

BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC

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Item 1 Cover Page

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Barrow, Hanley, Mewhinney & Strauss, LLC. If you have any questions about the contents of this brochure, please contact Patricia Andrews at the telephone number or email address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about BHMS is also available on the SEC's website at www.adviserinfo.sec.gov. You may search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 105519.

Item 2 Material Changes

This Firm Brochure, dated 03/30/2012, is BHMS' new disclosure document, prepared according to the SEC's requirements and rules. This amended document contains disclosures about BHMS' advisory business as well as new and updated information, as required by the Amendment to Form ADV, including updated assets under management totals, client account totals, and enhanced narrative about our investment methods, risks, and business practices.

Item 2 will be used to provide BHMS clients with a summary of new and/or updated information.

BHMS will ensure that the Firm's clients receive a summary of any material changes to this and subsequent Brochures filed within 120 days of the close of its business' fiscal year. Furthermore, BHMS will provide its Firm clients with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Barrow, Hanley, Mewhinney & Strauss, LLC ("BHMS") is a SEC-registered investment adviser with its principal place of business located in Texas. BHMS began conducting business in 1979. BHMS is a value-oriented investment adviser, providing investment management services to separately managed domestic and foreign equity, fixed income and balanced portfolios for large institutional clients, mutual funds, employee benefit plans, endowments, foundations, insurance companies, limited liability companies and other institutions and individuals.

Listed below are the individuals and/or entities controlling 25% or more of BHMS, (*Principal Owners*), as reported in ADV Part 1, Schedule A.

Direct Owners and Executive Officers of BHMS are as follows:

- Old Mutual Intermediary (BHMS), LLC, Member and Controlling Entity of 75% or more;
- BHMS Investment Holdings LP, Member with 10% but less than 25%;
- James P. Barrow, President, Secretary, Treasurer, Executive Director, Member of the Board of Managers of BHMS;
- Ray Nixon, Jr., Executive Director, Member of the Board of Managers of BHMS;
- John S. Williams, Managing Director;
- Robert D. Barkley, Managing Director;
- Patricia B. Andrews, Chief Compliance Officer, Director
- Linda T. Gibson, Member of the Board of Managers of BHMS;

Indirect owners, as reported in ADV Part 1, Schedule B are as follows:

- OM Group (UK) Ltd, 100% shareholder of Old Mutual (US) Holdings Inc.;
- Old Mutual plc, 100% shareholder of OM Group (UK) Limited;
- Old Mutual (US) Holdings Inc., 100% shareholder of Old Mutual Intermediary (BHMS), LLC;
- BHMS Investment GP LLC, General Partner.

BHMS offers the following advisory services to our clients:

PORTFOLIO MANAGEMENT

BHMS manages advisory accounts on a discretionary and non-discretionary basis. At the inception of a relationship, each client will be contacted to determine investment objectives, guidelines, restrictions, and the appropriate benchmark. BHMS does not maintain custody or possession of the funds or securities of any client. (OMAM Trust Company, an affiliate of BHMS, is deemed to maintain custody of OMAM Trust Company client assets under our management.) Our investment recommendations are based on our value strategies, as described below, and may include advice regarding the following types of securities:

- US and foreign exchange-listed securities
- US and foreign securities traded over-the-counter
- Warrants and/or rights
- Corporate debt securities

- Commercial paper
- Certificates of deposit
- Municipal securities
- US governmental securities
- Mortgage backed securities
- Foreign governmental securities
- Interests in partnerships investing in our value strategies

BHMS' equity portfolio managers and analysts work as a team for the purposes of generating and researching investment ideas within their investment mandates. There are nine equity portfolio managers, five portfolio specialists and nine analysts. Individual security holdings and their weightings in our portfolios are the result of input from both analysts and portfolio managers. The ultimate decision for inclusion and weighting in a portfolio rests with the senior portfolio manager for the portfolio. BHMS may on occasion buy and sell the same security at the same time for different accounts due to cash flow considerations. These trades are not crossed, but instead, are worked in the marketplace in an effort to achieve best execution for each trade. Portfolio managers have broad research responsibilities, although they focus their efforts on particular sectors. Analysts have specific industry assignments for more in-depth research. Portfolio specialists work in tandem with our portfolio managers and are responsible for the effective flow of all vital information to, and from, our clients.

