

Chartwell Investment Partners

Institutional and Private Asset Management



FORM ADV PART II

AMENDED VERSION, MARCH 2010

The undersigned and applicant represent that the information and statements contained herein, including exhibits hereto and other information filed herewith, all of which are made a part hereof, are current, true and complete. The undersigned and applicant further represent that to the extent any information previously submitted is not amended, such information is currently accurate and complete.

A handwritten signature in black ink, appearing to read 'G. Gregory Hagar', is written over a horizontal line.

Authorized Signature

G. Gregory Hagar

Name

Managing Partner, CFO & CCO

Title

3/31/10

Date

FORM ADV

Uniform Application for Investment Adviser Registration

Part II

OMB APPROVAL

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FORM ADV

Continuation Sheet for Form ADV Part II

Applicant:
 Chartwell Investment Partners

SEC File Number:
 801- 54124

Date:
 3/31/10

Name of Investment Adviser:

Chartwell Investment Partners

Address: (Number and Street) (City) (State) (Zip Code)

1235 Westlakes Drive, Suite 400 Berwyn, PA 19312

Area Code: Telephone Number
 (610) 296-1400

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

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

Definitions for Part II

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Related person — Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services — Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

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

(Percentages should be based on applicants 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)

- ☒ (1) A percentage of assets under management ☐ (4) Subscription fees
- ☐ (2) Hourly charges ☐ (5) Commissions
- ☒ (3) Fixed fees (not including subscription fees) ☒ (6) Other

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

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

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

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

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

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

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

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

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

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

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

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

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (Securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in
Determining or giving investment advice to clients?.....

Yes No
☒ ☐

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

6. Education and Business Background.

For:

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

On Schedule F, give the:

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

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

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

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

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

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

- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input checked="" type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input checked="" 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.)

FORM ADV**Continuation Sheet for Form ADV Part II**Applicant:
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3/31/10**9. Participation or Interest in Client Transactions.**

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

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

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

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts, or holds 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.

The members of the Investment Committee of the Adviser will review each account on at least a weekly basis. All accounts will be assigned to at least one member of the Investment Committee that will typically review accounts on a daily basis. There will be regular Investment Committee meetings during which the assessment of each account will be reviewed and the overall market and portfolio issues discussed.

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

Each client will receive a quarterly statement of his portfolio detailing the performance of the account along with discussions of certain positions in each portfolio. To the extent that any account is audited, the results of that audit will be provided to the client on an annual basis.

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12. Investment or Brokerage Discretion.

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

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

Schedule F of
FORM ADV

Date: 3/31/10

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Applicant: **Chartwell Investment Partners** SEC File Number: 801-54124

IRS Empl. Ident. No.: **23-2891243**

Part II
Item 1D+ ADVISORY SERVICES AND FEES

Chartwell Investment Partners (the "Chartwell") provides investment supervisory services on a continuous basis to a variety of individual, institutional and corporate clients. Chartwell also acts as adviser or sub-adviser to investment companies registered under the Investment Company Act of 1940. Chartwell's advisory services consist of selecting investments for clients while taking into account the client's needs, including total return objectives, risk tolerance, other assets and obligations of the client, legal investment laws and other investment restrictions applicable to the client. Chartwell offers investment advice concerning a wide range of investments but predominantly advises clients regarding investments in U.S. securities. Chartwell will ordinarily apply one of several varied investment strategies to manage a portfolio of equity securities and/or fixed income securities. For individual investors, Chartwell may allocate assets among several varied investment strategies, including equity and fixed income securities, exchange traded funds and mutual funds (either affiliated or non-affiliated) (see Item 9 for disclosure concerning conflict of interest).

Chartwell also participates in wrap fee programs by providing discretionary investment management services to the clients of these programs. Such clients select Chartwell from a number of investment managers based on analysis, performed by the relevant program sponsor, of client's goals and objectives and the compatibility with Chartwell's investment philosophy. The relevant program sponsors pay fees to Chartwell based on the asset value of each client account.

For investment supervisory services, Chartwell's fees (see fee schedules described below) are typically based on either the value of assets under management or a fixed fee, depending on factors such as the size and type of account. Chartwell's fees are negotiable. All fees are billed on a quarterly basis, in arrears. Upon termination of an advisory engagement, pro rata fees will be payable. In certain circumstances, including, but not limited to, cases where Chartwell advises hedge funds, Chartwell will charge a performance fee in accordance with the requirements of Rule 205-3 under the Investment Advisers Act of 1940.

Investment Strategies:

Fee Schedule:

| | | |
|--|----------------------|-------|
| <u>U.S. Equity/ Premium Yield Equity:</u> | Up to \$10 million | 0.70% |
| | \$10 - \$40 million | 0.60% |
| | \$40 - \$70 million | 0.50% |
| | \$70 - \$100 million | 0.40% |
| | Over \$100 million | 0.25% |

| | | |
|--------------------------------|------------|-------|
| <u>Small Cap Value:</u> | All Assets | 1.00% |
|--------------------------------|------------|-------|

| | | |
|-------------------------------|------------|-------|
| <u>Small Cap Core:</u> | All Assets | 1.00% |
|-------------------------------|------------|-------|

| | | |
|--|--------------------|-------|
| <u>Small Cap Growth/ Smid Cap Growth:</u> | Up to \$20 million | 1.00% |
| | Over \$20 million | 0.80% |

| | | |
|-------------------------------|--------------------|-------|
| <u>Mid Cap Growth:</u> | Up to \$20 million | 0.80% |
| | Over \$20 million | 0.70% |

| | | |
|--------------------------------|--------------------|-------|
| <u>Core Plus Fixed:</u> | Up to \$20 million | 0.40% |
|--------------------------------|--------------------|-------|

| | |
|---------------------|-------|
| \$20 - \$50 million | 0.30% |
| Over \$50 million | 0.25% |

| | | |
|---------------------------------|--------------------|------|
| <u>High Yield Fixed:</u> | First \$20 Million | .60% |
| | Additional Assets | .50% |

| | | |
|----------------------------------|----------------------|-------|
| <u>Intermediate Grade</u> | Up to \$20 million | 0.30% |
| <u>Fixed/Value Fixed/</u> | \$20 - \$40 million | 0.25% |
| <u>Core Fixed:</u> | \$40 - \$100 million | 0.20% |
| | Over \$100 million | 0.15% |

| | | |
|-------------------------------------|---------------------|-------|
| <u>Short Duration Fixed:</u> | Up to \$25 million | 0.25% |
| | \$25 - \$50 million | 0.20% |
| | Over \$50 million | 0.15% |

Clients may instruct their custodians to invest cash balances in their accounts in shares of a money market fund. These assets will be subject to the fund's investment advisory and other fees and expenses and are paid by the fund but ultimately borne by the client as a shareholder of the fund. Chartwell does not reduce its advisory fee to offset the effect of such fees and expenses.

