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**ROTHSCHILD ASSET MANAGEMENT INC.**

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This Brochure provides information about the qualifications and business practices of Rothschild Asset Management Inc. (“Rothschild Asset Management,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (212) 403-5460. 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.

Rothschild Asset Management is a registered investment adviser. Registration of an adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain and adviser.

Additional information about Rothschild Asset Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This item discusses only specific material changes that are made to the Brochure and provides clients with a summary of such changes. This Brochure contains the following material changes since our last update of the Brochure on January 6, 2014:

- Rothschild Asset Management has been retained to provide investment management services to R US Large-Cap Equity, a sub-fund of Luxcellence, an undertaking for collective investment in transferable securities incorporated and regulated in Luxembourg.
- Rothschild Asset Management has entered into an agreement with Larch Lane Advisors LLC to establish Rothschild Larch Lane Management Company LLC, a joint venture to advise one or more U.S. Investment Company Act-registered mutual funds.

You will receive annually an updated Brochure and a summary of any material changes to the Brochure by July 29th, which is 120 days after the close of our business' fiscal year of March 31<sup>st</sup>. We may further provide other ongoing disclosure information about material changes as necessary.

Our Brochure may be requested by phoning (212) 403-5460 or emailing [raminc@rothschild.com](mailto:raminc@rothschild.com). Additional information about Rothschild Asset Management is also available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Item 3 – Table of Contents

|  |     |
|--|-----|
| Item 1 – Cover Page .....  | i   |
| Item 2 – Material Changes .....  | ii  |
| Item 3 – Table of Contents .....   | iii |
| Item 4 – Advisory Business .....   | 1   |
| Item 5 – Fees and Compensation .....                                       | 4   |
| Item 6 – Performance-Based Fees and Side-By-Side Management.....           | 9   |
| Item 7 – Types of Clients.....   | 10  |
| Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss..... | 12  |
| Item 9 – Disciplinary Information.....                                     | 18  |
| Item 10 – Other Financial Industry Activities and Affiliations.....        | 18  |
| Item 11 – Code of Ethics.....  | 19  |
| Item 12 – Brokerage Practices.....   | 21  |
| Item 13 – Review of Accounts.....  | 28  |
| Item 14 – Client Referrals and Other Compensation.....                     | 30  |
| Item 15 – Custody.....   | 31  |
| Item 16 – Investment Discretion.....                                       | 31  |
| Item 17 – Voting Client Securities.....                                    | 33  |
| Item 18 – Financial Information .....                                      | 34  |
| Glossary   |     |
| Privacy Notice   |     |

## Item 4 – Advisory Business

### Advisory Services

Rothschild Asset Management provides investment advisory services on a discretionary basis to a broad range of clients, including corporate pension plans and profit-sharing plans, public pension funds (e.g., state and municipal government entities), Taft-Hartley plans, healthcare organizations, endowments, foundations, high-net-worth investors, sub-advised accounts, collective investment trusts, commingled funds, and retail investors in various wrap fee programs. From time to time, we may also provide non-discretionary investment advice to various wrap unified managed account programs.

Rothschild Asset Management has entered into an agreement with Larch Lane Advisors LLC to establish Rothschild Larch Lane Management Company LLC, a joint venture to advise one or more U.S. Investment Company Act-registered mutual funds. *(Please see “Item 7 – Types of Clients” for more information.)*

### *Investment Strategies and Product Types*

Rothschild Asset Management offers investment management services covering a range of U.S. securities, including large-cap, small/mid-cap, small-cap, balanced, and fixed income strategies. *(Please see “Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss” for more information.)*

| Investment Strategy                | Benchmark  | Product Type   | Inception Date    |
|------------------------------------|--|--|-------------------|
| Rothschild U.S. Large-Cap Core     | S&P 500  | Separate Account, Collective Investment Trust or Commingled Fund | January 1, 1990   |
| Rothschild U.S. Large-Cap Value    | Russell 1000 Value   | Separate Account, Collective Investment Trust or Commingled Fund | October 1, 2000   |
| Rothschild U.S. Small/Mid-Cap Core | Russell 2500   | Separate Account, Collective Investment Trust or Commingled Fund | January 1, 1997   |
| Rothschild U.S. Small-Cap Core     | Russell 2000   | Separate Account, Collective Investment Trust or Commingled Fund | January 1, 1991   |
| Rothschild U.S. Small-Cap Value    | Russell 2000 Value   | Separate Account or Collective Investment Trust                  | September 1, 1997 |
| Rothschild U.S. Small-Cap Growth   | Russell 2000 Growth  | Separate Account or Collective Investment Trust                  | October 1, 2007   |
| Rothschild U.S. Balanced           | S&P 500 and Barclays Capital U.S. Intermediate Government/Credit | Separate Account   | January 1, 1995   |