Our fixed income portfolios are managed in a team approach, with investment strategy decisions resulting from a consensus of our fixed income professionals; there are five portfolio managers and three analysts. All five portfolio managers are generalists, but each also has specific responsibilities for strategic focus on particular aspects of the marketplace and the portfolio structure strategy. Fixed income research responsibilities are divided among the team members, each specializing in areas in which they have particular expertise and interest. Individual bond selection decisions are made across all portfolios having similar investment objectives. The Portfolio Specialist works in tandem with our Portfolio Managers and is responsible for the effective flow of all vital information to, and from, our clients.

AMOUNT OF MANAGED ASSETS

As of February 29, 2012, we actively managed \$63,465,154,549 in client assets on a discretionary basis, plus \$1,475,317,162 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES (DIRECT COMPENSATION)

The annualized fee for portfolio management services is charged as a percentage of assets under management. Fees are generally payable monthly or quarterly, based on the market value of assets, according to the following schedules:

Large Cap Value Equity and Balanced Accounts: An annual rate of 0.75 of 1% on the first \$10,000,000; 0.50 of 1% on the next \$15,000,000; 0.25 of 1% on the next \$175,000,000; 0.20 of 1% on the next \$600,000,000; and 0.15 of 1% on assets over \$800,000,000.

Diversified Large Cap Value Equity Accounts: An annual rate of 0.75 of 1% on the first \$15,000,000; 0.55 of 1% on the next \$10,000,000; 0.45 of 1% on the next \$75,000,000; 0.35 of 1% on the next \$100,000,000; 0.25 of 1% on the next \$800,000,000; and 0.15 of 1% on assets over \$1,000,000,000.

Mid Cap Value Equity Accounts: An annual rate of 0.80 of 1.0% on the first \$10,000,000; 0.60 of 1% on the next \$15,000,000; 0.50 of 1% on the next \$25,000,000; 0.40 of 1% on the next \$50,000,000; and 0.35 of 1% on assets over \$100,000,000.

Small Cap Value Equity Accounts: An annual rate of 1.0% on the first \$10,000,000; 0.50 of 1% on the next \$190,000,000; 0.40 of 1% on the next \$200,000,000; and 0.30 of 1% on assets over \$400,000,000.

Small/Mid Cap Value Equity Accounts: An annual rate of 0.85 of 1.0% on the first \$15,000,000; 0.60 of 1% on the next \$10,000,000; 0.50 of 1% on the next \$25,000,000; 0.45 of 1% on the next \$50,000,000; and 0.40 of 1% on assets over \$100,000,000.

Diversified Small Cap Value Equity Accounts: An annual rate of 1% on the first \$10,000,000; 0.90 of 1% on the next \$15,000,000; 0.85 of 1% on the next \$25,000,000; 0.80 of 1% on the next \$50,000,000; and 0.75 of 1% on assets over \$100,000,000.

All Cap Value Equity Accounts: An annual rate of 0.65 of 1% on the first \$20,000,000; 0.50 of 1% on the next \$30,000,000; 0.35 of 1% on the next \$50,000,000; 0.25 of 1% on the next \$900,000,000; and 0.20 of 1% on assets over \$1,000,000,000.

International Value Equity and Global Value Equity Accounts: An annual rate of 0.75 of 1% on the first \$25,000,000; 0.70 of 1% on the next \$25,000,000; 0.60 of 1% on the next \$50,000,000; 0.50 of 1% on the next \$200,000,000; 0.45 of 1% on the next \$200,000,000; and 0.40 of 1% on assets over \$500,000,000.

Fixed Income Accounts (Core and Intermediate): An annual rate of 0.300 of 1% on the first \$50,000,000; 0.200 of 1% on the next \$100,000,000; 0.150 of 1% on the next \$150,000,000; 0.125 of 1% on the next \$700,000,000; 0.100 of 1% on the next \$500,000,000; and 0.080 of 1% on assets over \$1,500,000,000.

Fixed Income Accounts (Core Plus, Investment Grade Credit, Intermediate Credit, and Long Credit): An annual rate of 0.375 of 1% on the first \$20,000,000; 0.250 of 1% on the next

\$30,000,000; 0.200 of 1% on the next \$100,000,000; 0.150 of 1% on the next \$150,000,000; and 0.125 of 1% on assets over \$300,000,000.

