



## Form ADV Part 2A

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**October 31, 2012**

This Brochure provides information about the qualifications and business practices of QS Investors, LLC. If you have any questions about the contents of this Brochure, please contact QS Investors, LLC at 212.886.9200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority.

QS Investors, LLC is registered as investment adviser with the SEC. Registration as an investment adviser does not imply any level of skill or training. This communication, as well as other oral and written communication we provide to you, is information to be used to evaluate QS Investors, LLC and their services offered.

## ITEM 2: Summary of Material Changes

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On July 28, 2010, the SEC published Release No. IA-3060, "Amendments to Form ADV," which significantly changed the disclosure document provided to clients. This Brochure, dated October 31, 2012, has been prepared in accordance with rule changes detailed in the SEC's July 2010 release and replaces any existing Form ADV Part 2 that you may have previously received.

As a client of QS Investors, you will receive an annual summary of material changes to the Brochure and an updated Brochure within 120 days of our fiscal year-end, which is July 31. We may provide an updated Brochure more frequently than annually if material changes occur. Annual and amended Brochures will be provided to you free of charge.

Please make note of the following changes since our last Brochure was published on October 31, 2011:

- The strategy formerly known as *Global Tactical Asset Allocation: Integrated Global Alpha Platform* has been re-named *Liquid Alternatives* (see Items 4, 8);
- The strategy formerly known as *Dynamic and Strategic Asset Allocation* has been re-named *Customized Solutions* (see Items 4, 8); and
- Assets, previously reported as normalized and non-normalized, are no longer reported as normalized. All assets are reported based on the market values upon which fees are based (Item 4).

Additional information about QS Investors, including this Brochure, is also available via the SEC's website, <http://www.adviserinfo.sec.gov>.

## ITEM 3: Table of Contents

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ITEM 2: Summary of Material Changes .....	1
ITEM 3: Table of Contents .....	2
ITEM 4: Advisory Business .....	3
ITEM 5: Fees and Compensation .....	4
ITEM 6: Performance-Based Fees and Side by Side Management.....	6
ITEM 7: Types of Clients .....	8
ITEM 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	9
ITEM 9: Disciplinary Information .....	15
ITEM 10: Other Financial Industry Activities and Affiliates.....	16
ITEM 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	18
ITEM 12: Brokerage Practices .....	20
ITEM 13: Review of Accounts .....	23
ITEM 14: Client Referrals and Other Compensation .....	24
ITEM 15: Custody .....	25
ITEM 16: Investment Discretion.....	26
ITEM 17: Voting Client Securities .....	27
ITEM 18: Financial Information .....	28
Privacy Notice .....	29

## ITEM 4: Advisory Business

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QS Investors, LLC ("QS Investors") is a registered investment adviser with the SEC, providing investment and advisory services to a diverse array of institutional clients. QS Investors, based in New York City, is a 100% employee owned firm launched in August, 2010. The firm was created via a management buy-out of the Quantitative Strategies Group within DB Advisors, the institutional asset management division of Deutsche Asset Management.

We provide discretionary and non-discretionary advice to domestic and international clients based on their investment objectives, guidelines, and risk tolerance, each of which may be customized to address specific client needs.

Using proprietary tools and methodologies, these strategies combine quantitative, qualitative, and behavioral analysis and are systematically applied to vary portfolio characteristics over time in response to changing market conditions and opportunities.

We offer a range of investment solutions across four strategies:

- US Equities;
- Global Equities (also known as Diversification Based Investing, or DBI);
- Liquid Alternatives; and
- Customized Solutions.

Please see Item 8 for detailed information about these strategies.

These strategies are offered to clients as separate accounts, collective vehicles, offshore pooled vehicles, or may be accessed via open-end investment companies registered under the Investment Company Act of 1940 for which we serve as sub-advisor. Additionally, access to certain of our Global Equities strategies is available via commercially available indices owned by Financial Times Stock Exchange ("FTSE").

### Assets Under Management

As of September 30, 2012, QS Investors has \$11,777,054,816 under management ("AuM"). In addition, as of September 30, 2012, QS Investors has \$89,002,879,910 of non-discretionary assets under advisement ("AuA").

## ITEM 5: Fees and Compensation

QS Investors generally assesses client fees based on our standard fee schedule. Actual fees, minimum fees, and minimum account sizes may be negotiated and may vary depending on the client, nature, and/or amount of services provided, or as otherwise agreed with each client. Fees may be higher or lower than the fees reflected below and those charged by other investment advisers for comparable services.

From time to time, QS Investors may also charge performance or incentive-based fees. Additional information regarding these practices is provided in Item 6.

Fees are generally based on the combined market value of all securities and cash on the accounting date at the end of a period. Clients with separately managed accounts are generally billed in arrears, payable on a monthly or quarterly basis. Alternatively, clients may arrange to pay fees in advance of services rendered. In these cases, if a contract is terminated before the period has ended, a pro rata portion of the unused fees will be refunded to the client.

We do not deduct fees directly from client accounts.

