

# Chartwell Investment Partners

*Institutional and Private Asset Management*



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Form ADV Part 2 – Brochure

## Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of Chartwell Investment Partners (“Chartwell”). If you have any questions about the contents of this brochure, please contact us at 610-296-1400 or [info@chartwellip.com](mailto:info@chartwellip.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Chartwell Investment Partners is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Chartwell Investment Partners is 106157.

Chartwell Investment Partners is an SEC-Registered Investment Adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year.

Chartwell's qualifications and business practices remain the same, therefore we have no material changes to report for this Brochure or any Brochure Supplement.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at 610-296-1400 or [info@chartwellip.com](mailto:info@chartwellip.com).

Additional information about Chartwell is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Chartwell who are registered, or are required to be registered, as investment adviser representatives of Chartwell.

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#### ***Item 4 – Advisory Business***

Chartwell Investment Partners (“Chartwell”) is an employee-owned investment advisory firm founded on April 1, 1997 by nine investment professionals. The firm is 75% directly owned by the partners and employees of Chartwell, none of whom individually owns 25% or more, and 25% owned by a limited partnership comprised of passive investors in the Philadelphia area.

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 investment styles 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). 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. Generally we manage wrap fee client accounts in the same manner as other client accounts investing pursuant to the same or similar investment strategy. To the extent there are differences in the way wrap fee client accounts are managed as opposed to non-wrap fee client accounts, such difference would relate to the broker-dealer through which Chartwell places orders for execution. See Item 12, below, for a description of Chartwell’s practices in placing orders for execution for wrap fee and non-wrap fee clients.

As of 12/31/11, Chartwell managed \$4.8 billion in assets on a discretionary basis only. We do not manage assets on a non-discretionary basis.

#### ***Item 5 – Fees and Compensation***

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. 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 Section 205 and Rule 205-3 under the Investment Advisers Act of 1940. We will aggregate assets from related accounts (e.g., accounts of family members or multiple accounts of a single institutional client) for the purposes of calculating the breakpoints used for those accounts and the fees we charge.

##### **Investment Strategies:**

##### **Fee Schedule:**

##### **Premium Yield Equity:**

<b>Up to \$10 million</b>	<b>0.70%</b>
<b>\$10 - \$40 million</b>	<b>0.60%</b>
<b>\$40 - \$70 million</b>	<b>0.50%</b>
<b>\$70 - \$100 million</b>	<b>0.40%</b>
<b>Over \$100 million</b>	<b>0.25%</b>

<u>Investment Strategies(cont'd):</u>	<u>Fee Schedule:</u>	
<u>Small Cap Value:</u>	All Assets	1.00%
<u>Mid Cap Value:</u>	Up to \$20 million	0.80%
	Over \$20 million	0.70%
<u>Small Cap Core:</u>	All Assets	0.80%
<u>Small Cap Growth/</u>	Up to \$20 million	1.00%
<u>Smid Cap Growth:</u>	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	0.60%
	Additional Assets	0.50%
<u>High Yield Short BB Fixed:</u>	First \$20 Million	0.50%
	\$20 - \$50 Million	0.40%
	Additional Assets	0.30%
<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%

The specific manner in which fees are charged by Chartwell is established in a client's written agreement with Chartwell. We will generally bill fees on a quarterly basis in arrears (i.e., following the applicable quarter period). Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Clients may elect to be billed directly for fees or to authorize Chartwell to send the bill to client's custodian for deduction of fees from the client's account.

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 may have a potential conflict of interest by investing client account assets into pooled investment vehicles that we advise ("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).

Chartwell's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Chartwell's fee, and we do not receive any portion of these commissions, fees, and costs, except with respect to the management fee associated with investments in affiliated funds, as noted above.

Item 12 further describes the factors that Chartwell considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### ***Item 6 – Performance-Based Fees and Side-By-Side Management***

As disclosed in Item 5A above, where Chartwell advises hedge funds or other pooled investment vehicles, Chartwell will charge a performance fee in accordance with the requirements of Section 205 and Rule 205-3 under the Investment Advisers Act of 1940. Chartwell has supervised persons who manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee such as an asset-based fee. All portfolios are managed in a similar-style, except for possible client-imposed portfolio restrictions. There may appear to be a conflict of interest in connection with simultaneous management of a fund that pays a performance-based fee and such other accounts that do not. Chartwell has designed and implemented procedures to help ensure that all clients are treated fairly and equally over time, and to prevent this conflict from influencing the allocation of investment opportunities among clients. In the allocation of investment opportunities, unless prohibited by client guidelines, trade orders for multiple portfolios in a given investment product are generally "batched" or placed as an aggregated order for execution. Placing an aggregate order may enable Chartwell to obtain more favorable execution and net price for the combined order. All portfolios included in an aggregated trade are allocated the same average price per share thereby eliminating the possibility of one portfolio being favored over another. If in fact there are multiple orders on the trade blotter for the same security that cannot be aggregated due to client restrictions, a simple rotational system is implemented. Additional information regarding our trading practices, including our use of "batched" or aggregated orders, is included in Item 12, below.