Fixed Income Accounts (Long/Government Credit): An annual rate of 0.375 of 1% on the first \$20,000,000; 0.250 of 1% on the next \$30,000,000; 0.200 of 1% on the next \$100,000,000; 0.150 of 1% on the next \$150,000,000; 0.125 of 1% on the next \$700,000,000; 0.100 of 1% on the next \$500,000,000; and 0.080 of 1% on assets over \$1,500,000,000.

Fixed Income Accounts (Core Commingled Fund): An annual rate of 0.375 of 1% on the first \$20,000,000; 0.250 of 1% on the next \$30,000,000; 0.200 of 1% on the next \$100,000,000; and 0.150 of 1% on assets over \$150,000,000.

Fixed Income Accounts (Short Maturity and TIPS): An annual rate of 0.25 of 1% on the first \$40,000,000; and 0.15 of 1% on assets over \$40,000,000.

Fixed Income Accounts (Municipal/Government Only): An annual rate of 0.25 of 1% on the first \$20,000,000; and 0.15 of 1% on assets over \$20,000,000.

Fixed Income Accounts (High Yield): An annual rate of 0.50 of 1% on the first \$20,000,000; and 0.40 of 1% on assets over \$20,000,000.

Fees may be paid in advance or in arrears, and during the initial funding phase, clients may be charged a rights-of-accumulation flat percentage fee based on the appropriate base fee schedule and expected assets at the end of that funding period. Balanced account fees are the lower of the balanced account fee schedule or the appropriate equity fee schedule, plus appropriate fixed income fee schedule applied to those specific asset classes. Initial account size may be negotiable under certain circumstances. BHMS may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although BHMS has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a case-by-case basis. Client facts, circumstances, and needs are considered in determining the fee schedule. These include the complexity of the client, use of multiple strategies, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reporting requirements, and other factors. The specific annual fee schedule is identified in the contract between the adviser and each client. Discounts, not generally available to our advisory clients, may be offered to family members of associated persons of our Firm.

Fees Billed in Arrears: Advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value, in the absence of market value), of the client's account at quarter-end. Clients are billed on a quarterly basis in accordance with the terms set forth in the client's management agreement.

BHMS serves as sub-adviser to a number of mutual funds. We do not offer our own mutual funds or hedge fund. The fees charged to our sub-advisory clients are generally on the same tiered fee schedule based on AUM as our other clients in the same investment strategy.

GENERAL INFORMATION

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible

for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Termination of the Advisory Relationship: An investment advisory agreement may be terminated upon thirty (30) days written notice by the client or by BHMS upon ninety (90) days written notice to the client, in which case a proportionate refund of the fee, when and if made in advance, will be made by BHMS.

Item 6 Performance-Based Fees and Side-by-Side Management

Performance Based Fees: A limited number of clients have negotiated fees based on the investment performance of the portfolio(s) managed. To the extent BHMS' performance exceeds or falls below the performance target dictated by the agreement, our compensation may be higher or lower, respectively, than might be the case with accounts not on performance fee structures. BHMS recognizes the potential conflicts that may arise with performance fee structures and manages these and other potential conflicts between accounts through trade allocation policies and procedures, internal review processes and oversight by directors and independent third parties to ensure that no client, regardless of type or fee structure, is intentionally favored at the expense of another.

Side-by-Side Management: BHMS does not administer or manage our own mutual fund, we do not manage hedge funds. We do not have side-by-side fund management arrangements. All portfolios managed are client(s) accounts.

Item 7 Types of Clients

BHMS provides advisory services to the following types of clients:

- Investment companies, including mutual funds
- Pension and profit-sharing plans
- Other pooled investment vehicles
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Other

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis: We attempt to quantify the intrinsic value of a security by analyzing the financial condition and management of the underlying company, to determine if an investment or potential investment is priced adequately. In the case of equities, we build portfolios with price to earnings ratios lower than the market, dividend yield higher than the market, and profitability higher than companies in general. In the case of fixed income, we build portfolios with a yield advantage to the client's benchmark.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Qualitative Analysis: We subjectively evaluate factors such as quality of management, labor relations, and strength of research and development factors not readily quantifiable, and predict changes based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Quantitative Analysis: The price risk of fixed income securities from interest rate change is measured using a variety of quantitative tools. The duration of portfolios and benchmarks are calculated to compare their expected price change in order to dampen the risk of underperformance.

A risk of using quantitative analysis comes from possible inaccurate assumptions.

Risks for all forms of analysis: Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

General market and investment risks:

- Market risk when investing in corporate equity and debt;
- Political risk and changes in legislation risk;
- Foreign market risk;

We follow a long-term value strategy for capital growth with a research driven, bottom-up approach in managing client accounts.