| Investment Strategy                     | Benchmark  | Product Type     | Inception Date   |
|---|--|------------------|------------------|
| Rothschild U.S. Taxable Fixed Income    | Barclays Capital U.S. Intermediate Government/Credit | Separate Account | January 1, 2006  |
| Rothschild U.S. Tax-Exempt Fixed Income | Barclays Capital 1-10 Year Municipal Blend           | Separate Account | February 1, 2006 |

Rothschild Asset Management also provides model portfolios to certain plan sponsors, who use them as a basis for trades that they execute in the accounts of their clients.

Rothschild Asset Management offers separate account portfolio management primarily to institutional and high net-worth investors. Accounts are subject to specified investment minimums. We also offer proprietary unregistered commingled funds to investors who meet the qualifications for investment specified in the respective fund offering documents. Our investment management services are also available as an investment manager option on various retail separately managed wrap account platforms.

Rothschild Asset Management also provides investment sub-advisory services to the Rothschild Collective Investment Trust (the “CIT”), which offers separate sub-trusts for many of our investment strategies to qualified investors and investment management services to R US Large-Cap Equity (the “UCITS Sub-Fund”), a sub-fund of Luxcellence, an undertaking for collective investment in transferable securities (the “UCITS”) incorporated and regulated in Luxembourg.

We use the same investment process to manage institutional accounts, our proprietary commingled funds, wrap accounts, the UCITS Sub-Fund and as sub-advisor to the CIT. There may, however, be differences in the management of wrap accounts, the UCITS Sub-Fund and the CIT. Wrap accounts are often affected by tax considerations. Wrap accounts may have a fewer or greater number of securities positions and both wrap accounts and the UCITS Sub-Fund and the CIT may have more varying cash levels due to frequent inflows and outflows compared to institutional accounts and commingled funds. The lower cash volatility in institutional accounts and commingled funds allows for more consistent management and less potential for having to sell securities to raise cash in inopportune times.

### ***Investment Types***

For equity strategies, we invest primarily in common stocks that trade on national exchanges, including the NYSE and NASDAQ, and may purchase American Depositary Receipts (“ADRs”). We do not currently invest in derivatives. As an alternative to holding cash, we may invest in exchange-traded funds (“ETFs”) when permitted by client guidelines. Preferred stocks and debt securities are not purchased, but may be held if received in-kind or in a distribution or other transaction.

Investments in fixed income and balanced portfolios include U.S. Treasury and agency securities and U.S. dollar-denominated investment grade bonds, including corporate and municipal bonds (as applicable). We invest primarily in securities whose underlying issuer rating from at least one of the two major rating agencies (Moody’s and Standard & Poor’s) is “A” or better.

## ***Customization***

We work with some institutional separate account clients to tailor our account management to client-specified guidelines and restrictions. At the inception of the client relationship, each of our clients executes an investment management agreement, which sets forth the investment objectives and any investment restrictions that will be applicable to our management of the assets in the client's account. Clients may also specify their needs concerning other customizable services, including proxy voting, client reporting, client-directed brokerage arrangements, and the use of commissions to purchase third-party research services (soft dollar commissions). As we manage an account, the client may decide to amend its investment objectives, investment restrictions and other customized services.

Guidelines for the CIT, the UCITS Sub-Fund and Rothschild Asset Management's commingled funds are specified in the offering document for the CIT, the UCITS Sub-Fund and each commingled fund and cannot be tailored. Prospective CIT, UCITS Sub-Fund and commingled fund investors are required to complete an Application Form, Subscription Agreement or equivalent form to determine whether they meet the qualifications to invest in the CIT, the UCITS Sub-Fund or the commingled fund.