Chartwell does not advise or act for Clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the Account or the issuers of these securities. Chartwell is neither qualified nor equipped to take on this responsibility. Moreover, we assume the clients' bank custodian will receive similar notices and, pursuant to any contract client may have with their custodian, forward these notices to the client for prompt action.

PROXY VOTING SUMMARY

Investment Advisers Act Rule 206(4)-6 requires every SEC-registered adviser exercising proxy voting authority over client securities to:

- Adopt and follow written proxy voting policies and procedures;
- Provide clients with a summary of those policies and procedures;
- Let clients know how to obtain copies of the adviser's proxy voting policies and procedures, as well as information about how the adviser voted their proxies; and
- Keep certain records relating to proxy voting.

Chartwell believes that voting proxies in the best interests of each client means making a judgment as to what voting decision is most likely to maximize total return to the client as an investor in the securities being voted, and casting the vote accordingly. For this reason, Chartwell's evaluation of the possible impact of a proxy vote on the economic interests of company shareholders similarly situated to Chartwell's clients will be the primary factor governing Chartwell's proxy voting decisions.

Chartwell has established a Proxy Voting Committee to oversee and administer the voting of proxies on behalf of clients, comprised of approximately five representatives of the firm's compliance and operations departments. The Committee's responsibilities include reviewing and updating these Policies as may be appropriate from time to time; identifying and resolving any material conflicts of interest on the part of Chartwell or its personnel that may affect particular proxy votes; evaluating and monitoring, on an ongoing basis, the analyses, recommendations and other services provided by RiskMetrics Group ("RMG" which was previously Institutional Shareholder Services, Inc.), an independent proxy voting service, or another third party retained to assist Chartwell in carrying out its proxy voting responsibilities; when deemed appropriate by the

Committee, consulting with Chartwell portfolio managers and investment professionals on particular proposals or categories of proposals presented for vote; and determining when and how client proxies should be voted other than in accordance with the general rules and criteria set forth in Chartwell's Proxy Voting Guidelines or with the recommendations of RMG or another independent proxy voting service retained by Chartwell.

Chartwell maintains a copy of the AFL-CIO Key Votes Survey which is a list of proposals and meetings based on the AFL-CIO Proxy Voting Guidelines. This list includes the company, item number, proposal, recommendation and date of the meeting. Chartwell votes in accordance with these recommendations and, as such, has an overall belief that voting in a pro-union manner on votes about which the AFL-CIO expresses its recommendation will have the most positive impact on shareholder economic interests. Clients may direct Chartwell not to vote in accordance with the AFL-CIO Key Vote Survey and when directed in this manner, Chartwell will vote in accordance with client instructions or RMG recommendations (which, in turn, may or may not be the same as the AFL-CIO voting recommendation).

Currently, the Proxy Voting Committee has determined that voting in accordance with AFL-CIO Key Votes Survey recommendations is not a material conflict of interest. In reaching this decision, the Committee recognized that Chartwell has many union pension plan clients and many clients that are not union-oriented. By voting all impacted securities positions in accordance with AFL-CIO recommendations, it could be said that Chartwell is attempting to retain or attract existing and prospective union clients. However, the overall number of proxy issues in the AFL-CIO Key Votes Survey on which Chartwell has historically voted is approximately 14 - 30 out of a total of approximately 500 company meetings and thousands of proxy votes cast by Chartwell each year. Chartwell does not use its AFL-CIO Key Votes Survey rankings for marketing purposes so to the extent any client or prospect becomes aware of how Chartwell votes in the Surveys, it does so on its own. Recognizing that deciding this is not a material conflict of interest is fundamentally subjective, Chartwell nonetheless discloses its practices to clients and invites clients to instruct Chartwell not to change any vote in these Policies to be consistent with an AFL-CIO Key Votes Survey recommendation (even though voting consistently with these Policies may result in voting the same way).

In the event the Committee determines that there is a material conflict of interest that may affect a particular proxy vote, Chartwell will **not** make the decision how to vote the proxy in accordance with these Policies unless the Policies specify how votes shall be cast on that particular type of matter, i.e., "for" or "against" the proposal. Where the Policies provide that the voting decision will be made on a "case-by-case" basis, Chartwell will either request the client to make the voting decision, or the vote will be cast in accordance with the recommendations of RMG or another independent proxy voting service retained by Chartwell for that purpose. Chartwell also will not provide advice to clients on proxy votes without first disclosing any material conflicts to the client requesting such advice.

Chartwell has retained RMG to assist it in analyzing specific proxy votes with respect to securities held by Chartwell clients and to handle the mechanical aspects of casting votes. Historically, Chartwell has placed substantial reliance on RMG's analyses and recommendations and generally gives instructions to RMG to vote proxies in accordance with RMG's recommendations, unless Chartwell reaches a different conclusion than RMG about how a particular matter should be voted. RMG proxy voting recommendations typically are made available to Chartwell about a week before the proxy must be voted, and are reviewed and monitored by members of the Proxy Voting Committee (and, in certain cases, by Chartwell portfolio managers), with a view to determining whether it is in the best interests of Chartwell's clients to vote proxies as recommended by RMG, or whether client proxies should be voted on a particular proposal in another manner. As noted

above, to the extent that AFL-CIO recommendations are available before a vote, they are considered and typically the vote is consistent with AFL-CIO recommendations and consistent with AFL-CIO Key Vote Surveys.

In situations where RMG does not vote a proxy (as on behalf of LPs or LLCs), Chartwell will vote in the best interest of the shareholders based on its knowledge of the company and issue(s) at hand.

We will update our proxy voting policies, procedures and guidelines from time to time as conditions dictate, and will make copies available upon request.

A copy of our proxy voting policies and procedures, including our voting guidelines, is available by contacting Maria Pollack, Partner/Director of Client Administration, at (610)407-4838. Clients may similarly contact her for specific record or information on how we voted proxies on their behalf. She should also be contacted if Chartwell is to be directed not to vote in accordance with AFL-CIO recommendations.

Part II

Item 5 EDUCATION AND BUSINESS STANDARDS

Generally, a college degree or an equivalent level of business experience is required. Chartwell's portfolio managers generally have extensive experience in the investment business.

Item 6 EDUCATION AND BUSINESS BACKGROUND

Small Cap Growth Investment Team

Edward N. Antoian, CPA, CFA, born 1955, is a dual employee of Chartwell and Zeke Capital Advisors LLC. He has been with Chartwell since its inception in 1997 and is currently a Managing Partner and Senior Portfolio Manager. He serves as Chief Investment Officer of Zeke Capital Advisors, LLC. In addition he is the General Partner of Zeke, L.P., a privately offered long-short equity hedge fund. Previously, Mr. Antoian was a Sr. Vice President and Portfolio Manager with Delaware Investment Advisers in Philadelphia (1996-97). Mr. Antoian also served as a Vice President and Portfolio Manager for Delaware Management Company, Inc. (1984-97). Mr. Antoian holds a B.A. in Accounting from the State University of New York at Albany and a M.B.A. with a concentration in Finance from the Wharton School at the University of Pennsylvania. Mr. Antoian is a Chartered Financial Analyst and a Certified Public Accountant.