Chartwell manages one privately offered pooled investment vehicle (the "Fund"). This Fund holds value stocks in small to mid-caps. A related person of Chartwell manages another privately offered pooled investment vehicle (the "Related Fund") that holds primarily micro-cap and small cap publicly traded securities as well as private securities. This Related Fund is not restricted from any universe of securities and does trade securities in all market cap ranges from time to time. In the rare case that a Fund and one or more long only products are trading the same security on the same day, shares are allocated on a pro-rata basis based on market value until our desired weightings for each portfolio are achieved, and all portfolios obtain the same average price. We do not permit a Fund to short stocks that are held long in any of our long only products. If a Fund holds a short position at the time a long only product buys the stock, we allow the Fund to maintain that short position or close out the short position, but do not permit the Fund to further increase its short position until the long only product no longer holds the security.

Initial public offerings (“IPOs”) are allocated to the products for which the security is an appropriate holding. Each product portfolio manager puts in a request/order for the target weighting of the IPO. When a Fund and any long only product both participate, and a full allocation is received from the broker(s), each client account receives its requested shares and all products receive the same price per share. If we do not receive a full allocation, the shares are allocated on a pro-rata basis based on market value and all portfolios receive the same price. If the allocation received is so small such that each portfolio would not receive a target weighting of at least 0.05%, we use a rotational system instead. Additional information regarding our allocation procedures is located in Item 12, below.

In addition, there are several incubator portfolios that are run by various Chartwell portfolio managers. These incubator portfolios are limited partnerships set up by Chartwell management for the purpose of incubating a new investment product, i.e. creating a track record of investing in a particular style that will ultimately be made available to clients. The incubators are generally funded by partners of the firm. The incubator portfolios are not allowed to participate in IPOs, and there is generally very little overlap of securities held in the incubator portfolios and other client portfolios. When there is overlap, all shares are allocated on a pro-rata basis and no account is favored over another.

On a monthly basis, a Compliance Officer oversees the performance calculation process handled in our Operations department, and completes a spreadsheet of monthly portfolio returns for each client. This spreadsheet is provided to the CEO, CCO, and various investment personnel for their review. If anyone on the distribution list identifies performance dispersion as between client accounts, Chartwell investigates the cause for the dispersion by reviewing the underlying transactional detail, holdings & security weightings by portfolio. This monthly process helps ensure that all portfolios that are managed under the same investment product are treated fairly and equitably over time, and traded in accordance with firm policy.

### ***Item 7 – Types of Clients***

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. Each of the existing investment products have pre-determined capacity levels at which we feel the products can be effectively managed to reach maximum performance potential. There is a minimum account size of \$5 million which can be waived at Chartwell’s sole discretion.

### ***Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss***

Chartwell’s methods of security analysis are both fundamental and technical in nature. The main sources of information used include: financial newspapers and magazines, research materials prepared by others, corporate rating services, inspections of corporate activities, company press releases and annual reports, prospectuses and filings with the SEC, interviews with company executives and broker analysts. The investment strategies we use to implement any investment advice given to clients include: long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, option writing including covered options, uncovered options or spreading strategies. We offer investment advice concerning a wide range of investment styles but predominantly advise clients regarding investments in U.S. securities. These investment strategies involve varying degrees of risk. We select 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.

Investing in securities involves risk of loss that clients should be prepared to bear. The significant risks are:

**Stock Market Risk.** This is the chance that stock prices overall will decline resulting in loss of portfolio value.

**Illiquidity.** This is the risk that we will be unable to sell a security within a reasonable timeframe due to low trade volume and lack of interest.

**Investment Style Risk.** Some of our investment strategies involve investments in securities and other assets believed to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While these investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from these investments may not adequately compensate for the business and financial risks assumed. Poor economic conditions and any future major economic recession can severely disrupt the markets for such investments and significantly impact their value. In addition, any such economic downturn can adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that holders of these securities will ever come to realize the value of some of these investments or that they will ever increase in price. Furthermore, client accounts we manage using these investment strategies may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the account's funds would be committed to the investments made, which may prevent the account from investing in other opportunities we identify.