Subject to any limitations that may be specified under a wrap sponsor's program, clients investing in retail, separately-managed accounts may impose reasonable restrictions, such as blocking individual securities, or groups of securities based on social restrictions. Typically, applicable account restrictions are communicated to Rothschild Asset Management by the program sponsor and/or the client's financial adviser at the time the account is opened and as needed when the client wishes to make changes.

Accounts with certain client-specified restrictions may have transactions executed separately and after accounts without restrictions, which may result in differences in the availability, price, and allocation of securities and may cause performance dispersion among accounts.

## **Principal Ownership**

Rothschild Asset Management is a business unit of the Rothschild Group, a global financial services organization that was founded in the 18<sup>th</sup> century by members of the Rothschild family and is still family-controlled. The Rothschild Group's U.S. operations were established in 1947 to advise the Rothschild family with respect to its U.S. interests.

Rothschild Asset Management was formed in 1962. It registered as an investment adviser with the SEC in February 1970 and began managing tax-exempt accounts in 1971. Today, Rothschild Asset Management Inc. is a wholly-owned subsidiary of Rothschild North America Inc. Ultimate ownership lies with Paris Orleans SCA, a publicly traded French partnership, over which the Rothschild family has voting control.

Rothschild Asset Management's affiliate Rothschild Inc. is also a wholly-owned subsidiary of Rothschild North America Inc. Rothschild Inc. is a broker/dealer registered with the SEC and the Financial Industry Regulatory Authority (FINRA) that focuses on investment banking activities. Rothschild Inc. does not trade or hold customer or proprietary accounts nor does Rothschild Asset Management execute any of its client account transactions through Rothschild Inc.

The principal owners who, directly or indirectly, own or have a voting interest of 25% or more of Rothschild Asset Management are listed below:

- Paris Orleans SCA
- Paris Orleans Holding Bancaire SAS
- Concordia Holding SARL
- Rothschild Concordia AG
- Rothschild Concordia SAS
- Rothschilds Continuation Holdings AG
- Rothschild North America Inc.

### **Assets Under Management**

As of March 31, 2014, Rothschild Asset Management had approximately \$4.79 billion in discretionary assets under management and \$0 in non-discretionary assets under management.

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

The fees charged by Rothschild Asset Management vary for its clients depending on the type and size of the account and other conditions. We primarily manage accounts from which we receive asset-based management fees. However, we also manage accounts that have a base fee component, which is not tied to performance, and a performance fee component. *(Please see “Item 6 – Performance-Based Fees and Side-By-Side Management” for more information.)*

The specific manner in which fees are charged by Rothschild Asset Management is established in a client’s written agreement with Rothschild Asset Management, the offering documents of the CIT, UCITS Sub-Fund or commingled fund, or pursuant to the terms of the client’s agreement with a wrap sponsor or platform provider, as the case may be.

### **Institutional Separate Accounts**

The timing of the fee payment and basis for such fee depends on Rothschild Asset Management’s agreement with the client. Typically, Rothschild Asset Management bills fees on a quarterly basis, although clients may also elect to be billed monthly. Clients may elect to be billed in advance or in arrears each billing period. Fees are generally based on the asset value of the account as of the last business day of each quarter or month, as applicable. For certain accounts, the fee is based on the average assets in the account during such quarter or month.

To calculate advisory fees, Rothschild Asset Management generally relies on prices provided by third-party pricing services, custodians, broker-dealers, or platform sponsors for purposes of valuing portfolio securities held in client accounts. Rothschild Asset Management may, on occasion, be required to “fair value price” a security when a market price for that security is not readily available or when Rothschild Asset Management has reason to believe the market price is unreliable.

Management fees are normally prorated for capital contributions and withdrawals during the applicable billing period. Accounts initiated or terminated during a billing period are charged a

prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Clients may choose to be billed directly or to have Rothschild Asset Management bill the custodian bank, with a copy of the invoice sent to the client. Bills are normally sent within 30 days of the end of each quarter. It is expected that the fee will be paid within 30 days after receipt.

Rothschild Asset Management's fees are exclusive of brokerage commissions, transaction fees, custody fees, and other related costs and expenses that are incurred by the client. Item 12 further describes the factors that Rothschild Asset Management considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation, including their commission rates.