Long-term purchases - We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our

predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases – When utilizing this short-maturity strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our Firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

BHMS is an indirect subsidiary of Old Mutual (US) Holdings, Inc. ("OMUSH"), a wholly-owned subsidiary of Old Mutual plc, a London Stock Exchange-listed global financial services organization. As required, affiliated investment advisers are disclosed in Section 7.A. of Schedule D of Form ADV, Part 1. BHMS has relationships with certain OMUSH affiliates, listed below, in which the affiliates may pay BHMS, or BHMS may pay the affiliate, for services performed. These arrangements may seem to create a potential conflict of interest in that we may appear to have an incentive to favor affiliates. BHMS manages potential conflicts of interest through trade allocation policies and procedures, internal review processes, and oversight by directors and independent third parties to ensure that potential conflicts are addressed and that no client is intentionally favored at the expense of another.

Old Mutual Capital, Inc. ("OMCap"), a wholly owned subsidiary of OMUSH, has retained BHMS to sub-advise a number of mutual funds for which OMCap serves as investment advisor.

Old Mutual Asset Management Trust Company, a majority-owned subsidiary of OMUSH, has retained BHMS as investment manager to certain investment funds offered to a limited number of accredited investors. These investment funds offered through Old Mutual Asset Management Trust Company are invested respectively in our large cap value equity, diversified large cap value equity, mid cap value equity, international value equity, global value equity, diversified small cap value equity, core fixed income, and high-yield fixed income. Each of these funds are one of a series of Old Mutual Trust Company Investment Funds, LLC, a limited liability company for which Old Mutual Asset Management Trust Company is the managing member. Old Mutual Asset Management Trust Company receives a fee from the funds for the administration and trust services it provides. Certain affiliated persons of the Firm may invest in these Funds with the advisory fees/investment minimums waived.

Advisory clients of our Firm are solicited to invest in these funds. Clients are under no obligation to invest in any of the above described entities or to implement any advisory

recommendations.

Analytic Investors, LLC, BHMS has retained Analytic Investors, LLC, ("Analytic"), an affiliated registered investment adviser, to provide non-discretionary quantitative research and modeling integral to the portfolio management of the diversified small cap value strategy. Upon engaging Analytic, BHMS performed an initial due diligence review and will perform oversight reviews of the services provided by Analytic. There are no referral arrangements between our Firm and any outside company.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BHMS' officers and employees may invest for their own accounts and such activities are subject to BHMS' Code of Ethics. Employees and other associated persons may invest in certain pooled investments managed by BHMS, and the advisory fee and investment minimum may be waived for employees/associated persons' investments.

Code of Ethics: BHMS has adopted a Code of Ethics that sets forth high ethical standards of business conduct that the Firm requires of its employees, including compliance with applicable federal securities laws, and addresses potential conflicts that may arise from personal trading by access persons. The BHMS Code of Ethics is adopted in compliance with the requirements of Section 204A-1 of the Investment Advisers Act of 1940 and Section 17j-1 of the Investment Company Act of 1940.

BHMS and its personnel owe a duty of loyalty, fairness and good faith to the Firm's clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code. The Code:

- prohibits employees from trading on material nonpublic information or communicating material nonpublic information to others in violation of the law;
- imposes a Duty of Confidentiality on all employees to keep confidential at all times any nonpublic information they may obtain in the course of their employment at the Firm, except for business purposes;
- prohibits certain political and charitable contributions made for the purpose of obtaining business;
- places certain restrictions on BHMS employees with respect to their personal transactions and generally:
 - requires pre-clearance of any personal securities transactions,
 - prohibits employees from trading in any securities then being purchased or sold, or being considered for purchase or sale for client portfolios,
 - identifies black-out trading periods for transacting securities trades for their personal accounts.

The Code requires all employees to identify all brokerage or securities accounts, provide duplicate securities statements and securities transaction confirmations to the Firm's Chief Compliance Officer, and generally requires disclosure of personal securities holdings. The Code requires employees to disclose any personal conflict of interest and any violations of the Code.

Clients and prospective clients may obtain a copy of the Firm's Code of Ethics (provided free of charge) by calling the Chief Compliance Officer at: 800-311-9774.