**Short Sales.** This type of investment program contemplates that a portion of the portfolio may be invested in selling securities short. Although the portfolio manager may sell short a variety of assets, he expects most short trades to be in equity securities and stock index futures. Short selling involves the sale of a security that the portfolio does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the portfolio must borrow securities from a third party lender. The portfolio subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The portfolio must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the portfolio a fee for the use of the portfolio's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. A portfolio may be subject to substantial losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

**Options and Other Derivative Instruments.** Some of our investment strategies involve investments, from time to time, in options and derivative instruments, including buying and writing puts and calls on some of the securities held by the funds in an attempt to supplement income derived from those securities. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. These investment portfolios are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument or asset at the exercise price.

If a put or call option purchased by a portfolio were permitted to expire without being sold or exercised, the portfolio would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the portfolio at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the portfolio at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile, and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by a portfolio of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

**Risk of Default or Bankruptcy of Third Parties.** Certain transactions in securities, commodities and other financial instruments and assets may involve counterparties. Under select conditions, a portfolio could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities or other financial instruments or assets were to become illiquid (as described above). In addition, a portfolio could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which Chartwell does business, or to which securities, commodities or other financial instruments or assets have been entrusted for custodial purposes. For example, if a portfolio's Prime Broker or other custodian were to become insolvent or file for bankruptcy, the portfolio could suffer significant losses with respect to any securities held by such firm.

**Additional Counterparty Risk.** Many of the markets in which transactions are effected for certain of our investment strategies and products are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This exposes the portfolio to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the relevant contract or because of a credit or liquidity problem, thus causing the portfolio to suffer a loss. Such risk may be accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the portfolio has concentrated its transactions with a single or small group of counterparties.

**Trading Limitations.** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject a portfolio to loss. Also, such a suspension could render it impossible for Chartwell to liquidate positions and thereby expose the portfolio to potential losses relating thereto.

**Manager Risk.** This is the chance that poor security selection or focus on securities in a particular sector, category or group of companies will cause the portfolio to underperform relevant benchmarks.

**Foreign Securities Risks.** Although Chartwell typically does not make significant investments in foreign securities, we reserve the right to invest a small percentage of assets in foreign securities which may include depositary receipts. In the event that client-imposed guidelines do not allow such investments, we will restrict these types of securities from the client's portfolio in our portfolio trading system.

Investment in foreign securities, particularly those traded on U.S. markets, can subject a portfolio to country and currency risk:

- **Country Risk.** This is the chance that world events such as political upheaval, financial troubles or natural disasters will adversely affect the value of securities issued by companies in foreign countries.
- **Currency Risk.** This is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

Risk is measured at both a security and portfolio level. Our portfolio management teams monitor the risk

of individual securities by stock volatility, quality of earnings and sector volatility. Then at a portfolio level risk is monitored through several attributes including industry weight limits, price to earnings, market capitalization and estimated growth levels relative to indices. Risk is also measured by standard deviation relative to the appropriate benchmark. Standard deviation being a measure of the historical volatility of a security or portfolio. Higher deviations represent more volatility. All portfolios in each investment strategy are invested using the same criteria; therefore, there is minimal dispersion of results between portfolios.

Chartwell looks at risk in many ways, but we do not manage our portfolios to specific risk targets. For instance, while we are constantly aware of our products' tracking error, we do not manage to a specific number or range. All risk measures are monitored to ensure we are delivering a diversified portfolio, whose characteristics are generally consistent with the index and our peers, as well as what we have historically shown.

### ***Item 9 – Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Chartwell or the integrity of Chartwell's management. Chartwell has no information applicable to this Item.

### ***Item 10 – Other Financial Industry Activities and Affiliations***

Chartwell is investment adviser or sub-adviser to investment companies registered under the Investment Company Act of 1940. Clients may also be solicited to invest in one of the Funds we and a related person advise and/or referred to Zeke Capital Advisors, LLC ("ZCA"), an affiliated investment adviser. Although Chartwell may refer clients or investors to ZCA, Chartwell does not consider its activities concerning ZCA to be material to its advisory business.

#### The Funds:

Edward N. Antoian, a related person of Chartwell, is the general partner and portfolio manager of the Related Fund. Antoian is a Managing Partner and a Senior Portfolio Manager of Chartwell. He runs Chartwell's Growth Group, which manages multiple products: small cap growth, mid cap growth, and participation in small cap core stock selection. This Fund holds primarily micro-cap & small cap publicly traded securities as well as private securities, but is not restricted from any universe of securities and does trade securities in all market cap ranges from time to time.