Rothschild Asset Management's standard per annum investment management fee schedules are listed below. Fee schedules differing from these standard schedules may be negotiated on a client-by-client basis. The minimum account sizes are provided in the charts below, although we may accept smaller investments at our discretion.

Performance fees for certain accounts are also available, subject to applicable law, and are negotiable. (See "*Item 6 – Performance-Based Fees and Side-By-Side Management*" for more information.)

#### **Institutional Separate Account Fee Schedule**

| <b>Investment Strategy</b>         | <b>Fee</b>                 |                               | <b>Minimum</b> |
|------------------------------------|----------------------------|-------------------------------|----------------|
|                                    | <b><i>Account Size</i></b> | <b><i>Annual Fee Rate</i></b> |                |
| Rothschild U.S. Large-Cap Core     | First \$25 million         | 0.60%                         | \$10 million   |
|                                    | Next \$25 million          | 0.50%                         |                |
|                                    | Balance                    | 0.40%                         |                |
| Rothschild U.S. Large-Cap Value    | First \$25 million         | 0.60%                         | \$10 million   |
|                                    | Next \$25 million          | 0.50%                         |                |
|                                    | Balance                    | 0.40%                         |                |
| Rothschild U.S. Small/Mid-Cap Core | First \$25 million         | 0.85%                         | \$10 million   |
|                                    | Next \$25 million          | 0.75%                         |                |
|                                    | Balance                    | 0.65%                         |                |
| Rothschild U.S. Small-Cap Core     | First \$25 million         | 0.85%                         | \$10 million   |
|                                    | Next \$25 million          | 0.75%                         |                |
|                                    | Balance                    | 0.65%                         |                |
| Rothschild U.S. Small-Cap Value    | First \$25 million         | 0.85%                         | \$10 million   |
|                                    | Next \$25 million          | 0.75%                         |                |
|                                    | Balance                    | 0.65%                         |                |
| Rothschild U.S. Small-Cap Growth   | First \$25 million         | 0.85%                         | \$5 million    |



| Investment Strategy      | Fee                        |                        | Minimum      |
|--------------------------|----------------------------|------------------------|--------------|
|                          | <i>Account Size</i>        | <i>Annual Fee Rate</i> |              |
|                          | Next \$25 million Balance  | 0.75%<br>0.65%         |              |
| Rothschild U.S. Balanced | First \$25 million Balance | 0.60%<br>0.50%         | \$10 million |

### **Commingled Funds**

Rothschild Asset Management offers the following proprietary commingled funds to investors who qualify to invest:

| Fund Name                             | Investment Strategy | Benchmark          | Initial Funding |
|---------------------------------------|---------------------|--------------------|-----------------|
| Rothschild Small-Cap Trust            | Small-Cap Core      | Russell 2000       | May 28, 1997    |
| Rothschild Small/Mid-Cap Fund, L.L.C. | Small/Mid-Cap Core  | Russell 2500       | August 1, 2003  |
| Rothschild Large-Cap Core Fund, LLC   | Large-Cap Core      | S&P 500            | April 1, 2011   |
| Rothschild Large-Cap Value Fund, LLC  | Large-Cap Value     | Russell 1000 Value | July 31, 2009   |

The fees we charge for providing investment advisory services to the funds, and the fund investment minimums, are set forth below:

| Fund Name  | Annual Fee Rate  | Minimum     |
|--|--|-------------|
| Rothschild Small-Cap Trust<br>and<br>Rothschild Small/Mid-Cap Fund, L.L.C.         | Although fees may be negotiated individually with each member, the standard annual fee rate is 1.00% based on the assets in a member's capital account balance. Fees are calculated monthly and paid quarterly in arrears. | \$1 million |
| Rothschild Large-Cap Core Fund, LLC<br>and<br>Rothschild Large-Cap Value Fund, LLC | Although fees may be negotiated individually with each member, the standard annual fee rate is 0.60% based on the assets in a member's capital account balance. Fees are calculated monthly and paid quarterly in arrears. | \$1 million |

In addition to acting as investment advisor to the funds, Rothschild Asset Management also acts as the Managing Member with respect to the Rothschild Small/Mid-Cap Fund, L.L.C., Rothschild Large-Cap Value Fund, LLC, and Rothschild Large-Cap Core Fund, LLC, for which we do not receive an additional fee.