It is important to note that the fees described below do not include other fees or expenses related to the day-to-day management of a client account. These fees may include custody fees, brokerage commissions, fund expenses, or other related transaction costs. These fees will vary based on the type of account, instruments traded, trading frequency, and other factors that may be unique to a strategy and/or account. QS Investors does not receive any of these fees.

The fees below are expressed on an annual basis. These fees are subject to change.

US Equities					
Large Cap Core			Large Cap: Growth or Value		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
First \$50 million	0.50%	\$250,000	First \$50 million	0.50%	\$250,000
Next \$100 million	0.40%		Next \$100 million	0.40%	
Next \$250 million	0.35%		Next \$250 million	0.35%	
Balance	0.30%		Balance	0.30%	
Small Cap: Core, Growth, or Value			All Cap Core		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
First \$50 million	0.80%	\$250,000	First \$50 million	0.50%	\$250,000
Next \$100 million	0.70%		Next \$100 million	0.40%	
Next \$250 million	0.60%		Next \$250 million	0.35%	
Balance	0.50%		Balance	0.30%	

## Global Equities (DBI)

### DBI World

	Annual Fee	Minimum Annual Fee
First \$100 million	0.40%	
Next \$400 million	0.30%	\$250,000
Balance	0.20%	

### DBI EAFE

	Annual Fee	Minimum Annual Fee
First \$100 million	0.50%	
Next \$400 million	0.40%	\$250,000
Balance	0.30%	

### DBI World Plus

	Annual Fee	Minimum Annual Fee
First \$100 million	0.50%	
Next \$400 million	0.40%	\$250,000
Balance	0.30%	

### DBI Emerging Markets

	Annual Fee	Minimum Annual Fee
First \$35 million	0.80%	
Next \$75 million	0.70%	\$250,000
Balance	0.60%	

### DBI All Country World Index ("ACWI")

	Annual Fee	Minimum Annual Fee
First \$100 million	0.60%	
Next \$400 million	0.50%	\$250,000
Balance	0.40%	

### DBI All Country World Index Plus ("ACWI")

	Annual Fee	Minimum Annual Fee
First \$100 million	0.70%	
Next \$400 million	0.60%	\$250,000
Balance	0.50%	

### DBI All Country World Index ("ACWI") Plus Ex-US

	Annual Fee	Minimum Annual Fee
First \$100 million	0.70%	
Next \$400 million	0.60%	\$250,000
Balance	0.50%	

### DBI World Low Volatility

	Annual Fee	Minimum Annual Fee
First \$100 million	0.50%	
Next \$400 million	0.40%	\$250,000
Balance	0.30%	

## Liquid Alternatives

### Customized Asset Allocation

	Annual Fee	Minimum Annual Fee
On all assets	Customized	\$250,000

### Multi Alternative Asset Allocation

	Annual Fee	Minimum Annual Fee
On all assets	Customized	\$250,000

### Equity Market Neutral

	Annual Fee	Minimum Annual Fee
On all assets	1.50% with performance fee options	\$250,000

Customized Solutions

Customized Solutions

	Annual Fee	Minimum Annual Fee
On all assets	Customized	\$250,000

## ITEM 6: Performance-Based Fees and Side by Side Management

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### Performance-Based Fees

In addition to managing accounts that pay standard fees (see Item 5), we may, on occasion, manage accounts subject to performance-based fees in addition to or instead of standard fees. By managing performance fee-based accounts alongside standard fee-based accounts, our portfolio managers and the firm face certain inherent conflicts. In particular:

- A portfolio manager may be incentivized to allocate more attractive investment opportunities to accounts that generate performance fees versus those that generate standard fees;
- A portfolio manager may take undue risk in accounts that generate performance fees with an aim to inflate performance;
- A portfolio manager whose compensation is heavily correlated to performance may take on excessive risk with an aim to inflate performance; and
- The firm may benefit from assigning higher value to securities in accounts that generate performance fees.

In order to help manage and mitigate these inherent conflicts, we maintain a variety of policies, controls, and reviews, many of which are described in greater detail in Item 12. Consistent with our fiduciary duty to our clients, each of these controls has been designed to ensure that all of our clients are treated fairly and equitably.

### Side by Side Management

Each of our investment strategies are managed by a team of portfolio managers. As such, our portfolio managers simultaneously manage multiple types of accounts for a number of clients. Accounts within a given strategy or across strategies may charge higher or lower fees than other accounts and may present conflicts similar to those previously addressed under “Performance-Based Fees” above. We maintain a number of controls to address these conflicts, many of which are described in Item 12.

It is important to note that accounts with similar investment objectives may be managed differently at times, which may lead to a difference in performance. While the same investment practices are generally applied to all accounts within a given strategy, investment decisions are made specifically to meet the unique objectives of each client. Differences in clients’ investment objectives, risk tolerance, investment guidelines, available funds, or other restrictions/ prohibitions may lead to different investment decisions, and ultimately different performance, even among similar accounts within the same strategy. Please see Item 12 for more detail on controls designed to ensure fair and equitable treatment of all client accounts.