Internal Controls: BHMS has adopted Compliance Policies & Procedures that we believe are reasonably designed to prevent violations of the Investment Advisers Act of 1940 (the "Advisers Act") in accordance with Rule 206(4)-7 (the "Compliance Program Rule"). Our Compliance Policies & Procedures address the following issues:

- supervision and internal controls
- portfolio management processes, including allocation of investment opportunities among clients and consistency of portfolios with clients' investment objectives, disclosures by the adviser, and applicable regulatory restrictions;
- procedures to address potential conflicts due to simultaneous management of registered investment companies and separate accounts;
- trading practices, including procedures for pursuit of best execution, use of client brokerage commissions to obtain research and other services, allocation and aggregation of trades among clients, and trade errors;
- personal trading activities of supervised persons;
- the accuracy of disclosures made to investors, clients, and regulators, including account statements and advertisements;
- the accurate creation of required records and their maintenance in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction;
- safeguards for the privacy protection of client records and information;
- disaster recovery and business continuity plan;
- insider trading policy with respect to the use of clients' proprietary information;
- proxy voting guidelines;
- procedures for compliance with the adviser's regulatory policies and procedures (Rule 206(4)-7); and Code of Ethics (Rule 204A-1).

Item 12 Brokerage Practices

Investment or Brokerage Discretion:

Securities to be bought or sold: BHMS generally has authority to determine securities to be bought or sold in our discretionary clients' accounts. Certain clients may require that we give notice prior to realizing a designated percentage loss to their portfolio. Certain taxable clients require that we realize periodic gains/losses in their portfolio.

Equity Directed Brokerage: BHMS generally has full discretion in selecting executing brokers for the initiation of security transactions. Certain clients may require that all or a portion of their transactions be executed through firms they designate. If clients direct BHMS to utilize a particular broker, they may be preventing themselves from obtaining best price and execution by limiting our ability to negotiate elements of the trade.

Equity Approved Broker List: BHMS conducts a due diligence review of brokers within and outside our Approved Broker List and the list is updated monthly. The commissions paid to executing brokers and our broker/research voting results are reviewed on a quarterly basis by the Firm's Trade Management Oversight Committee ("TMOC"). Results of these quarterly

reviews and any recommendations made are documented by the TMOC. To be included as an approved broker, a broker must offer:

- A best execution capability where the best price will likely be available;
- Research and investment ideas that can directly impact client portfolios;
- A competitive commission rate, which will be negotiated to the appropriate level based on the size and complexity of each trade;
- Efficient and reliable operations to ensure prompt settlement of all trades;
- In addition to order initiation with approved brokers, security transactions occur with other brokers who meet the above criteria (except for the point 2, providing research);
- When seeking market liquidity and best execution, traders may occasionally execute trades with a broker that is not included on the Approved Broker List

Equity Trade Allocation: BHMS' trade allocation policy prohibits any allocation of trades in a manner that any particular client(s) or group of clients receives more favorable treatment than other client accounts. Portfolio managers communicate securities transactions/trades to the trading desk and traders set up trade pre-allocations in our order management system. Aggregation or blocking of client transactions allows the Firm to execute transactions in a more timely, equitable, and efficient manner. The Firm's policy is to aggregate client transactions when possible and when advantageous to clients. Clients participating in any aggregated transactions will receive an average share price and trades will generally be allocated on a pro-rata basis. Exceptions to this include, but are not limited to, the following:

- Account(s) underweighted/over-weighted in a security may receive a greater/lesser allocation to equilibrate with weightings in other accounts;
- Account(s) low in cash;
- Account(s) with a client directed restriction that prohibits purchase of a particular stock;
- Larger account(s) that cannot participate in the purchase of companies below a specified market cap;
- Account(s) that designate 100% of commissions to one broker, in which case, there may be circumstances (i.e. principal trades), that prevent BHMS from "stepping out" on that client's allocation. Therefore, that account will be excluded from that allocation.

BHMS does not engage in proprietary trading and we do not enter into any cross trading.

IPOs: In the event BHMS participates in an IPO for its client accounts, the Firm's policy and practice is to allocate IPO shares in the same manner as all other trades are allocated, so as not to favor or disfavor any client, or group of clients, over another.