### **Collective Investment Trust**

Rothschild Asset Management provides investment sub-advisory services to the Rothschild Collective Investment Trust which offers interests in sub-trusts (also referred to as "funds") to

investors who qualify to invest. The CIT offers the funds specified below. The trustee (the “Trustee”) of the CIT, SEI Trust Company, receives a monthly management fee, specified below, from the CIT. The Trustee pays Rothschild Asset Management a portion of the Management Fee in consideration of the investment sub-advisory services provided by Rothschild Asset Management to the CIT.

| Fund Name   | Annual Fee Rate  | Minimum                             |
|---|--|-------------------------------------|
| Rothschild U.S. Large-Cap Core CIT Fund<br>Rothschild U.S. Large-Cap Value CIT Fund   | <p>Class 1 interests (initial assets between \$0 and \$50 million): an annual Management Fee of .50% of each Class 1 investor’s investment in the fund.</p> <p>Class 2 interests (initial assets over \$50 million): an annual Management Fee of .40% of each Class 2 investor’s investment in the fund.</p> <p>The Management Fee is accrued daily and paid monthly in arrears to the Trustee of the CIT on the basis of each investor’s investment in the CIT.</p> | Subject to the Trustee’s discretion |
| Rothschild U.S. Small-Cap Core CIT Fund<br>Rothschild U.S. Small-Cap Value CIT Fund<br>Rothschild U.S. Small-Cap Growth CIT Fund<br>Rothschild U.S. Small/Mid-Cap Core CIT Fund | <p>Class 1 interests (initial assets between \$0 and \$50 million): an annual Management Fee of .85% of each Class 1 investor’s investment in the fund.</p> <p>Class 2 interests (initial assets over \$50 million): an annual Management Fee of .75% of each Class 2 investor’s investment in the fund.</p> <p>The Management Fee is accrued daily and paid monthly in arrears to the Trustee of the CIT on the basis of each investor’s investment in the CIT.</p> | Subject to the Trustee’s discretion |

### Undertaking for Collective Investment in Transferable Securities

Rothschild Asset Management provides investment management services to R US Large-Cap Equity, a sub-fund of Luxcellence, an undertaking for collective investment in transferable securities, which offers the classes of interests specified below. Rothschild Asset Management receives a portion of the fee specified below in consideration of the investment management services provided by Rothschild Asset Management to the UCITS Sub-Fund.

| Fund Name                           | Annual Fee Rate*   | Minimum  |
|-------------------------------------|--|--|
| Luxcellence - R US Large-Cap Equity | Class C EUR: Up to 1.50%<br>Class D EUR: Up to 1.50%<br>Class F EUR: Up to 1.90%<br>Class IC EUR: Up to 0.75%<br>Class ID EUR: Up to 0.75%<br>Class C USD: Up to 1.50%<br>Class D USD: Up to 1.50%<br>Class F USD: Up to 1.90%<br>Class P USD: Up to 1.00%<br>Class I USD: Up to 0.75% | Class C EUR: 5,000 EUR<br>Class D EUR: 5,000 EUR<br>Class F EUR: 1 share<br>Class IC EUR: 3 million EUR<br>Class ID EUR: 3 million EUR<br>Class C USD: \$5,000 USD<br>Class D USD: \$5,000 USD<br>Class F USD: 1 share<br>Class P USD: \$1,000 USD<br>Class I USD: 3 million USD |

\*The Annual Fee Rate includes an investment management fee to be paid to Rothschild Asset Management and a distribution fee to be paid to the distributor of the UCITS Sub-Fund.

### **Wrap Accounts**

Rothschild Asset Management's investment advisory services are also available through various "wrap fee" programs sponsored by financial services companies or offered by financial advisers whose programs are hosted by a wrap platform provider.

A client in a wrap program typically receives professional investment management of account assets through one or more investment managers participating in the program. Clients in a wrap fee program usually pay a single, all-inclusive (or "wrap") fee charged by the sponsor based on the value of the client's account assets for asset management, and trade execution, custody, performance monitoring, and reporting through the sponsor. The sponsor and/or financial adviser typically assist the client in defining the client's investment objectives based on information provided by the client, aids in the selection of one or more investment managers to manage the client's account, and periodically contacts the client to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the management of the client's assets.