David Choi, CFA, born 1974, has been with Chartwell since February 1999. Mr. Choi earned a Bachelor's degree in Economics from the University of Pennsylvania. He holds the Chartered Financial Analyst designation. He currently serves as Principal, Portfolio Analyst. Prior to joining Chartwell in 1999, Mr. Choi worked for two years at Daewoo Securities in Seoul, Korea where he was an Equity Research Analyst, entrusted with fundamental and quantitative analysis of South Korean equities.

Dawn M. Francfort, born 1971, joined Chartwell in May 2009 and serves as Investment Analyst. Ms. Francfort earned a Bachelor of Science degree in Business Administration from The University of Richmond. Prior to joining Chartwell, Ms. Francfort worked at Lehman Brothers/Barclays Capital for three and a half years as a Senior Vice President of Equity Strategies (Proprietary Trading). From 2004 to 2006, she was employed by SunAmerica Asset Management as a Senior Equity Analyst covering Consumer Industries. From 2000 to 2004, she was Director, Specialty Retail Equity Research at CIBC World Markets.

James J. Hargadon, born 1978, has been with Chartwell since June 2006 and serves as Portfolio Analyst. Mr. Hargadon earned a Bachelor's degree in Finance and Economics from Lehigh University. Prior to joining Chartwell, Mr. Hargadon was a

Portfolio Administrator at Nuveen Asset Management. From 2001 to 2005, Mr. Hargadon was employed as a Stock Record Supervisor at Fiserv Securities.

John A. Heffern, born 1961, has been with Chartwell since August, 2005 and is currently a Managing Partner, Senior Portfolio Manager. From 1997 to 2005, he was a Senior Vice President and Senior Portfolio Manager with the Growth Investing Group at Delaware Investment Advisers. From 1994 to 1997, he was a Senior Vice President, Equity Research at NatWest Markets, responsible for specialty financial services equity research. Prior to NatWest, he was a Principal and Senior Regional Bank Analyst at Alex Brown & Sons. Mr. Heffern earned a Bachelor's degree in Economics and an MBA in Finance from the University of North Carolina at Chapel Hill.

Michael D. Jones, CFA, born 1963, has been with Chartwell since October, 1998 and is currently a Partner and a Portfolio Manager. Previously, Mr. Jones was a Portfolio Manager at Pilgrim Baxter and Associates from 1995 to 1998 where he managed over \$1 billion in institutional growth equity accounts. From 1990 to 1995, Mr. Jones was an equity Portfolio Manager in the institutional equity division of The Bank of New York. From 1985 to 1990, Mr. Jones was employed as an analyst and portfolio manager at the Fifth Third Bank of Toledo, Ohio. Mr. Jones earned a Bachelor's degree in Business from Miami University and an MBA from the University of Michigan. He is also a Chartered Financial Analyst.

David E. Reidinger, born 1971, has been with Chartwell since July 2004 and serves as Portfolio Manager, Senior Analyst. Prior to joining Chartwell, Mr. Reidinger was a Portfolio Manager and analyst with Circle T Partners covering the technology sector. From 2000 to 2003, he was a Vice President and Portfolio Manager with Morgan Stanley Asset Management (Miller Anderson) in Conshohocken, PA. Previous employment included Tiger Management, LLC and Goldman Sachs. Mr. Reidinger earned a Bachelor's degree in Economics and Mathematics from Fordham University and an MBA in Finance from Columbia University.

Ben Sun, PhD, born 1967, has been with Chartwell since June 2008 and serves as Investment Analyst. Prior to joining Chartwell, he was a Senior Associate at Canaccord Adams (Adams Harkness) where he covered healthcare and industrial technology. From 2000 to 2003 he was a research fellow at Harvard Medical School. Mr. Sun earned a Bachelor's degree in Physics from the University of Science and Technology of China (USTC) and a Ph.D. in Biophysics from the University of Wisconsin-Madison. Mr. Sun also received a Masters Degree in Physics from the University of Pittsburgh and from The Chinese Academy of Sciences. He is currently a Chartered Financial Analyst level two candidate.

Small Cap Value Investment Team

David C. Dalrymple, CFA, born 1957, has been with Chartwell since its inception in 1997 and is currently a Managing Partner and Senior Portfolio Manager. Previously, Mr. Dalrymple was a Portfolio Manager for Delaware Investment Advisers in Philadelphia (1991-97) and Lord Abbett & Co, in New York (1986-91). Mr. Dalrymple holds a B.S. in Business Administration from Clarkson University and a M.B.A. with a concentration in Finance from Cornell University. Mr. Dalrymple is also a Chartered Financial Analyst.

Mark S. Goodman, CFA, born 1978, joined Chartwell in March 2007 and serves as Portfolio Analyst. From 2003 to 2006, Mr. Goodman was an Equity Research Analyst for Endowment Capital Group. From 2000 to 2003, he was employed by Merrill Lynch Investment Managers as a Technology Analyst for the Fixed Income Applied Research team. Mr. Goodman earned a Bachelor of Science degree in Systems Engineering from the University of Virginia. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Philadelphia.

T. Ryan Harkins, CFA, born 1974, joined Chartwell in January 2007 and serves as Senior Analyst, Portfolio Manager. Prior to joining Chartwell, Mr. Harkins was a Portfolio Manager and Research Analyst at Credit Suisse Asset Management where he co-managed the firm's small cap value strategy. From 1997 to 2000, he was an Investment Banker at Morgan Keegan & Company where he specialized in private placements for small public and private companies. Mr. Harkins earned a Bachelor's degree in Economics from Duke University and an MBA in Finance and Entrepreneurial Management from the University of Pennsylvania's Wharton School. He holds the Chartered Financial Analyst designation.

Premium Yield Equity Investment Team

Stephen M. Elliker, born 1981, has been with Chartwell since May 2008 and serves as Senior Analyst. Prior to joining Chartwell, Mr. Elliker was a Research Analyst at Emerald Advisers from 2002 to 2008. Mr. Elliker earned a Bachelor's degree in Economics and Philosophy from Millersville University and is currently pursuing his MBA at the LeBow College of Business at Drexel University. He is currently a Chartered Financial Analyst level two candidate.

Douglas W. Kugler, CFA, born 1961, joined Chartwell in December 2003 and currently serves as Portfolio Manager. Mr. Kugler earned a Bachelor's degree in Accounting from the University of Delaware. From 1993 to 2003, he held several positions at Morgan Stanley Investment Management (Miller Anderson & Sherrerd) including Vice President, Head of Mutual Fund Administration, Treasurer of the MAS Funds, Junior Associate in the Equity Department, and his last position held prior to joining Chartwell was Senior Associate and Analyst for the Large Cap Value team. Prior to joining Morgan Stanley, he was an Assistant Vice President and Senior Accounting Officer at Provident Financial Processing Corporation. He has 7 years of investment experience.