Chartwell is the general partner of the other Fund. T. Ryan Harkins is the portfolio manager of this Fund. Harkins is also a Portfolio Manager in Chartwell's Small Cap Value Group, which manages multiple products: small cap value, mid cap value, and participation in small cap core stock selection. This Fund holds value stocks across all market capitalizations.

Information regarding the side-by-side management of the Funds and our non-Fund client accounts is contained in Item 6 above, and information regarding our allocation procedures more generally is contained in Item 12, below.

Other Investment Adviser (Zeke Capital Advisors, LLC (“ZCA”):

ZCA, an investment adviser affiliate of Chartwell, provides discretionary and non-discretionary investment advisory services to clients, such as individuals, families, corporations, trusts, estates, pension plans, charities and foundations. ZCA allocates or recommends the allocation of client assets to affiliated and unaffiliated investment managers, through separate accounts managed by the manager, wrap fee programs in which the manager participates, investments in mutual funds, exchange-traded funds, hedge funds, private equity funds and/or other pooled investment vehicles the assets of which are managed or sponsored by such investment managers including ZCA. Certain principals and officers of ZCA may also serve as directors or officers of these affiliated funds. Chartwell currently owns approximately 17% of ZCA, but this ownership percentage may increase based upon the success of ZCA’s business. Chartwell and ZCA also share administrative, operational, trading capabilities and office space. Chartwell administers ZCA’s compliance program and a Chartwell Compliance Officer is the named CCO of ZCA. ZCA is a high net worth advisory firm, which can invest and oversee investments in a number of different areas. Assets are primarily invested in portfolios of outside managers selected by ZCA, and are also invested in fixed income funds/securities, inherited equity securities and alternatives.

There is extremely little overlap between ZCA’s investment style, objectives, and holdings to date versus Chartwell’s client portfolios. The CCO reviews ZCA holdings periodically to determine if such overlap exists or develops. In addition, our Compliance Group has real-time access to ZCA’s trading activities. Due to limited overlap of investment objectives and holdings, risk is deemed to be low by the CCO.

All employees of ZCA are Access Persons with regard to ZCA’s Compliance Manual & Code of Ethics, which mirrors Chartwell’s. Chartwell’s CCO oversees all of the partnership accounting and portfolio accounting for the Fund and incubator portfolios discussed above. Trading is instructed to handle trading as discussed throughout this Brochure, and to notify the CCO if there are any questions that arise. On a monthly basis, the CCO reviews the Fund and incubator portfolio holdings to determine the extent of any overlap of securities held in these portfolios versus Chartwell’s client portfolios. When there is overlap, the CCO reviews the monthly trading in such securities to confirm that share allocations were handled in accordance with firm policy.

Chartwell may also refer appropriate prospective clients to ZCA for which Chartwell does not receive any form of direct compensation from this referral, although the value of Chartwell’s membership interest in ZCA could increase to the extent ZCA is successful.

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

Chartwell has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts, political contributions and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Chartwell must acknowledge the terms of the Code of Ethics annually, or as amended.

Chartwell’s clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting [info@chartwellip.com](mailto:info@chartwellip.com).

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 because declining the proportionate amount of public offerings by the principals and employees does not affect the amount of public offerings that can be made available to Chartwell's clients.

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).

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.

## ***Item 12 – Brokerage Practices***

### **Broker Selection**

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. Our 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 under the circumstances, taking into account such factors as price, commission, size of order, difficulty of execution and skill required of the broker. Therefore, we select brokers on the basis of best price (including commissions) and execution capability. We do not consider whether we or a related person receives client referrals from a broker-dealer or third party.

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 brokers and dealers for eligibility to place client trades and reviewing trade data. This committee meets no less frequently 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 does not include transaction charges paid to non-sponsoring broker-dealers when orders are placed through them, and as such, wrap clients 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 4.0 cents per share for agency equity trades, unless unusual circumstances warrant otherwise. Approval for trading above 4.0 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 only with the prior approval of the CCO or CEO (or designee).

### **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, but Chartwell receives a benefit from these services because it does not have to produce or pay for the research, products, or services itself. During the prior fiscal year and current fiscal year research services obtained through the use of soft dollars have included statistical or quotation services, including online services, as well as research reports and expertise for selected sectors & industries provided by third-party research firms. 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. Chartwell may have an incentive to select broker-dealers based on its interest in receiving brokerage and/or research services, rather than on clients' interest in receiving most favorable execution.