The sponsor in turn typically pays Rothschild Asset Management a portion of the wrap fee based on client assets invested in the applicable strategy or strategies that we manage in the wrap program. Fees are generally based on the average monthly balances at the end of each month and may be paid in advance or in arrears as agreed to between the sponsor and Rothschild Asset Management. In certain cases, the applicable fee rate paid by the sponsor is based on the total assets managed by Rothschild Asset Management in the sponsor's wrap program rather than on a per-account basis.

A wrap program client may be able to obtain some or all of the services available through a particular wrap program on an "unbundled" basis through the sponsor of that program or through other firms. Depending on the circumstances, the aggregate of any separately-paid fees may be lower (or higher) than the wrap fee charged in the wrap program.

Rothschild Asset Management provides model portfolios to certain plan sponsors, who use them as a basis for trades that they execute in the accounts of their clients. We do not maintain a standard

fee schedule for such services. Actual fees are individually negotiated and vary due to particular circumstances, including differing levels of servicing.

### **Other Fees and Expenses**

When holding cash-equivalent funds, accounts may be charged fund management fees and other fund expenses which are in addition to the fee paid to Rothschild Asset Management or to the wrap program sponsor, as the case may be. Such fees are disclosed in the prospectus or offering document for each such fund. In no case will these funds be affiliated with Rothschild Asset Management. Rothschild Asset Management does not receive any portion of any fees, commissions, costs, and expenses incurred by an investment in a cash-equivalent fund.

From time to time, when we believe it is in the best interests of our clients, cash may be invested in certain exchange-traded funds, or “ETFs,” as permitted by account guidelines. The adviser to an ETF typically receives a fee that is paid by the ETF. These fees and other expenses of the ETF are in addition to the fee paid to Rothschild Asset Management or to the wrap program sponsor, as the case may be. In no case will these ETFs be affiliated with Rothschild Asset Management. Rothschild Asset Management does not receive any portion of any fees, commissions, costs, and expenses incurred by an investment in an ETF.

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

Rothschild Asset Management receives performance-based fees from certain accounts. We also manage certain accounts that charge different fees on a side-by-side basis. This could create potential conflicts when making trade allocation and trade order decisions. Accordingly, Rothschild Asset Management has implemented trade allocation and trade order rotation procedures designed to treat client accounts fairly and equitably over time. *(Please see “Item 12 – Brokerage Practices” for more information.)*

### **Performance-Based Fees**

In some cases, Rothschild Asset Management has entered into performance fee arrangements with “qualified clients,” as that term is defined in Rule 205-3 under the Investment Advisers Act of 1940 (“Advisers Act”). Such fees are subject to individualized negotiation with each such client. Rothschild Asset Management will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption referenced above that is set forth in Rule 205-3.

The management fee for these accounts consists of two parts: 1) a base fee component, which is not tied to performance, and 2) a performance fee component, based on performance that exceeds the relevant account benchmark. In measuring clients' assets for the calculation of performance-based fees, Rothschild Asset Management includes realized and unrealized capital gains and losses.

Rothschild Asset Management may have both performance-based fee accounts and asset based-fee accounts within a particular investment strategy. Performance-based fee arrangements could create an incentive for a manager to recommend investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements could also create an incentive to favor higher fee paying accounts over other accounts in the

allocation of investment opportunities. We believe that we effectively mitigate this potential conflict of interest by using batched trades, whenever possible, to execute orders for multiple accounts in a strategy, by using trade order rotation when orders for certain accounts cannot be combined in a single trade, and by implementing compliance policies and procedures that are designed to treat all clients fairly and equally.

### **Side-By-Side Management**

Investment teams and individual portfolio managers may manage multiple accounts, including separate accounts, commingled funds, CITs, the UCITS Sub-Fund and wrap accounts, using the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products could create certain conflicts of interest as the fees for the management of certain types of products are higher than others. We also manage accounts in which Rothschild Asset Management and/or its personnel have an interest. Rothschild Asset Management has an affirmative duty to treat all accounts fairly and equitably over time and maintains policies and has implemented policies and procedures designed to comply with that duty.