Kevin A. Melich, CFA, born 1943, has been with Chartwell since its inception in 1997 and currently serves as Managing Partner and Senior Portfolio Manager. Previously, Mr. Melich was a Portfolio Manager for Delaware Investment Advisers in Philadelphia (1983-97), a Vice President for A.B. Laffer & Associates in Palos Verdes, California (1981-83) and a Portfolio Manager with Security Trust Company in Rochester, New York (1964-81). Mr. Melich holds a B.S. in Economics from Saint John Fisher College.

Bernard P. Schaffer, born 1944, has been with Chartwell since its inception in 1997 and currently serves as Managing Partner and Senior Portfolio Manager. Previously, Mr. Schaffer was a Portfolio Manager with Delaware Investment Advisers in Philadelphia (1990-97), a Senior Vice President with Prudential Securities in Philadelphia (1988-90) and an Associate Managing Director with Wertheim Schroder & Co. in Philadelphia (1978-88). Mr. Schaffer holds a B.S. in Economics from Villanova University and a M.B.A. with a concentration in Finance from the Wharton School at the University of Pennsylvania.

U.S. Equity Investment Team

George H. Burwell, CFA, born 1961, had joined Chartwell in March 2001 and currently serves as Partner, Senior Portfolio Manager. Previously, Mr. Burwell was a Portfolio Manager with Merrill Lynch in New Jersey (1999), Delaware Investments in Pennsylvania (1992) and Midlantic National Bank in New Jersey (1986). Mr. Burwell received a B.A. in Government from the University of Virginia. He is a Chartered Financial Analyst and member of the Association for Investment Management and Research.

Jason P. Small, born 1973, has been with Chartwell since July 2003 and currently serves as Portfolio Analyst. Mr. Small earned a Bachelor's degree in Mechanical Engineering from Vanderbilt University and an MBA from the University of North

Carolina, Kenan-Flagler Business School. Prior to joining Chartwell, he was a Project Engineer of Research and Development at Tyco International, Ltd. from 1998 to 2001. Prior to 1998, he worked at Honeywell, Inc. as a Mechanical Engineer. He is currently a Chartered Financial Analyst level two candidate.

Fixed Income Investment Team

Thomas R. Coughlin, born 1982, has been with Chartwell since April 2007 and serves as Portfolio Analyst. Prior to joining Chartwell, Mr. Coughlin was employed at Janney Montgomery Scott, LLC where he held multiple analyst positions. His most recent position was an Investment Analyst where he carried out the due diligence on their recommended list and maintained both the recommended mutual fund and money manager lists. He is currently a Chartered Financial Analyst level two candidate.

John M. Hopkins, CFA, born 1963, has been with Chartwell since April 2007 and serves as Senior Portfolio Analyst. Mr. Hopkins earned Bachelor's degrees in both Finance and Economics and a Minor in Spanish, from the Pennsylvania State University. He holds the Chartered Financial Analyst designation. Prior to joining Chartwell, Mr. Hopkins was a Founder and Managing Principal for Collateral Processing Group, LLC. From 1999 to 2003 he worked for Sunrock Capital Corporation where he was Chief Financial Officer. From 1997 to 1999 he worked for Chase Securities, Inc. where he was a Senior High Yield Analyst. Mr. Hopkins is a member of the CFA Institute and the CFA Society of Philadelphia.

Paul A. Matlack, CFA, born 1959, has been with Chartwell since August 2003 and serves as Senior Portfolio Manager. Mr. Matlack earned a Bachelor's degree in International Relations from the University of Pennsylvania and a MBA in Finance from George Washington University. He holds the Chartered Financial Analyst designation. Prior to joining Chartwell, Mr. Matlack was a Senior Portfolio Manager for Turner Investment Partners. Previous employment included Delaware Investment Advisers. He is a member of the Financial Analysts of Philadelphia and The Association for Investment Management & Research. He has 18 years of industry experience.

Andrew S. Toburen, born 1971, has been with Chartwell since June 1999 and serves as Principal, Senior Portfolio Manager. Previously, Mr. Toburen was an Analyst with Nomura Corporate Research & Asset Management in New York. Mr. Toburen received a B.A. in Economics from Yale University and a M.B.A. in Finance from Cornell University. He is a Chartered Financial Analyst and a member of the Association for Investment Management and Research.

Christine F. Williams, born 1965, has been with Chartwell since September 1997 and serves as Partner, Senior Portfolio Manager. Previously, Ms. Williams was a Portfolio Manager specializing in fixed income securities for Meridian Investment Company in Malvern, PA (1990-97). Prior to that Ms. Williams was an Administrative Assistant for Merrill Lynch & Co. in Valley Forge, PA (1988-90). Ms. Williams holds a B.S. in Economics from the University of Delaware and an M.B.A. from St. Joseph's University. Ms. Williams is also a Chartered Financial Analyst and has passed the Series 2 and Series 65 exams.

Operations & Management

G. Gregory Hagar, CPA, born 1968, has been with Chartwell since September 1997 and serves as Partner, Chief Financial Officer and Chief Compliance Officer. Previously, Mr. Hagar was the National Accounting and Systems Advisor for Commonwealth Land Title Insurance Company from 1996 to 1997. He was also the Supervisor of Financial Services from 1992 to 1996 for Hemming Morse CPA's and Consultants. Mr. Hagar began his career with Northwest Administrators. He earned a Bachelor of Science degree in Business Administration from Bucknell University.

Michael J. McCloskey, born 1961, has been with Chartwell since its inception in 1997 and is currently a Managing Partner, Director Client Services & Marketing. Previously, Mr. McCloskey was a Vice President with Delaware Investment Advisers in Philadelphia (1993-97), a Director of Marketing for RTE Asset Management in Philadelphia (1991-93) and an Account Manager for Travelers Insurance in Philadelphia (1988-91). Mr. McCloskey holds a B.A. in Labor Studies from Pennsylvania State University.

Timothy J. Riddle, CFA, born 1955, has been with Chartwell since its inception in 1997 and currently serves as Managing Partner, Chief Executive Officer. Previously, Mr. Riddle served as a Senior Vice President for Delaware Investment Advisers in Philadelphia (1986-97). Mr. Riddle holds a B.S.B.A. in Finance and an M.B.A. with a concentration in Finance from Creighton University. Mr. Riddle is also a Chartered Financial Analyst.

Trading Desk

Michael J. Nalevanko, born 1945, has been with Chartwell since July 1999 and currently serves as Partner, Head Trader. Previously, Mr. Nalevanko was a Trader with Pilgrim Baxter & Associates in Pennsylvania (1997), Arbitrage Securities (1997) and C.F. Partners in New York (1995). Mr. Nalevanko received a Bachelor's degree in Religion from Princeton University and a M.B.A. in Finance from New York University.