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 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.

### **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 to use 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. See “Managed Account Best Execution” section above for description of our brokerage practices regarding wrap fee accounts.

### **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 11, 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 over time, 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 Financial Industry Regulatory Authority (“FINRA”).

**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 the Fund and Related Fund discussed in Item 6, in which certain principals of Chartwell have a beneficial interest. The potential conflict of interest that could arise with such an allocation is addressed by Chartwell’s objective allocation process below.

**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. The Related Fund discussed in Item 6 is treated as a Chartwell client solely for these allocation purposes.

**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) Departure from Rotational System** — 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.

### ***Item 13 – Review of Accounts***

The members of Chartwell's Investment Committees, comprised of portfolio managers and analysts of the various investment strategies, 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.

Each client will receive a written 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.

### ***Item 14 – Client Referrals and Other Compensation***

Chartwell may 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. Any solicitation or referral arrangement involving a third party will comply with applicable laws that govern the nature of the service, fees to be paid, disclosures to clients and any necessary client consents.

Chartwell also has a referral arrangement with a third-party solicitor who generally refers prospective managed account or "wrap" clients to us. Within 12 months of these prospects becoming clients of Chartwell, we pay a fee, to the soliciting firm, equal to a percentage of the investment advisory fees paid to us by the prospect.

Chartwell has a referral arrangement with a third-party solicitor who refers prospective clients of the Fund, described in Item 6 above, to us. If such prospects become clients of the Fund, Chartwell pays a percentage of all fees received from such clients on a quarterly basis.

### ***Item 15 – Custody***

Chartwell currently does not have custody of client funds or securities. However, it is important to note that clients should also compare the account statements received from their custodian with those received from us. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### ***Item 16 – Investment Discretion***

Clients' investment advisory agreements give Chartwell discretionary authority to determine, consistent with the clients' investment objectives, which securities and the total amount of securities to be bought or sold for clients' accounts. The first step in starting a new client relationship is the development of an appropriate investment policy statement and strategy. Once their objectives are defined, restrictions are identified, guidelines are determined, and a contract (investment advisory agreement) is drafted that details all of these pertinent issues. The client will then notify their custodian that we will be managing their account. We set up the new client in our accounting and trading systems and, depending on whether we receive cash or securities, begin the appropriate course of trading.

### ***Item 17 – Voting Client Securities***

Chartwell has adopted Proxy Voting Policies and Procedures ("Policies") to seek to ensure that it exercises voting authority on behalf of Chartwell clients in a manner consistent with the best interests of each client and its agreement with the client. These Policies apply where clients have delegated the authority and responsibility to Chartwell to decide how to vote proxies. Chartwell does not accept or retain authority to vote proxies in accordance with individual client guidelines (with the exception of Clients who wish to instruct Chartwell not to vote in accordance with AFL-CIO Key Vote Survey recommendations, as described below). Clients that wish to arrange to vote proxies in accordance with their own guidelines may elect to do so at any time by notifying Chartwell.

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 Institutional Shareholder Services ("ISS") 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 ISS or another independent proxy voting service retained by Chartwell.

It is Chartwell's policy not to exercise its authority to decide how to vote a proxy if there is a material conflict of interest between Chartwell's interests and the interests of the client that owns the shares to be voted that could affect the vote on that matter. To seek to identify any such material conflicts, a representative of the Proxy Voting Committee screens all proxies and presents any potential conflicts identified to the Committee for determination of whether the conflict exists and if so, whether it is material.

Conflicts of interest could result from a variety of circumstances, including, but not limited to, significant personal relationships between executive officers of an issuer and Chartwell personnel, a current or prospective investment adviser-client relationship between an issuer or a pension plan sponsored by an issuer and Chartwell, a significant ownership interest by Chartwell or its personnel in the issuer and various other business, personal or investment relationships. Generally, a current or prospective adviser/client relationship will not be considered material for these purposes if the net advisory revenues to Chartwell have not in the most recent fiscal year and are not expected in the current fiscal year to exceed 1/2 of 1 percent of Chartwell's annual advisory revenue.

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 ISS 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 ISS 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 ISS 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 ISS's analyses and recommendations and generally gives instructions to ISS to vote proxies in accordance with ISS's recommendations, unless Chartwell reaches a different conclusion than ISS about how a particular matter should be voted. ISS 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 ISS, 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 ISS 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.

### ***Item 18 – Financial Information***

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. Chartwell has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.