Equity Best Execution: BHMS seeks to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. The head trader has the responsibility for implementing and monitoring our best execution policy, practices and recordkeeping. The Best Execution Policy is reviewed at least annually. BHMS' procedures for the pursuit of best execution and development of an approved broker list are as follows:

- The head trader is responsible for gathering and evaluating relevant information from and about broker-dealers and their services including commission rates, quality of executions, research, clearance/settlement capabilities, trade error rate, and confidentiality in order to set criteria for broker selection and development of an

approved broker list. The evaluation also includes consideration of ECNs and alternative trading sources of liquidity.

- BHMS utilizes ITG's Trade Cost Analysis (TCA) report for monthly and quarterly reviews of our trade execution. All information used in BHMS' best execution reviews and analysis is documented in the best execution file, maintained by the head trader.
- BHMS may on occasion buy and sell the same security at the same time for different accounts due to cash flow considerations. These trades are not crossed, but instead worked in the marketplace in an effort to achieve best execution for each trade.

Equity Soft Dollars (Indirect Compensation): BHMS utilizes research, research-related products and other brokerage services on a soft dollar commission basis. BHMS' soft dollar policy is to:

- Examine soft dollar arrangements for research products and services that assist in the investment decision-making process;
- Make a good faith determination of the value of the research product or service in relation to the commissions paid; and
- Review, at least annually, the Firm's soft dollar arrangements, budget, and allocations, and monitor the Firm's policy.

BHMS may direct brokerage transactions to certain approved brokers that provide specialized research services that are helpful in analyzing the attractiveness of various securities. These services include reports on the quality of company earnings, earnings estimates of research analysts, company and industry research reports, screening quality of company earnings, screening and value models identifying undervalued securities, reports showing portfolio characteristics, performance attribution, and expected returns and quotation and block activity services that aid in the investment decision making process.

BHMS does not allocate brokerage transactions in return for products or services other than brokerage or research services. In accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, applicant may receive services and products that serve both research and non-research functions. Because of these considerations BHMS may pay a brokerage commission in excess of that which another broker might charge for effecting the same transactions in recognition of the value of brokerage or research services provided by the broker. Research services furnished by brokers through whom we execute securities transactions may be used in servicing all clients and not all such services may be in connection with accounts which pay the brokers providing such services.

In obtaining mixed-use products or services on a soft dollar basis, BHMS makes a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and the portion that is not so qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions. For all soft dollar products, we will maintain appropriate records of our reviews and good faith determinations of our reasonable allocations.

The head equity trader is responsible for implementing and monitoring the Firm's soft dollar policy, practices, and recordkeeping.

BHMS has adopted procedures and reviews to monitor and ensure the Firm's policy is observed, implemented properly and amended or updated, as follows:

- BHMS' head trader, chief compliance officer, and senior management review, approve and monitor soft dollar arrangements and research items.
- At the beginning of each year, BHMS establishes a master soft dollar brokerage budget listing the broker-dealers, the targeted commission amounts per broker, and the purpose for the brokerage allocations. This budget is based on portfolio managers and analysts' research needs and requests.
- Prepare and maintain a Client Commission Sharing Arrangements matrix of third party soft dollar arrangements as a control document for our third party soft dollar arrangements including each item/product to be purchased with client commissions, hard dollar to soft dollar ratio, applicable investment strategy, and the broker providing the product.
- The head trader, chief compliance officer, portfolio managers and/or analysts will initially review request for approval, and thereafter review periodically and/or annually each of the Firm's soft dollar arrangements and brokerage allocations for soft dollar research services and products. Research items may be added or removed from the soft dollar budget any time through the year based on quality and use of the research product.
- The head trader, chief compliance officer and an executive director review and approve research purchased twice per year through commission sharing arrangements (CSAs) through specific arrangements with CSA brokers.
- The trading staff reconciles the brokerage statements to ensure proper credit of client brokerage to purchase research.

Fixed Income Trading: BHMS is committed to seeking best execution when trading for all fixed income portfolios. All client portfolios are managed in a team approach by the Firm's five fixed income portfolio managers whose security transactions are made pro-rata across all portfolios having similar investment guidelines and benchmarks.

Fixed Income Approved Broker List: The portfolio management team periodically conducts a review of brokers within and outside of the Firm's Approved Broker List. BHMS ranks broker-dealers on the basis of their ability and willingness to actively make markets in all sectors in which the Firm is invested. BHMS analyzes the trading volume with each broker/dealer by sector to determine patterns that may prove useful in implementing strategic shifts across all portfolios. The trading volume of executing brokers and our broker/research voting results are reviewed in developing the approved broker list. The Trade Management Oversight Committee periodically reviews the fixed income approved broker list, voting results, and trading volumes. To be identified as an approved broker, a Firm must offer:

- A best execution capability, where the best price will likely be available;
- Research and investment ideas that can directly impact client portfolios;
- Efficient and reliable operations to ensure prompt settlement of all trades;
- When seeking market liquidity and best execution, portfolio managers may occasionally execute trades with a broker that is not on the Approved Broker List.