Although Rothschild Asset Management manages numerous accounts with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the investment decisions relating to these accounts, and the performance resulting from such decisions, may differ from account to account. For example, different client guidelines and restrictions may result in different investment decisions between accounts. In addition, we will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible accounts if certain accounts have materially different amounts of investable cash or liquidity needs. Other factors that may result in different investment decisions include client-directed brokerage arrangements, soft dollar restrictions, and the sponsor-mandated execution of trades through specified broker-dealers in connection with certain wrap programs, all of which limit Rothschild Asset Management's brokerage discretion.

### **Item 7 – Types of Clients**

Rothschild Asset Management provides investment advisory services to a broad range of clients, including corporate pension plans and profit-sharing plans, defined contribution plans, public pension funds (e.g., state and municipal government entities), Taft-Hartley plans, healthcare organizations, endowments, foundations, high-net-worth investors, sub-advised accounts, other pooled investment vehicles, and retail investors in various wrap fee programs. From time to time, we may also provide non-discretionary investment advice to various wrap unified managed account programs.

We have entered into an agreement with Larch Lane Advisors LLC to establish Rothschild Larch Lane Management Company LLC, a joint venture to advise one or more U.S. Investment Company Act-registered mutual funds.

## **Conditions for Managing Accounts**

Our minimum investment size varies by investment strategy and investment vehicle. In determining minimum investment sizes, we consider the minimum amount required to establish a diversified portfolio.

Generally, in the case of institutional separate accounts, we require each client to execute an investment management agreement that details the nature of the discretionary investment advisory authority given to Rothschild Asset Management. Account minimums range from \$5 million to \$10 million, depending on the selected investment strategy, although we may accept smaller investments at our discretion.

As a general rule, Rothschild Asset Management requires a minimum account size of \$1 million for investment in any of its proprietary commingled funds, which minimums may be waived or modified at our discretion.

In the case of wrap programs for which we provide management services, account minimums are generally established by the program sponsor. Rothschild Asset Management has the discretion to decline an account if the assets intended to be allocated to us for management are insufficient to implement our investment strategy in an effective manner.

With respect to the CIT, the Trustee, in consultation with Rothschild Asset Management, may in its sole discretion (i) set and amend minimum investment levels for a Fund or class of units of the CIT and (ii) waive or amend the minimum investment level for a class of units of the CIT with respect to certain investors. Currently, no minimum investment level has been set.

With respect to the UCITS Sub-Fund, the Board of Directors of the UCITS reserves the right to set, amend or waive the minimum subscription level for any class of shares of the UCITS Sub-Fund.

*(Please see "Item 4 – Advisory Business, Customizations" for more information.)*

## **Required Client Information**

We require prospective investors in our commingled funds to provide certain information and records necessary to determine whether they meet the qualifications to invest in a fund. We may require customer identification information from commingled fund and separate account clients to perform reviews and checks required to safeguard against the use of our products and services to facilitate money laundering and other illegal activities. The trustee of the CIT and the Management Company of the UCITS Sub-Fund imposes similar investor qualification and customer identification information requirements on prospective investors in the CIT and the UCITS Sub-Fund, respectively.

Our wrap clients are directed to us by wrap sponsors and financial advisors, who typically assist clients in defining their investment objectives, based on information provided by the clients, and aid in the selection of one or more investment managers to manage the clients' accounts. Wrap sponsors provide copies of certain client information to Rothschild Asset Management. However, Rothschild Asset Management is not responsible for determining the suitability of investors directed to us for management.

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

### Equity Strategy Overview

At Rothschild Asset Management, we believe the best investment opportunities occur in stocks that are attractively valued with improving business prospects because investors in such stocks can benefit both from rising expectations and from expanding valuations. We attempt to avoid both cheap stocks that we believe have no catalyst for outperformance and momentum stocks that lack valuation support.