Lastly, certain of our portfolio managers may manage long-only accounts alongside accounts that buy securities both long and short (“dual management arrangements”). When dual management arrangements exist, there may be instances in which a portfolio manager holds a long position in a security in one account while holding the same security short in another account (or vice versa). Selling a security short may result in a decrease of its value; conversely, purchasing a security may result in an increase in its value. Since certain client positions may be conflicted under these arrangements, we have implemented policies and procedures specifically designed to address dual management arrangements in order to ensure that all of our clients are treated fairly and equitably.



## ITEM 7: Types of Clients

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We provide investment management and advisory services to a variety of client types, including, but not limited to:

- Registered investment companies;
- Collective investment trusts;
- UCITS;
- Public/government-related entities;
- Pensions;
- Profit sharing plans;
- Insurance companies;
- Private banks;
- Endowments;
- Foundations;
- Religious organizations; and
- Corporations.

Our minimum account size is based on the investment strategy and client objectives, but generally \$25,000,000. Please note that this minimum account size may be waived and/or changed at our sole discretion.

## ITEM 8: Methods of Analysis, Investment Strategies, and Risk of Loss

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### Methods of Analysis & Investment Strategies

#### US Equities

Our US Equities strategy is grounded in the philosophy that securities have an intrinsic value from which they deviate over time and that the way to identify this intrinsic value is through a strict quantitative comparison of stocks within the investment universe, taking into account both value and growth characteristics. We believe that:

- Different factors work at different times for different reasons;
- Why a factor works offers insight as to when it should work best; and
- Investment behavior is consistent: under similar conditions, investors generally respond in a similar way.

The strategy is implemented as Quantitative Large Cap Core, Large Cap Growth, Large Cap Value, Small Cap Core, and All Cap Core Strategies. These strategies seek long-term capital growth by investing in common stocks of US companies that we believe are mispriced. Each of the strategies seeks to outperform its respective index.

#### Global Equities (DBI)

Our Global Equities strategy, or DBI, seeks to take advantage of macro and behavioral inefficiencies in global, international, and emerging markets by developing a diversified exposure to countries and sectors. DBI focuses purely on top-down allocations rather than bottom-up stock selection and uses analysis of country and sector correlations to determine weights of stocks. The process and strategy is based on three key beliefs:

- Geography and sectors are the primary drivers of global equity risk and return;
- Market sentiment can lead to momentum effects that cause concentration risk in equity markets that tend to build and collapse; and
- A more diversified portfolio can help avoid concentration risk and lessen downside risk.

DBI is implemented and offered as World, World Plus, International (“EAFE”), Emerging Markets, ACWI, ACWI Plus, ACWI Plus Ex-US, and World Low Volatility, or may be accessed through commercially available indices based on our DBI methodology (see Item 10 for information about commercially available indices). Each of the strategies seeks to outperform its respective MSCI index.

#### Liquid Alternatives

The Liquid Alternatives platform is comprised of products that have daily liquidity and exposure to alternative asset classes. These products target absolute returns with low correlation to major traditional asset classes which seek to help investors diversify across multiple asset classes. The platform includes three strategies:

##### Global Tactical Asset Allocation (GTAA)

GTAA seeks to identify and take advantage of perceived mispricing in global country equity, country debt, currency, and commodity markets. GTAA integrates trade recommendations from quantitative investment models and qualitative fundamental analysts located around the world to seek diversification across multiple

investment approaches, time horizons, and geographical perspectives. A risk budgeting process balances short-term sentiment, medium-term cyclical, and long-term valuation ideas. The strategy can invest globally in long and short positions in exchange-traded sovereign debt futures, equity index futures, commodity futures, currency forwards, and swaps and can be customized to meet individual client objectives and needs.

#### Market Neutral Equity

The Market Neutral Equity strategy seeks capital appreciation independent of stock market direction by investing in long and short positions of common stock of US companies. The strategy aims to maintain zero beta exposure and approximately equal dollar amounts invested in long and short positions. The strategy seeks to outperform the Citigroup 3-Month Treasury Bill Index.

#### Multi Asset Allocation

The Multi Asset Allocation strategy seeks to enhance return potential by providing exposure to alternative and traditionally under-represented asset classes, such as real estate, listed infrastructure, and hedge fund strategies, among others. The strategy gains exposure to these asset classes by investing in mutual funds, exchange-traded funds (ETFs), and futures with exposures to the desired underlying asset classes.

### Customized Solutions

The Customized Solutions platform employs a range of tools to create investment products that meet clients' specific needs. Accounting for each client's investment objectives and risk tolerance, we use proprietary tools and methodologies that systematically combine quantitative, qualitative, and behavioral analysis to provide dynamic portfolios that respond to changing market conditions and opportunities. The platform can be implemented through either discretionary or non-discretionary arrangements, and the products may invest in mutual funds and ETFs and take both long and short positions in futures and currency forward contracts. Examples of Customized Solutions include:

#### Strategic Asset Allocation (SAA)

SAA is designed to enhance returns and proactively manage risk through intelligent allocation across a broad spectrum of asset classes. The SAA forecasting module, PortfolioChoice®, integrates economic outlooks, market equilibrium, and tactical signals to derive return forecasts from investable assets across various time horizons, mapping out an efficient frontier between the probability of meeting objectives and downside risk.