Client Services & Marketing

John E. Andress, born 1955, has been with Chartwell since 2000 and currently serves as Partner, Client Services & Marketing. Prior to joining Chartwell, he was a Vice President of Marketing and Client Service at Delaware Investment Advisers from 1995 to 2000. From 1985 to 1995, he was employed by Luxottica Group as a Manager of Marketing and Client Service. Mr. Andress earned a Bachelor of Science degree from the Pennsylvania State University.

Joseph A. Barilotti, born 1975, has been with Chartwell since June 1999 and currently serves as Assistant Vice President, Client Services & Marketing. Mr. Barilotti earned a Bachelor's degree in Business Administration and in Human Resource Management from Cabrini College. From 1999 to 2001, Mr. Barilotti worked as a Marketing Assistant on the proposal process. Prior to joining Chartwell, he was employed at SEI Investment from 1997 to 1999 as a Mutual Fund Analyst.

Maria E. Pollack, born 1945, has been with Chartwell since April, 1997 and currently serves as Partner, Director of Client Administration. Previously, Ms. Pollack was Administrative Manager for the \$1 billion Delaware Pooled Trust from 1991 to 1997. She was also Assistant Vice President of Client Services at Delaware Investment Advisers. Ms. Pollack attended Chestnut Hill College and Temple University.

Brian J. Ward, CFA, born 1972, has been with Chartwell since May 2007 and serves as Vice President, Client Services and Marketing. Mr. Ward earned a Bachelor's degree in Business Administration, as well as an MBA from the University of Delaware. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Philadelphia. He also holds the CIMA designation. Previously, Mr. Ward was Executive Director and Director of Institutional Consulting at UBS Financial Services from 2006 to June of 2007. From 1995 to 2006, he was employed by Smith Barney Consulting Group as a Senior Vice President and Divisional Sales Director where he was responsible for sales and training support for over 3,000 financial advisors.

Item 8C OTHER FINANCIAL INDUSTRY AFFILIATIONS

Chartwell is the investment manager of Chartwell Dividend and Income Fund, Inc. ("the Fund"), a closed-end investment company founded in June 1998. Several of Chartwell's employees serve as directors or officers of the Fund. Pursuant to the investment management agreement between Chartwell and the Fund, Chartwell is entitled to management fees that are material to its advisory business.

Chartwell has a related person, Edward N. Antoian, who is the general partner and portfolio manager of Zeke LP, a limited partnership. Antoian is also Chief Investment Officer of Zeke Capital Advisors, LLC, a newly formed investment adviser to a variety of clients, such as individuals, families, corporations, trusts, estates, pension plans, charities and foundations of which Chartwell has some ownership.

Item 8D OTHER FINANCIAL INDUSTRY AFFILIATIONS

Chartwell is the collateral manager of a collateralized bond obligation, Chartwell CBO I ("the CBO"), a private investment pool offered to investors who meet the specified qualifications. Pursuant to the collateral management agreement, Chartwell is entitled to a management fee. In addition, Chartwell and related persons have invested in the preference shares of the CBO, thus creating a financial interest in the entity. A select few advisory clients were solicited for investment and were given an offering memorandum. The CBO is currently closed to new investment, but Chartwell may recommend from time to time that advisory clients invest in the CBO. Clients may also be solicited to invest in Zeke, L.P., a limited partnership and/or referred to Zeke Capital Advisors, LLC. Chartwell and Zeke Capital Advisors are related persons and although they may refer clients or investors to each other, Chartwell does not consider its activities concerning Zeke Capital Advisors to be material to its advisory business.

Item 9D&E PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Chartwell may have a potential conflict of interest by investing client account assets into affiliated funds. Specifically, Chartwell will receive advisory fees from the affiliated funds in which client account assets may be invested (and all fund advisory fees are paid indirectly by its investors). In certain cases, Chartwell will charge an administrative fee that is applied to these client account assets.

Chartwell selects investments for clients based solely on investment considerations, including whether the investments are suitable for the client and meet the client's investment objectives and guidelines. In the course of providing advisory services, Chartwell may simultaneously recommend the sale of a particular security for one account while recommending the purchase of the same security for another account if such recommendations are consistent with each client's investment objectives and guidelines.

Chartwell may recommend to clients the purchase or sale of securities in which it, or its officers, employees, or related persons have a financial interest. Moreover, Chartwell permits its employees to engage in personal securities transactions. It is possible that officers or employees of Chartwell may buy or sell securities or other instruments that Chartwell has recommended to clients and may engage in transactions for their own accounts in a manner that is inconsistent with Chartwell's recommendations to a client. Personal securities transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a client. Chartwell has adopted policies and procedures designed to detect and prevent such conflicts of interest and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its

fiduciary duty to its clients and in accordance with applicable law. Persons associated with Chartwell who wish to purchase or sell securities of the types purchased for clients may do so only in a manner consistent with Chartwell's fiduciary obligations.

Chartwell is investment adviser or sub-adviser to investment companies registered under the Investment Company Act of 1940. Consequently, it has adopted a code of ethics, pursuant to Rule 17j-1 under that Act and Rule 204a-1 of the Advisers Act, which governs personal trading by relevant investment personnel. Copies of Chartwell's Code of Ethics are available upon request.

Principals and employees of Chartwell have invested (and may in the future invest) in companies that offer their equity securities on a nonpublic basis, such as venture capital companies. These companies, in turn, make investments in other companies that issue nonpublic securities ("portfolio companies"). From time to time, the portfolio companies make public offerings of their securities and allocate a portion of these public offerings to the companies that originally invested in them. Ultimately, the public offerings flow through the investing companies to their shareholders. As investors in the investing companies, Chartwell's principals and employees are presented with opportunities to buy the public offerings issued by the portfolio companies and take advantage of these investment opportunities.

Similarly, principals and employees of Chartwell may invest in private companies that may offer their securities publicly and allot portions of their securities offered to the public to existing private-security holders. These opportunities to invest in public offerings (so-called initial public offerings or IPOs) may occur in any of the foregoing circumstances or others, such as the case when Chartwell makes a proprietary investment in one or more private entities (such as limited partnerships) that make investments in IPOs, directly or as a result of being an investor at the private stage of the IPO issuer.

In cases where these investments in IPOs are presented to the principals and employees, they are permitted to purchase the offerings with pre-approval by Chartwell's compliance officer. Chartwell does not consider these investment opportunities to be investment opportunities available to its clients since declining the proportionate amount of public offerings by the principals and employees does not effect the amount of public offerings that can be made available to Chartwell's clients.

Zeke Capital Advisors may recommend that its clients establish separate accounts with Chartwell. Also, Zeke Capital Advisors' clients may invest in Chartwell's closed-end fund, Chartwell Dividend & Income Fund (CWF). In these circumstances, Chartwell will receive compensation from clients of Zeke Capital Advisors.

