally, the fairness of allocation of trades made available by using one broker-dealer, trade error correction policies and historic trade error correction performance, and the integrity, financial strength, and reputation of the broker-dealer.</p> <p>We have established a trade management oversight committee consisting of portfolio management and trading personnel who select brokers based on best overall execution. The committee considers among other things the factors described above, and also client trading requirements, appropriate trading strategies, liquidity search to avoid excessive market impact, and protection of proprietary information regarding investment decisions. Brokers are also selected based on the value they provide with respect to minimizing total trading costs, level of expertise, infrastructure, ability to provide information services, ability to accommodate special transaction needs, and broker's financial condition. Products and research services include access to proprietary databases, research reports, and availability of personnel to discuss research.</p> <p>It is possible that we will pay, or be deemed to have paid, commission rates higher than we could have otherwise paid in order to be assured of continuing to receive research and services that we consider useful to our clients. Any such higher commissions will only be paid if we believe in good faith they are reasonable in relation to the value of research and services provided. That belief may be based either in terms of the particular transaction involved or our overall responsibilities with respect to all of our clients. Accordingly, research and services provided usually benefits many client accounts rather than just one for which the order is being executed, and not all research and services may be used by us in connection with the client account which paid commissions to the broker providing the research and services.</p> <p>13.A As described in response to item 12.A, B above, we will from time to time enter into arrangements with broker-dealers pursuant to which the broker-dealers will effect securities transactions for our account and those of our clients and, as part of the relationship, provide us, or defer or reimburse us for the cost of, research, analytic and other hardware and software tools for our own use in connection with rendering investment management services to our clients.</p> <p>13.B We compensate our investment advisory representatives (our employees) in part based on a percentage of the investment management fees collected from clients introduced by the investment advisory representatives. Additionally, we will from time to time enter into solicitors agreements with third parties who refer clients to us as primary investment adviser under which the third party may receive as compensation for the referral a percentage of the investment fees collected from our client so referred. These arrangements are disclosed to the applicable clients and such clients sign acknowledgements. Also, we will from time to time enter into subadviser relationships with third party investment advisers, including in connection with advising public investment companies (i.e. mutual funds), whereby the third party adviser acts as primary investment adviser for their clients, and we provide subadvisory investment services, and pursuant to which the third party primary</p>
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Other	<p>adviser compensates us from investment fees it collects from its clients. We do not control the fees charged by the primary adviser, and those fees may be greater than the fees we charge our advisory clients which are disclosed in Item 1.D above. We have also entered into an agreement with the surviving spouse of a former investment adviser representative, pursuant to which the surviving spouse will receive a percentage of the investment fees collected from specified clients.</p> <p>Proxy Voting: We generally do not assume responsibility for proxy voting for our clients (excepting our role as the general partner of affiliated investment partnerships/hedge funds and as sub-adviser to an unaffiliated investment company). Accordingly, clients will receive information directly with respect to their voting responsibilities as equity owners of issuers.</p> <p>Legal Proceedings. Unless otherwise directed by clients and accepted by us, we shall not be responsible for filing claims or otherwise taking any action in connection with class action lawsuits, bankruptcy proceedings, or any other legal or administrative proceeding, in any such case on behalf of a client in connection with any client security holding.</p> <p>Code of Ethics. We have adopted a Code of Ethics which, among other things, recognizes that we have a fiduciary duty to our clients in connection with providing advisory services, which includes acting in our clients' best interests. Our Code of Ethics focuses on conflicts of interest and trading of securities by our employees. Among other things, we require our employees to disclose to us on a regular basis for our review their securities holdings and transactions. Our Code of Ethics also requires us to conduct an annual self assessment of risks inherent in our business, focusing on conflicts of interests. Our code of ethics also incorporates our policies dealing with gift giving and receipt, insider trading, and privacy and protection of client information. We will provide a copy of our code of ethics to our clients or prospective clients upon request.</p>
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