#### Managed Volatility

Managed Volatility seeks to meet a client directed volatility target by allocating to multiple assets in a combination that we believe will meet the target volatility. The strategy increases and/or decreases exposure to different assets based on market conditions, such as volatility and correlation of returns among different assets, to attempt to achieve its stated objective.

#### Target Risk and Target Date

Target Risk strategies seek to offer attractive returns over time matched with the risk preference and tolerance of investors through exposure to a diversified set of asset classes. Exposure to asset classes is varied over time and rebalanced to a target on a regular basis in response to changes in market conditions and returns in the different asset classes.

Target Date strategies seek attractive returns over time but have maturity date objectives typically linked to a life event, such as retirement. The risk level of a Target Date strategy is intended to vary over time and decrease as the maturity date approaches to seek to minimize potential losses as the life event approaches. We seek to achieve this decrease in risk target through shifting exposures to different asset classes that generally have lower volatility and/or have historically performed well when other assets underperform.

## Risk of Loss

All investments in securities include the risk of loss of invested principal. An investment is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Past performance or any prediction or forecast is not a guarantee or indicative of future results. We cannot guarantee that we will meet the investment objectives associated with any strategy or client account. Additional detail about specific risks inherent in our investment strategies is provided in this and the following pages.

## Equity Risk

Investments in common stock, which represents an equity interest in a company, may increase or decrease in value. The value of common stocks fluctuate over time based on the activities of an individual company, an industry or sector, the broader market, the economy, or any number of other factors. Values of the shares of common and preferred stock are based on the market's perceived value and may not reflect the actual earnings or book value of a company. The value of a company's stock may not always reflect the performance of the company. Even when a company performs well, the value of its stock may decrease.

## Derivatives Risk

Derivatives are financial instruments whose value is based on the performance of an underlying financial asset(s), index, or other investment. Buying and selling derivatives involves the use of financial leverage, which could lead to increased gains or losses when compared to directly buying or selling the asset, index, or investment upon which the derivative is based. As a result, an account may lose more than the amount committed to the derivatives transaction. Additionally, it should be noted that under certain market conditions, it may be difficult or impossible to liquidate a derivatives position.

## Model Risk

Each of our investment strategies utilizes proprietary research and quantitative tools to analyze securities and help us make investment decisions. While we maintain controls reasonably designed to protect the integrity and efficacy of the quantitative models and data used to formulate investment decisions, we can make no guarantee that the models and data will remain accurate and/or produce the desired or intended results over time.

## Key Person Risk

The success of a strategy or account is largely dependent on the skill and expertise of our investment professionals and research staff. Although each of our strategies are managed by a team of professionals, the loss of key personnel could have an adverse impact on the performance of a given strategy or account.

### Counterparty Risk

Certain instruments, particularly certain types of derivatives, are traded “over-the-counter” (“OTC”) which means that they are traded privately between two parties off of an exchange. OTC transactions are not regulated by a US government agency and are not guaranteed by an exchange or clearinghouse. When we trade instruments OTC, we face the risk that the other party to the transaction (the “counterparty”) may not be able to fully “perform” under the terms of the contract. Your account could face substantial losses if the counterparty is unable to meet their financial obligations due to insolvency, bankruptcy, or other causes.

### Foreign Securities Risk

Buying or selling foreign securities involves additional risk when compared to trading comparable securities in domestic markets. These risks may include:

- Foreign markets may be subject to less stringent regulation than US markets, offering different or reduced transparency, consistency, and/or protection;
- Changes in foreign currency exchange rates could have a negative impact on the value of securities denominated in foreign currencies;
- Foreign political, economic, and social conditions may be less stable and more volatile and could weaken the value of foreign investments;
- Brokerage practices in local foreign markets may cause administrative or operational delays in delivery of securities or funds and may be more costly than investing in US markets; and
- Foreign markets may be smaller and less liquid than US markets and could lead to greater price volatility of foreign investments.

### Foreign Currency Risk

Accounts that invest in foreign securities will often hold foreign currencies in order to facilitate trading in international markets. These accounts, along with accounts that invest in foreign currency contracts, are exposed to the possibility that the value of the US dollar (or other base currency) may be affected by changes in foreign currency exchange rates. Foreign currencies may be volatile and are exposed to many of the same risks as foreign securities.

Additionally, it should be noted that accounts that hold and transact in foreign currencies will incur additional transaction costs related to repatriating foreign currencies to the account’s base currency.

### Emerging Markets Risk

In addition to the risks listed above under “Foreign Securities Risk” and “Foreign Currency Risk,” investments in securities and currencies in emerging markets face additional risks. Emerging markets are generally less stable than other foreign markets and are subject to additional volatility given the relative perceived instability of these markets. Oftentimes, investments in emerging markets are considered speculative.

### Interest Rate Risk

To the extent that an account is exposed to fixed income securities, the account may be subject to interest rate risk. Generally, rising interest rates will lead to a decrease in the value of fixed income securities. Fixed income securities with longer maturities are generally more sensitive to changing interest rates than shorter term securities.