GIFTS/ENTERTAINMENT/POLITICAL CONTRIBUTIONS

Chartwell and/or its employees may make political contributions, charitable donations and provide gifts and entertainment to clients and client decision-makers, prospective clients or any entity affiliated with such clients. These payments may directly or indirectly benefit certain client personnel, could conflict with the interests of the underlying client objectives or benefit Chartwell in retaining existing clients or obtaining new prospective clients. Set forth below are the policies and procedures Chartwell has in place in order to prevent any conflicts of interest on behalf of our clients or prospective clients.

No Firm funds or property may be used for any unlawful or unethical purpose, nor may any employee attempt to purchase privileges or special benefits through payment of bribes, kickbacks, or any other form of "payoff". Customary and normal courtesies in conformance with the standards of the industry are allowable except where prohibited by applicable laws or rules. Particular care and good judgment

is required when dealing with federal, state or local government officials to avoid inadvertent violations of government ethics rules. Accordingly, no entertainment, gifts or any other items of value should be provided to any official of a governmental body with which the Firm does or is seeking to do business or which has jurisdiction over the activities of the Firm, without the prior approval of the Compliance Officer.

Gifts Policy

Chartwell associates are not permitted to accept or give anything valued above the de minimis amount of \$100, either directly or indirectly, from or to any persons or entities doing business with the Firm (including but not limited to broker-dealers, service providers, clients or prospective clients). In certain cases, employees may accept or give gifts of greater than de minimis value (\$100) only if pre-approved by the Compliance Department.

Entertainment Policy

During the course of servicing existing client accounts, Chartwell representatives may entertain clients over a meal, golf outing or other sporting event. Often times, the Firm will also sponsor client hosted events either business related or charitable with cash contributions. These forms of entertainment may directly or indirectly benefit Chartwell in the retention of existing clients or acquisition of prospective clients. To that extent, it is the Firm's general policy that employees not provide or accept extravagant or excessive entertainment to or from a client, prospective client, or any person or entity that does or seeks to do business with or on behalf of Chartwell. In certain cases, employees may provide or accept entertainment of de minimis (\$500) or greater value only if pre-approved by the Compliance Department.

Political Action Policy

Few variables matter more in our business than trust, character and reputation. Chartwell has determined that any potential association with the term "pay to play" is unacceptable and as such the Management Committee has approved the following policy:

Chartwell employees and their dependents are prohibited from contributing to the political campaigns of individuals that serve as board members or committee members for current clients, potential clients or individuals affiliated with such clients. This prohibition applies to individual contributions and to political action committees (PAC's) within which an employee participates. This rule allows for a de minimis contribution of \$250 per election per candidate if the contributor is entitled to vote for the candidate.

Chartwell further restricts an employee's annual contribution to a single political candidate or to a political entity (except national parties or campaigns) such as a state or county party organization to \$2,000.

Prior to making a contribution to a political campaign, it is the employee's responsibility to verify that Chartwell does not manage the assets of an entity where the recipient may directly or indirectly influence plan decisions for the client.

Payment to Investment Consultants

Chartwell attends and/or sponsors seminars of investment consultants that refer clients to the Firm. Chartwell also purchases services and other products from

investment consultants that refer clients to the Firm. Periodically, Chartwell may provide gifts and entertainment to certain investment consultants. All such payments could influence the decisions of third-party pension consultants when recommending investment advisers to clients.

Part II

Item 10 CONDITIONS FOR MANAGING ACCOUNTS

The minimum opening value of new accounts is generally \$1,000,000. Chartwell may, at its discretion, accept accounts with a value of less than \$1,000,000, depending on the nature of the account, the potential for future additions to the account, and other factors.

Part II

Item 12B INVESTMENT OR BROKERAGE DISCRETION

BROKER SELECTION & BEST EXECUTION

Clients' investment advisory agreements authorize Chartwell to determine, consistent with the clients' investment objectives, which securities and the total amount of securities which are to be bought or sold for clients' accounts. Chartwell's decisions to buy and sell securities for clients are subject to the overall review of the clients. Chartwell's primary objective in placing orders for the purchase or sale of securities for a client's account is to obtain the most favorable net results taking into account such factors as price, commission, size of order, difficulty of execution and skill required of the broker.

Chartwell generally has the authority to select brokers to effect transactions on a client's behalf. When Chartwell places orders for the purchase or sale of portfolio securities for a client's account, it uses reasonable efforts to seek the best combination of price and execution in selecting brokers.

Chartwell selects brokers on the basis of best price (including commissions) and execution capability. In selecting a broker to execute a transaction for a client, Chartwell may consider a variety of factors, including the following: the broker has the contra side of Chartwell's order; the broker's capital depth; the broker's market access; the broker's transaction confirmation and account statement practices; Chartwell's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the desired timing of the transaction; the execution, clearance and settlement capabilities of the broker selected and others considered; the reputation and perceived soundness of the broker selected and others considered; Chartwell's knowledge of any actual or apparent operational problems of a broker; and the reasonableness of the commission or its equivalent for the specific transaction. While Chartwell generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker and thereby justify higher commissions or their equivalent than would be the case with other transactions requiring more routine services. It should be noted that Chartwell may place trades directly through ECNs (electronic trade networks) and ATSS (alternative trading systems) when we believe that the transactions can be executed at lower or equal costs without sacrificing overall quality of execution.

A brokerage committee, including Chartwell's CEO, Head Trader, both an Equity and Fixed Income Portfolio Manager, CFO & CCO and Principal of Finance Administration & Compliance, is responsible for approving broker dealers for eligibility to trade and reviewing trade data and meets no less than quarterly.

Managed Account Best Execution

Chartwell's obligation to obtain best execution (a combination of price and execution charges) is owed to all clients including those participating in wrap fee programs, the fee for which covers transaction charges only when participating client orders are placed through the sponsor of the program. Chartwell will place orders for wrap fee client transactions through broker-dealers other than the sponsor (that typically is a broker-dealer) when it can obtain best execution by doing so. However, it is likely that in most, if not all, cases Chartwell will place orders for wrap fee clients with the sponsoring broker-dealer in recognition that the client's wrap fee will not be reduced by transaction charges paid to non-sponsoring broker-dealers when orders are placed through them, and as such, would effectively pay transaction charges twice. We consistently monitor best execution for all clients as well as those in wrap relationships and consider many factors in these evaluations including the fact that the client's wrap fee will not be reduced if the trade is executed away from the sponsoring broker-dealer.

Whenever possible, we execute block trades for all portfolios managed within the same investment product, and in these cases, all portfolios receive the same average price per share and the same asset weighting of the security being traded. Institutional and mutual fund accounts are traded side-by-side in these block orders. In cases where separate block trades are required (dictated by wrap account trading through sponsoring broker-dealers for example), we will generally execute these separate trades for both Wrap and Non-Wrap accounts simultaneously, or in a reasonably similar time frame, with no rotation. When the amount of Wrap and Non-Wrap assets in a particular investment product could each potentially cause market impact and/or security liquidity issues if traded simultaneously, we employ a simple rotation of block trades between Wrap and Non-Wrap accounts as follows: Week #1: Wrap, Non-Wrap, Week #2: Non-Wrap, Wrap, etc. The decision to employ such a rotation is made in good faith by the Head Trader & CCO for each investment product. When trading for multiple wrap sponsors for the same investment product, we employ a random rotation of program sponsors. In the case of model-based programs, models are time stamped and sent via-email to the proper programs as part of the rotation described above.