Fixed Income Trade Allocation: Portfolio managers set up trade allocations using Charles River order management system (CRIMS). Aggregation of client transactions allows trades to be executed in a timely, equitable, and efficient manner. Then a member of the fixed income operations staff exports the trade from CRIMS to Axys, the portfolio accounting system. CRIMS sends the allocation to the broker through OASYS. The DTC matching system alerts fixed income operations of any trade discrepancies between the Firm's information and the broker's information, which is resolved by the fixed income operations staff before trade settlement.

Trades are allocated across all accounts participating in the trade on a pro-rata basis according to the underlying value of the portfolio. Exceptions to this include, but are not limited to, the following:

- Account(s) underweighted/overweighted in a security may receive a greater/ lesser allocation to equilibrate with weightings in other accounts;
- Security has a minimum denomination that does not allow smaller portfolios to participate;
- Account(s) low in cash;
- Account(s) with a client-directed restriction that prohibits purchase of a particular issue;
- Account(s) that designate commissions to a specific broker may be excluded.

Fixed Income Best Execution: Bonds are traded in a broker market versus an exchange market and the execution of fixed income trades frequently require the commitment of capital by the executing brokers. When trading U.S. Treasury or Agency securities, we typically request bids/offers using internet-based trading systems, primarily Bloomberg Bond Trader. BHMS also uses Market Axess in the pursuit of best price execution for corporate bonds and other securities. These systems are prevalent in the fixed income market, allowing for competitive execution of purchases and sales at “best execution” prices.

When trading agency and non-agency mortgages, commercial mortgage-backed securities, asset-backed securities, and large orders for other securities, BHMS utilizes its internal expertise to access those broker-dealers willing to commit capital to facilitate the transaction, at the best price under the circumstances. In many cases, the broker/dealer who participated in the original underwriting of the security may be the best source of bids/offers. In other instances, the Firm utilizes its trading experience and knowledge of the markets to solicit bids/offers from those broker-dealers who have expressed interest in sectors and securities BHMS either owns or in which the Firm has expressed an interest.

BHMS may on occasion buy and sell the same security at the same time for different accounts due to cash flow considerations. BHMS does not engage in proprietary trading and we do not enter into any cross trading.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: BHMS’ large cap value equity portfolio managers each manage approximately 22 separate accounts. Additionally, BHMS manages approximately 64 separate accounts on a team basis, incorporating input and security weightings of each individual large cap value equity manager’s separate accounts. BHMS’ mid cap value equity portfolio managers manage approximately 28 separate accounts as a team. BHMS’ small cap value equity portfolio managers manage approximately 24 separate accounts as a team. BHMS’ international value equity portfolio managers manage approximately 15 separate accounts as a team. BHMS’ global value equity portfolio managers manage approximately 2 separate accounts as a team. BHMS’ fixed income portfolio managers manage approximately 147 separate accounts as a team. While the underlying securities within the client accounts are continually monitored, each client portfolio will generally be reviewed on a daily trading basis by the senior portfolio

management team. There are 9 equity portfolio managers and 5 fixed income portfolio managers.

Generally, the master list of securities is reviewed and the appropriateness of each security for client portfolio use is determined at that time in accordance with the relationship between price and the value of the security and the objectives of each portfolio. The asset mix of balanced portfolios is generally reviewed formally once a month, while the underlying securities within the client accounts are continually monitored,

Generally, each client receives a quarterly report containing an overview of the investment environment, performance results for the account, portfolio holdings and transaction details. More frequent reports on portfolio holdings and performance are also provided as requested by the client. Clients may access reports through a password protected website. The portfolio specialists meet with each client two times per year or on a frequency determined by the client.

Item 14 Client Referrals and Other Compensation

It is BHMS' policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our Firm.

Item 15 Custody

In addition to the periodic statements that clients receive directly from their custodians, we also send quarterly investment strategy reports and reviews of account holdings directly to our clients. We recommend our clients compare the information provided in our quarterly reports to their custodial statements to ensure that holdings and values are correct and current.