### Credit Risk

To the extent that an account is exposed to fixed income securities, the account may be subject credit risk. The value of a fixed income investment may be negatively impacted by adverse changes to an issuer's financial condition. These may include payment default, inability to meet a financial obligation, or a downgrade of a security or issuer's rating, a measure used to help evaluate a borrower's credit worthiness.

### Tracking Error Risk

Accounts or vehicles that seek to track an index (i.e., S&P 500) are subject to tracking error and may not be able to replicate the performance of the index. Certain factors may increase tracking error, including, among other things:

- The composition of an account and an index may not be identical at all times due to size or liquidity constraints;
- Transaction costs or other fees and expenses associated with trading and holding stocks or other securities; and
- Client inflows or outflows that result in or create the need for uninvested cash.

### Short Selling Risk

For accounts and strategies that allow it, we may use short selling as a way to gain exposure to securities that we believe are overvalued. Short selling involves borrowing and simultaneously selling a security, with an obligation to replace the borrowed security in the future. This allows us to profit from the decline of the price a security. If, however, the borrowed security increases in value during the time it was borrowed and when it is replaced, your account will decrease in value, since we must pay the higher price to repurchase the security. The loss to an account engaged in short selling is theoretically unlimited, since the price of the security borrowed could continue to rise, causing us to pay the higher price to replace it. Additionally, purchasing the security to replace it may cause the price to rise further, magnifying any potential losses to an account.

### Small Company Risk

Stocks of small companies tend to be more volatile than larger companies and the overall stock market and may be less liquid than stocks of larger companies. Additionally, since small companies generally have fewer resources than larger companies, they may be more vulnerable to decline during broader market events.

### Liquidity Risk

Although our investment universe generally consists of liquid securities, securities may become less liquid in response to market or economic developments. Illiquid securities may trade at a discount to comparable liquid securities and may become difficult or impossible to value or dispose of if a market does not exist for the security.

### Investment Companies Risk

Certain accounts may invest in shares of investment companies as part of their core investment strategy or as a means to gain exposure to certain asset classes. These may include shares of open-end investment companies, closed-end investment companies, unit investment trusts, and exchange-traded funds (“ETFs”). Investment companies are generally actively managed portfolios that invest in a particular strategy, index, asset class, or other objective defined by each company for a management fee. Investing in ETFs and other investment companies generally carry the same risks as investing directly in the underlying assets, but carry additional expenses in the form of management fees, distribution fees, shareholder service fees, or other fees imposed by the investment companies.

### Regulatory Risk

The financial services industry is highly regulated and constantly evolving. Changes to regulations may impede our ability to offer certain products and services, invest in certain products, assets classes, or markets, and/or may require us to alter our strategies or practices in order to comply with new rules and directives. We cannot predict the impact or effect, if any, of future regulatory reform on the strategies we currently manage or products and services we currently provide.

### Turnover Risk

High portfolio turnover and frequent trading involves higher transaction costs and additional expenses and may affect performance.

## ITEM 9: Disciplinary Information

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QS Investors and its employees, officers, and directors do not have any legal, financial, or other “disciplinary” information to disclose at this time.



## ITEM 10: Other Financial Industry Activities and Affiliates

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QS Investors, LLC is a wholly-owned subsidiary of QS Investors Holdings, LLC. We do not have any affiliates that are material to our business.

However, due to the nature of our ongoing business relationship with Deutsche Asset Management, which is owned by Deutsche Bank AG, we may be deemed an affiliate of Deutsche Bank AG only for purposes of the Bank Holding Company Act ("BHCA"). We also note that in connection with our separation from Deutsche Asset Management in August 2010, we have entered into certain financial arrangements with Deutsche Bank AG that we anticipate will continue until July 31, 2015.

We do not expect the requirements of the BHCA or any affiliation or agreements with Deutsche Bank AG to have an impact on our relationship with prospective and existing clients.

### Partnership with FTSE

We have collaborated with FTSE to develop a series of indices calculated, owned, managed, and commercially marketed by FTSE. The FTSE DBI Developed, FTSE DBI Developed Ex-US, FTSE DBI Developed Ex-Japan, and FTSE DBI All Emerging Markets Indices have been created by a partnership between us and FTSE. The indices are created by applying our DBI methodology to existing FTSE indices. As of the date of this brochure, we do not manage any accounts to these indices.

Since we construct these indices for FTSE and know their composition prior to public dissemination, we are exposed to information that could be deemed to be material, non-public information. To ensure that this information is not used for the benefit or to the detriment of client or employee accounts, we have implemented procedures to segregate, or "wall off," research and other personnel involved in the creation of these indices. This includes walling off the data used to generate the indices and the output from their research.

### Commodity Trading Advisor

Due to the level of futures trading in client accounts, particularly within our Liquid Alternatives and Customized Solutions platforms, we are registered with the Commodity Futures Trading Commission as a Commodity Trading Advisory and are a member of the National Futures Association.

### Partnerships

We or an affiliate may serve as general partner and investment manager to private funds that we may organize and sponsor.