Broker Commission Structure

Commissions are limited to no more than 6.0 cents per share for agency equity trades, unless unusual circumstances warrant otherwise. Approval for trading above 6.0 cents per share must be obtained from the CEO (or designee) at the time of the trade. The Brokerage Committee will periodically review commissions and trade volumes by broker to evaluate reasonableness in light of consistency with best execution guidelines and services rendered.

Fixed Income Trades

Typically, Fixed Income portfolio managers select dealers for principal fixed income trades, using the factors listed above (under paragraph 3 of "Broker Selection"), excluding agency commissions. Spreads, mark-ups and markdowns will be evaluated at the time of the trade in the context of the overall price of the particular transaction. Fixed Income trading on an agency basis is permitted, with the prior approval of the CCO or CEO (or designee).

Further details regarding best execution for all portfolio types are included in Chartwell's Best Execution Guidelines a copy of which is available upon request.

Trade Allocation Process

When consistent with the best interests of Chartwell's clients, orders being placed at the same time for the accounts of two or more clients may be "batched"

or placed as an aggregated order for execution. This practice may enable Chartwell to seek more favorable executions and net prices for the combined order. Any orders placed for execution on an aggregated basis are subject to Chartwell's order aggregation and allocation policy and procedures. This policy and these procedures are designed to meet the legal standards applicable to Chartwell under federal and state securities laws and the Employee Retirement Income Security Act of 1974 and its obligations as a fiduciary to each client. Pursuant to this policy, orders to purchase or sell securities for all accounts managed by Chartwell, including accounts of Chartwell or its affiliates, may be aggregated or "batched" for execution, provided the policy and procedures set forth below are followed.

1. Transactions for any client's account may not be aggregated for execution if the practice is prohibited by, or inconsistent with, that client's investment management agreement with Chartwell or Chartwell's order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Chartwell to seek best execution for each client participating in the aggregated order. This requires a reasonable good faith judgment at the time the order is placed for execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of twenty-twenty hindsight. Best execution includes the duty to seek the best quality execution, as well as the best net price.
4. Prior to entry of an aggregated order, a written or electronic order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients. The order ticket or other written statement should indicate both the minimum and maximum amount (either in dollars or number of securities) that the portfolio manager will accept for each account.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid deviations from pre-determined minimum/maximum holdings limits established for any account. Moreover, orders in Deal Securities, as defined below, that are not executed in full may be allocated in a manner different from pro rata, such as on a rotational basis among participating accounts. See description of allocating Deal and "Hot" Deal Securities below.
6. Each client that participates in the order must do so at the average price for all the transactions and must share in average commissions or other transaction costs on a pro rata basis.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Compliance Officer no later than the morning following the execution of the trade.
8. Client account records must reflect separately for each account the transactions which have occurred, including aggregated transactions, and the securities which are held for each account.

9. Funds and securities for aggregated orders should be clearly identified on Chartwell's records and to the brokers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

The following are procedures for Chartwell's equity portfolio manager teams to allocate securities sold in underwritten public offerings ("Deals"), particularly "hot" Deals to client accounts. (For purposes of these procedures, a "hot" Deal is any Deal that the Deal Allocation Coordinator reasonably believes, at the time the Deal allocation is received, will trade above the public offering price on its open. Excluded from these procedures are portions of Deals that are made available to Chartwell's principals and employees who are given investment opportunities under circumstances described in Item 9, above.) These procedures address the factors that should be considered in addressing two general Deal allocation matters: (1) how Deal securities will be allocated among the portfolio manager teams seeking to have their clients invest in Deal securities; and (2) how the portfolio manager teams will allocate Deal securities among their client accounts. These procedures reflect Chartwell's overriding policy that Deal securities must be allocated among participating client accounts in a fair and equitable manner, and Deal opportunities not be allocated in a manner that unfairly discriminates in favor of certain clients or types of clients. **Under no circumstances may Chartwell receive, directly or indirectly, additional compensation or remuneration because of the way an allocation is made.**

- 1) **Communication of Information Concerning Deals** – The members of Chartwell's trading department (the "Trading Staff"), particularly the Deal Allocation Coordinator, have general responsibility for communicating information concerning Deals to interested portfolio manager teams and to confirm the allocation, and the reallocation as circumstances warrant, of securities purchased from the underwriters offering a particular Deal or in the aftermarket. The Deal Allocation Coordinator will maintain and circulate a calendar of Deals indicating the anticipated pricing and trade date. As information concerning Deals becomes available (i.e., change in offering price, under- or over-subscription, aftermarket interest, etc.), the Deal Allocation Coordinator will attempt to circulate the information promptly and will check on "street talk" as requested. However, the primary responsibility for monitoring and evaluating information concerning the markets for deals or a particular company offering its securities in a Deal, generally rests with Chartwell's individual portfolio manager teams.
- 2) **Determining Which Client Accounts Will Seek to Participate in a Deal** – In determining which accounts a portfolio manager team will seek to have purchase securities in a Deal, the team will consider all relevant factors. As a general policy, Deal securities of an issuer with market capitalization of less than \$200 million are not viewed by Chartwell to be appropriate investments for institutional accounts or accounts of high net worth individuals due to the normal reduced liquidity of, and restrictions on transferability typically associated with, such small issuers. Accordingly, Deals of these small capitalized issuers generally will be allocated to accounts in which Chartwell principals have a beneficial interest, such as hedge funds managed by Chartwell or any of its principals. This is a general policy that may be deviated from with advance approval from the Compliance Committee. Deal securities involving issuers with market capitalization equal to or greater than \$200 million will be allocated to all institutional accounts, including from time to time Chartwell's proprietary accounts, such as hedge funds in which Chartwell's principals have invested, as appropriate and after considering all relevant factors including, but not limited to, the following:
 - The nature, size and expected allocation of the Deal;
 - The nature and size of a particular account, including the accounts' investment objectives and policies; the risk tolerance of the clients;

- the client's tolerance for portfolio turnover; the number of other Deals that the client has participated in during the past year; and Whether, and to what extent, the beneficial owners of an account are eligible to participate in gains and losses from Deals pursuant to the rules and regulations of the National Association of Securities Dealer, Inc. ("NASD").

3) Mechanics of Placing Orders for Deal Securities – Prior to entering an aggregated order, the Deal Allocation Coordinator must prepare a written statement specifying the participating client accounts and method of allocation among accounts. On the day the deal is priced, a trade ticket must be completed and delivered to or often created by the trading department. In addition to other information that must be provided on a trade ticket, the trade ticket for a Deal must include the following information:

- a) Account Information – the name or identifying number for each account for which Deal securities will be purchased; and
- b) Number of Shares Required – the number of units, or total value, of a security to be purchased for each account.