BHMS does not have custody of client accounts, securities or cash, and we do not have authorization to debit management fees for our services from clients' accounts.

Item 16 Investment Discretion

Clients may hire BHMS to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell
- determine the appropriate price when buying or selling

- determine the broker to execute the buy or sell
- vote proxies on clients' shares of common stock

Item 17 Voting Client Securities

For clients who so elect, BHMS has the responsibility to vote proxies for portfolio securities consistent with the best economic interests of the beneficial owners. BHMS maintains written policies and procedures as to the handling, research, voting, and reporting of proxy voting and makes appropriate disclosures about the Firm's policies and procedures to clients. BHMS provides information to clients about how their proxies were voted and retains records related to proxy voting.

To assist in the proxy voting process, BHMS retains the services of Glass Lewis & Co. to provide research on corporate governance, financial statements, business, legal and accounting risk and supplies proxy voting recommendations. Glass Lewis also provides proxy execution, record keeping, and reporting services.

BHMS' Proxy Oversight Committee:

- BHMS' Proxy Oversight Committee reviews and evaluates the data and recommendations provided by the proxy service along with its own internal research on each company to ensure that all votes are consistent with our policies and are in the best interest of the beneficial owner. Every proxy vote must be approved by BHMS before submitting to the proxy service provider.
- The Proxy Oversight Committee includes two portfolio managers, five research analysts, one client service specialist and one proxy coordinator.

Policies and Procedures: The Director of Equity Operations, who serves as proxy coordinator, is responsible for implementing and monitoring BHMS' proxy voting policy, procedures, disclosures and recordkeeping, including outlining our voting guidelines in our procedures. The Proxy Oversight Committee conducts regular reviews to monitor and ensure that the Firm's policy is observed, implemented properly and amended or updated, as appropriate.

- All proxies are voted uniformly in accordance with the Firm's policies, including proxies of companies that are also clients, thereby eliminating potential conflicts of interest.
- BHMS will identify any conflicts that exist between the interests of the Firm and the client by reviewing the relationship of the Firm with the issuer of each security to determine if the Firm or any BHMS employees have any financial, business, or personal relationship with the issuer.
- If a material conflict of interest exists, the proxy coordinator will determine if it is appropriate to disclose the conflict to the affected clients, thus allowing the clients to choose whether to vote the proxies themselves, or to address the voting issue through other objective means, such as using a predetermined voting policy or an independent third-party voting recommendation.
- BHMS will maintain a record of the voting resolution of any conflict of interest.
- The proxy coordinator retains the following proxy records in accordance with the SEC's five-year retention requirement:

- these policies and procedures and any amendments;
 - a record of each vote cast; and
 - any BHMS documentation that was material to the proxy voting decision.
- BHMS sends a proxy report to each client, at least annually (or as requested by client), listing the number of shares voted and disclosing how each proxy was voted.
 - All voting records are retained on the network, which is backed up daily. The proxy service provider retains records for seven years.
 - BHMS' guidelines addressing specific issues are available upon request by calling 214-665-1900 or by emailing: clientservices@barrowhanley.com.

BHMS has adopted written procedures to implement the Firm's policy:

- BHMS sends a daily electronic transfer of all stock positions to the proxy service
- The proxy service provider identifies all accounts eligible to vote for each security and posts the proposals and research on its secure, proprietary online system.
- Any new or controversial issues are presented to the Proxy Oversight Committee for evaluation.
- Domestic Equity Accounts: The proxy coordinator reviews each proposal and evaluates the proxy service provider's recommendations. If further research is required, the proxy coordinator will direct the proxy service provider's research to the analyst following the security. Generally, proposals are voted in accordance with the proxy service provider's recommendations unless BHMS overrides a specific issue. The proxy coordinator approves all voting decisions to the proxy service provider through its secure, proprietary, online system.
- Small Cap Equity Accounts: The small cap portfolio management team reviews every small cap proxy proposal and decides how each will be voted on a case-by-case basis. The proxy coordinator approves all voting decisions to the proxy service provider through its secure, proprietary, online system.
- International Value and Diversified Small Cap Value Accounts: All proxies are voted uniformly in accordance with the proxy service provider's recommendations.
- The proxy service provider verifies that every vote is received, voted, and recorded.

Item 18 Financial Information

BHMS is unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. BHMS has no additional financial circumstances to report. BHMS has not been the subject of a bankruptcy petition at any time during the past ten years.