## Conflicts Related to Financial Industry Activities and Affiliations

We do not believe that any of the affiliations or other activities listed above present any conflicts that would influence our decision making or compromise our fiduciary duty to our clients. For the avoidance of doubt, we do not execute transactions with Deutsche Bank AG or any of its affiliates.

## Sponsorship and Management of Offshore Investment Vehicles

QS Investors (and its affiliates) may sponsor and manage investment vehicles offered to non-US investors in the form of Undertakings for Collective Investments in Transferable Securities ("UCITS") domiciled in Ireland and registered with, and regulated by, the Central Bank of Ireland.

## ITEM 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

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### Code of Ethics and Personal Trading

Employees are permitted to trade for their personal accounts in securities which are recommended, purchased, or sold for our clients. To help manage this inherent conflict, we have adopted a Code of Ethics (the “Code”) that has been reasonably designed to help prevent and detect these and other conflicts between the interests of our clients and those of our firm and employees. The Code limits employee trading activity to ensure that our clients’ interests are placed ahead of our own. Designed to comply with federal securities laws, the Code establishes a standard of conduct that minimizes real or perceived conflicts of interest and aims to avoid even the appearance of impropriety. The Code requires our employees, among other things, to:

- Disclose personal brokerage accounts and holdings to our Chief Compliance Officer, including any accounts in which they have joint or beneficial interest or control (“employee-related accounts”);
- Maintain employee-related accounts with firm-designated brokers;
- Instruct their brokers to provide our Chief Compliance Officer with duplicate trade confirmations and statements;
- Obtain approval for securities transactions from Compliance prior to executing trades in employee-related accounts (certain exclusions apply);
- File a quarterly transaction report containing information about reportable trades in employee-related accounts during the prior calendar quarter;
- File an annual holdings report containing information about all holdings in employee-related accounts as of calendar year-end;
- Confirm annually that they have read, understand, and will comply with the Code; and
- Report any violation or potential violation of the Code to our Chief Compliance Officer.

The Code also contains further restrictions regarding personal trading activity.

- Employees must hold a security for at least thirty (30) days;
- Employees may not purchase a security while a client order is pending (certain exclusions apply);
- Employees may not participate in initial public offerings (IPOs) or other new issues;
- Portfolio managers may not buy or sell a security seven (7) days before or after buying or selling the same security in a client account that they manage (certain exclusions apply); and
- Employees are prohibited from buying, selling, or recommending the purchase or sale of a security while they are in possession of inside information.

Lastly, in addition to restrictions and requirements regarding personal trading, the Code and associated policies also include provisions that address other areas where the potential for conflicts exist. These include:

- Reporting of all gifts and entertainment exchanged between our employees and external business partners, including clients, consultants, brokers, and vendors;
- Limits on the type, frequency, and value of business gifts and entertainment given or received by our employees;

- Pre-clearance and reporting of all political contributions made by our employees; and
- Reporting of all outside business activities that may be in conflict with an employee's job responsibilities and/or duty to our clients.

Please contact your account representative to obtain a full copy of our Code.

## Participation or Interest in Client Transactions

We may temporarily, in limited circumstances, invest and manage our firm's proprietary capital for the purposes of seeding new investment vehicles or strategies. In these scenarios, proprietary capital will be withdrawn from the vehicles upon client investment in the vehicles. Aside from the limited scenarios in which we provide seed capital for new vehicles or strategies, we do not manage or invest our firm's proprietary capital. As such, opportunities for our participation or interest in client transactions are limited. We will notify you if this practice changes, generally in the form of an updated Brochure.

We note, however, that in our role as subadvisor for various registered investment companies, situations may arise in which trades are executed with brokers that distribute mutual funds that we manage. These trades, like all other trades executed for our clients, are executed solely with the belief that the broker can provide best execution. "Quid pro quo" arrangements that would direct trades to brokers in exchange for distribution or other services are expressly forbidden by firm policy.

## ITEM 12: Brokerage Practices

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### Broker Selection and Best Execution

Brokers for trading in client accounts are selected based on their ability to achieve the best possible result reasonably available for each client for each transaction, or “best execution.” While execution price is often an important factor in selecting a broker, we may also consider a number of other factors when evaluating a broker’s ability to deliver best execution. These other factors may include:

- Order characteristics (size, difficulty of execution, etc.);
- Security or asset class characteristics (complexity, familiarity, etc.);
- Current or prevailing market conditions; and
- Any other factor permitted/required that we deem important in evaluating execution quality.

Brokers are selected from the firm’s approved broker list. Relationships with each broker are evaluated on an ongoing basis to ensure that we only partner with brokers that meet the high standards we have established through our broker approval process. Brokers are evaluated based on their:

- Creditworthiness;
- Experience and familiarity with instruments within our investment universe;
- Stability and continuity of coverage;
- Regulatory standing; and
- Ability to meet specific client requirements.

Before we begin trading with a broker, they are evaluated by our Governance Oversight Committee (“GOC”) to verify that they meet the requirements of our broker approval procedures. Once a broker is added to the list, they are subject to ongoing review to confirm that they maintain the requirements of our procedures. Brokers can be removed from our approved list at any time for failure to meet our firm standards.