The trading department will submit indications of interest to members of the underwriting syndicates for Deals based on trade tickets submitted by portfolio manager teams. Client funds and securities should not be held collectively any longer than is necessary to settle the purchase or sale. Each client must participate in an aggregated allocation at the average share price for all of Chartwell's transactions in that security on any given day and an average of transaction costs must be shared *pro rata* based on participation.

4) Allocating Full Allocations of Deal Securities – In the event Chartwell receives an amount of securities (in any case where securities, such as warrants, are offered as an incentive to a Deal security ("incentive securities"), the incentive securities shall be - allocated in the same manner as the Deal securities) equal to the aggregate amount ordered by the Trading Department, the Deal securities shall be allocated among the portfolio manager teams and among clients of each participating portfolio manager team in accordance with the original instructions from the portfolio manager teams. The Trading Department may not change the allocation percentages without advance approval of the Compliance Department.

5) Allocating Deal Securities, including "Hot" Deals, to Accounts in which Certain Chartwell Principals have a Beneficial Interest – Chartwell may also allocate a percentage of Deal securities to accounts that are not Chartwell's clients, but in which certain principals of Chartwell have a beneficial interest.

6) Allocating Reduced Allocations of Deal Securities, Including "Hot" Deals – In the event that the amount of Deal securities allocated to Chartwell by the underwriting syndicate is less than the aggregate amount ordered by the Trading Staff (a "reduced allocation"), the Deal securities shall be allocated in accordance with the following procedures:

- a) **Allocations of partially filled orders in Deal securities** will be allocated on a rotating basis by account number. In practice, this may result in shares of one Deal to be allocated to Chartwell's client accounts 001 to 025 and the next Deal opportunity that is of insufficient size to allow all appropriate accounts to participate, to client accounts 026 to 049 and so on. Under this procedure, all client accounts will not be able to share in all of the same Deal offerings; however, all client accounts will participate in some offerings over time.

- b) The rotational system will be followed unless the allocation of the partially filled order would result in a *de minimis* allocation to any client account, which is defined as an allocation of less than
 - 10 shares, or
 - for fixed income securities, \$100,000 in principal amount.
 - c) **De Minimis Allocations** - Where a portfolio manager team's initial instructions would result in a *de minimis* allocation of a reduced allocation Deal, the Chartwell's rotational system may reallocate - these securities to other participating client accounts, provided they are allocated in a fair and equitable manner that does not discriminate in favor of certain clients or types of clients. Any such reallocation must be made promptly. Securities may not be reallocated to an account for which an order ticket was not originally submitted in accordance with Paragraph (3), above.
 - d) There may be reasons for departing from the rotational system in a given Deal allocation where the order was not filled entirely. This may occur, for example, where the Deal security is more appropriate for one account due to the market capitalization of the issuer. In any such event, the written rationale for the departure from the rotational system must be approved in advance by the Deal Allocation Coordinator and the Compliance Department.
- 7) **Account Review** - The Compliance Committee will review the above Deal allocations no less frequently than semiannually to ensure that they continue to be appropriate in light of the size and nature of the accounts managed by the portfolio manager team. On a monthly basis (or more frequently if needed), a subcommittee of the Compliance Committee shall review the relative performance of all accounts which received Deals during the prior month to ensure that Deals have been allocated in a fair and equitable manner that does not unfairly discriminate in favor of certain clients or types of clients. The subcommittee shall report any findings to the Compliance Committee, along with its recommendation of what further action may be appropriate. No member of a portfolio manager team may serve on the subcommittee. Chartwell's books and records must separately reflect securities held by, or bought or sold for, client accounts that participate in the allocation of Deal securities.

Directed Brokerage

In some circumstances, a client will designate a particular broker or dealer through which trades are to be effected or through which transactions may be introduced, typically under such terms as the client negotiates with the particular broker or dealer. Where a client has directed the use of a particular broker or dealer, Chartwell generally will not be in a position to negotiate commission rates or spreads freely or, depending on the circumstances, to select brokers or dealers based on best execution. Additionally, transactions for a client that has directed that Chartwell use a particular broker or dealer may not be commingled or "bunched" for execution with orders for the same securities for other managed accounts, except to the extent that the executing broker or dealer is willing to "step out" such transactions to the client's designated broker or dealer. Where "step out" arrangements are not possible or to the client's advantage, trades for a client that has directed use of a particular broker or dealer may be placed at the end of bunched trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the bunched order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Chartwell were empowered to

negotiate commission rates or spreads freely or to select brokers or dealers based on best execution.

Soft Dollars

Consistent with obtaining best execution for clients, Chartwell may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Chartwell and, indirectly, to Chartwell's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment Chartwell's own internal research and investment strategy capabilities. Research services obtained through the use of soft dollars generally include statistical or quotation services, including on-line services. Chartwell does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research it receives will help Chartwell to fulfill its overall duty to its clients.

Chartwell uses research services obtained in this manner for the benefit of all of its clients. Chartwell may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Brokers selected by Chartwell may be paid commissions for effecting transactions for Chartwell's clients that exceed the amounts other brokers would have charged for effecting these transactions if Chartwell determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those brokers, viewed either in terms of a particular transaction or Chartwell's overall duty to its discretionary client accounts.

Certain items obtained with soft dollars might not be used exclusively for either brokerage or research services. The cost of such "mixed-use" products or services will be fairly allocated between soft dollars (paid by clients) and hard dollars (paid by the Chartwell), according to the proposed use. For example, the cost of a computer that is used for both research services and administrative purposes will be allocated between hard and soft dollars according to the percentage of time it is used for each purpose. Although such an allocation will not always be a precise calculation, Chartwell will make a good faith effort to reasonably allocate such services.

Part II

Item 13B ADDITIONAL COMPENSATION

Chartwell may enter into agreements pursuant to which third parties agree to solicit clients for, and refer clients to Chartwell. Any solicitation or referral arrangement will comply with applicable laws that govern the nature of the service, fees to be paid, disclosures to clients and any necessary client consents.

INTERNAL MARKETING

Chartwell employs several Marketing Representatives (solicitors) who refer prospective investment advisory clients to Chartwell. Once a prospect becomes a client of Chartwell within 12 months of being referred, Chartwell pays a fee to the Marketing Rep equal to a percentage of the investment advisory fees paid to Chartwell by the prospect. The Marketing Rep's affiliation to Chartwell is disclosed to the prospective client by giving them his/her identifying business card. Chartwell may also refer appropriate prospective clients to Zeke Capital Advisors for which Chartwell does not receive any form of compensation although

the value of Chartwell's membership interest in Zeke Capital Advisors will increase to the extent Zeke Capital is successful.