Broker performance is reviewed on a continuous basis. The lead portfolio manager of each strategy reviews execution on a post-trade basis to verify the integrity of the overall best execution process. GOC provides additional oversight by reviewing best execution with each lead portfolio manager on a quarterly basis.

### Soft Dollars and Commission Sharing Arrangements

We do not receive soft dollar benefits from client transactions or enter into commission sharing arrangements. We will notify you if this practice changes, generally in the form of an updated Brochure.

### Directed Brokerage

Clients may retain discretion over the brokers we use to execute trades in their account by: 1) limiting the brokers we may use to execute transactions in their account, and/or 2) requiring a portion or all trading be conducted with any one broker, including brokers that may not be on our firm’s approved broker list. We have an obligation to seek best

execution for all client trades, but our inability to choose the broker (or brokers) that we believe offer best execution may impede our ability to do so. Clients that direct brokerage may not be able to participate in bunched orders and may receive execution that is not as favorable as and potentially more costly than trades executed for other clients.

In an effort to achieve best execution for clients that have retained discretion over all or a portion of broker selection, we may use “step-out” trading to meet our directed brokerage obligation. In step-out trades, we will execute trades with a broker and instruct them to allocate a portion of the trades to the client’s designated broker(s) for billing and settlement.

Directed brokerage arrangements and their conditions must be specified in investment management agreements or other contractual arrangements at the beginning of each client relationship. Before entering into an agreement with us, clients should be fully aware of the potential impact on execution.

## Order Aggregation and Allocation

When appropriate, permitted, and feasible, portfolio managers will aggregate, or “bunch,” orders for the purchase or sale of the same security for multiple accounts within the same strategy. All accounts participating in a bunched trade receive the average price received and share in the aggregated cost of the trade, proportionate to their allocation. Bunching orders promotes fair and equitable terms and treatment of executions and allocations across client accounts.

Bunched orders and the allocations to each participating account are placed according to a pre-determined allocation methodology. Allocations may be based on a client’s investment guidelines, cash available for investment, or other factors, but in all cases, allocations to client accounts must be fair, equitable, and consistent over time.

In the case of a bunched order that is not completely filled, the amount of securities received will be allocated to participating accounts in an amount proportionate to their original allocation, or pro rata.

If a client does not prefer or allow us to aggregate orders for their account with like orders of the same security, they may pay higher transaction costs and/or fail to realize other benefits of order bunching.

## Cross Trading

We do not engage in cross trades, which are generally defined as the matching of buy and sell orders for the same security in different client accounts, either internally or externally through a broker. We will notify you if this practice changes (where permitted), generally in the form of an updated Brochure.

## New Issues

We do not participate in initial public offerings (IPOs) or other new issues offerings. We will notify you if this practice changes, generally in the form of an updated Brochure.

## Dual Management Arrangements

As noted in Item 6, certain of our portfolio managers may manage long-only accounts alongside accounts that buy securities both long and short (“dual management arrangements”). When dual management arrangements are in place, there may be instances in which a portfolio manager holds a long position in a security in one account while holding the same security short in another account (or vice versa). Selling a security short may result in a decrease of its value; conversely, purchasing a security may result in an increase in its value. Since certain client positions may be conflicted in these scenarios (“conflicted securities”), we have implemented policies and procedures addressing dual management arrangements that are reasonably designed to ensure that all of our clients are treated fairly and equitably. Specifically, all trades that result in a conflicted security are reviewed by Compliance to ensure that no account(s) is favored or disadvantaged with respect to other accounts.

## Errors That Affect Client Accounts

In accordance with firm policy, any error affecting a client account must be resolved fairly, promptly and in accordance with applicable regulations. Any losses incurred as a result of an error are reimbursed, regardless of the amount; gains are retained for the benefit of the client in the client account.

Corrective action to resolve errors must be approved by Compliance and management.

## ITEM 13: Review of Accounts

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### Periodic Reviews

Accounts are reviewed by portfolio managers on a continuous basis to ensure that investments are appropriate for each account in accordance with the client's established guidelines and investment objectives. Compliance also reviews each account with the use of automated tools to confirm adherence to investment guidelines, restrictions, and applicable regulatory requirements.

Portfolio managers, in their role as traders, also review transactions on a post-trade basis to verify that orders have been executed in accordance with trading instructions.

Performance is formally reviewed monthly by Portfolio Management and quarterly by the firm's Investment Oversight Committee ("IOC"). The IOC reviews strategy performance, attribution, and the consistency of the performance with respect to strategy objectives. In addition, performance dispersion within each strategy, among other things, is reviewed on a monthly basis by GOC. Accounts that do not fall within a reasonable deviation of the overall strategy performance are reviewed in more detail by GOC to better understand causes for appreciable differences in performance.

### Triggers for Review

More frequent reviews may be triggered by other events unrelated to our performance or trading activity. Examples of these triggers may include: significant market events, changes in account guidelines, regulatory reform or new interpretive guidance from regulators, client requests for review, and changes in our internal processes and/or strategies.

### Client Reporting

Clients generally receive reports about their account on a monthly and/or quarterly basis. The standard reporting package provided to our clients may include:

- Holdings;
- Transactions;
- Performance;
- Attribution; and
- Portfolio and/or Economic Commentary

The nature and frequency of reports each client receives may vary dependent on their requirements. Customized or specialized packages or more frequent delivery may be arranged in order to better meet a client's reporting needs. Typically, a client's reporting requirements are documented during the client on-boarding and may be modified at any time during the life of the relationship.



## ITEM 14: Client Referrals and Other Compensation

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We may enter into compensation arrangements with unrelated third parties in order to obtain client referrals. Compensation for client referrals is generally paid as a percentage of the advisory fee received but may also include a flat fee. These and similar arrangements will be disclosed to clients in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended.

Clients may also be referred to us by unaffiliated consultants retained by prospective or existing clients. We do not compensate these consultants for referrals. We note, however, that we may make payments to these consultants in order to attend industry conferences that they host.

## ITEM 15: Custody

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QS Investors generally does not maintain custody of client assets. We may, however, be deemed to have custody of client assets if we enter into arrangements with clients that allow us to debit client accounts for the payment of management fees. These and other arrangements that grant us authority to withdraw money from client accounts should be explicitly stated in investment management agreements or other contractual arrangements at the time the relationship is established or modified.

Clients should receive account statements from their custodian at least quarterly. We encourage you to compare these statements to those received directly from us. It is important to note that the statements may vary based on differences in accounting procedures, reporting dates, or valuation methodologies for certain securities.

Please contact your account representative if you are not receiving account statements from your custodian.

## ITEM 16: Investment Discretion

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In most cases, we are granted discretionary authority by our clients to manage accounts on their behalf. This authority generally extends to the securities we select to buy and sell for their account, the amount of the securities we buy and sell for their account, and the brokers we select to execute transactions in their account.

Clients may elect to define limitations on discretionary authority by placing restrictions, or “guidelines,” on activity within their account. Guidelines are generally established at the beginning of a client relationship but may be changed throughout the life of the relationship at a time of the client’s choosing. Examples of guidelines may include:

- Restrictions on the amount of securities we can buy or sell;
- Restrictions or prohibitions on security types, asset classes, industries/sectors, markets, or issuers;
- Restrictions or prohibitions on investment practices that may be used; and
- Restrictions on brokers that can be used to execute transactions in their account.

Client guidelines may impede our ability to manage accounts similarly to others within strategies and may lead to performance dispersion among a group of like accounts. Prior to entering into agreements with our clients, we discuss the potential impact that certain client-mandated guidelines or restrictions may have on their accounts.

## ITEM 17: Voting Client Securities

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Unless otherwise specified in client agreements, we vote proxy ballots on behalf of our clients. To ensure that all votes are cast equitably and what we, in good faith, believe to be in the best interest of all clients, we have retained Institutional Shareholder Services (“ISS”) to cast ballots in accordance with their voting policy and accompanying guidelines, which address the most common items on which shareholders are asked to vote. Ballot items that are not covered by their guidelines are evaluated individually by ISS.

Our clients may choose to retain proxy voting responsibility or have their ballots cast in accordance with their own customized proxy voting guidelines. These or other customized arrangements are generally outlined in investment management agreements or other contractual arrangements at the beginning of each client relationship.

Clients can obtain a copy of ISS’s proxy voting policy and guidelines or information about how their ballots were cast by contacting their account representative. More information about ISS’s proxy policies is available on their website: <http://www.issgovernance.com/policy>.

## ITEM 18: Financial Information

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We are not aware of any events affecting our financial condition that would impair our ability to meet our contractual commitments to our clients. Additionally, we have not been the subject of bankruptcy proceedings since our inception.

## Privacy Notice

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QS Investors collects information about clients from forms, agreements, and other written and verbal information they provide to us. In order to service client accounts and process transactions, we may provide the client's personal information (i.e., name, address, tax identification number) to firms that assist us in servicing the accounts, including third-party administrators, transfer agents, custodians, and broker-dealers. We may also provide the client's name and address to one of its agents for the purpose of mailing account statements and other information about our products and services to the client. We require these firms, organizations, and individuals to protect the confidentiality of client information and to use the information solely for the purpose for which it is intended.

We do not provide customer names, addresses, or other information to outside firms, organizations, or individuals except in furtherance of our business relationship, or as otherwise required or permitted by law. For example, we are required or we may provide information to government entities or regulatory bodies in response to requests for information or subpoenas, to private litigants in certain circumstances, to law enforcement authorities, or any time we believe is necessary to protect the firm.

QS Investors will only share information about clients with those employees who will be working with us to provide our products and services to our clients. We maintain physical, electronic, and procedural safeguards to protect our client's personal information.

We consider privacy fundamental to our client relationships and adhere to policies and practices to protect current and former clients' information. Internal policies are in place to protect confidentiality, while allowing client needs to be served. Only individuals who need to do so in carrying out their job responsibilities may access client information. We maintain physical, electronic and procedural safeguards that comply with federal and state standards to protect confidentiality. These safeguards extend to all forms of interaction with us, including the Internet.

We never sell customer lists or individual client information.

We may also disclose non-public personal information to other parties as required or permitted by law.