We believe that a combination of quantitative and fundamental research is the best way to identify attractive stocks. Our ranking system gives us a time-tested, objective tool for identifying stocks that are likely to outperform or underperform, based on known, quantifiable data on factors such as price-to-cash-flow and revisions to earnings estimates. The weightings of these factors are based on a statistical analysis of their historical ability to predict relative performance. The ranking system gauges the relative attractiveness of every stock in our selection universe in a systematic manner. Fundamental research conducted by our investment professionals complements the ranking system by considering factors that are not quantifiable. In analyzing a stock, we review the company's financial statements and news releases, as well as third-party research reports, to develop an informed opinion on its business prospects and an understanding of potential risks. We also compare a company to its peers on industry-appropriate valuation measures, risk characteristics and growth potential to form a fundamental opinion on its attractiveness.

Finally, we believe in controlling risk by constructing well-diversified portfolios. Our strength is in stock selection, so our goal is to maximize exposure to attractive stocks while controlling exposure to other factors that influence relative performance. To aid in monitoring and controlling risk factors, we use a proprietary risk model, as well as two third-party risk models.

More detailed information about specific equity strategies is set forth below.

#### ***Rothschild U.S. Large-Cap Core***

The investable universe for Rothschild Asset Management's U.S. Large-Cap Core strategy includes all stocks in its benchmark, the S&P 500 Index, plus other U.S. stocks in the capitalization range of the Russell 1000 Index and stocks already held in portfolios. The strategy's objective is to outperform the S&P 500 Index by focusing on stocks that are attractively valued with improving prospects.

#### ***Rothschild U.S. Large-Cap Value***

The investable universe for Rothschild Asset Management's U.S. Large-Cap Value strategy includes all stocks in its benchmark, the Russell 1000 Value Index, plus other U.S. stocks in the capitalization range of the Russell 1000 Index, stocks included in the S&P 500, and stocks already held in portfolios. The strategy's objective is to outperform the Russell 1000 Value Index by focusing on stocks that are attractively valued with improving prospects.

### ***Rothschild U.S. Small/Mid-Cap Core***

The investable universe for Rothschild Asset Management's U.S. Small/Mid-Cap Core strategy includes all stocks in its benchmark, the Russell 2500 Index, plus other U.S. stocks in the capitalization range of that index and stocks that are already held in portfolios. The strategy's objective is to outperform the Russell 2500 Index by focusing on stocks that are attractively valued with improving prospects.

### ***Rothschild U.S. Small-Cap Core***

The investable universe for Rothschild Asset Management's U.S. Small-Cap Core strategy includes all stocks in its benchmark, the Russell 2000 Index, plus other U.S. stocks in the capitalization range of that index and stocks already held in portfolios. The strategy's objective is to outperform the Russell 2000 Index by focusing on stocks that are attractively valued with improving prospects.

### ***Rothschild U.S. Small-Cap Value***

The investable universe for Rothschild Asset Management's U.S. Small-Cap Value strategy includes all stocks in its benchmark, the Russell 2000 Value Index, plus other U.S. stocks in the capitalization range of the Russell 2000 Index and stocks already held in portfolios. The strategy's objective is to outperform the Russell 2000 Value Index by focusing on stocks that are attractively valued with improving prospects.

### ***Rothschild U.S. Small-Cap Growth***

The investable universe for Rothschild Asset Management's U.S. Small-Cap Growth strategy includes all stocks in its benchmark, the Russell 2000 Growth Index, plus other U.S. stocks exhibiting growth characteristics (based on stock price correlation to the index) in the capitalization range of the Russell 2000 Index and stocks already held in portfolios. The strategy's objective is to outperform the Russell 2000 Growth Index by focusing on stocks that are attractively valued with improving prospects.

## **Fixed Income Strategy Overview**

Rothschild Asset Management invests in U.S. Treasury and agency securities and U.S. dollar-denominated investment grade bonds, including corporate and municipal bonds (as applicable) for taxable and tax-exempt fixed income portfolios and for balanced portfolios. We invest primarily in securities whose underlying issuer rating from at least one of the two major rating agencies (Moody's and Standard & Poor's) is "A" or better.

The objective of our fixed income strategies is to provide total return by investing in high-quality bonds with attractive risk/return characteristics. For taxable clients, we seek to maximize current after-tax income. Securities are considered for inclusion in the portfolio based upon credit quality, maturity structure and their valuation. The selection of the target duration is determined by our views on the direction and level of interest rates.



### ***Rothschild U.S. Balanced***

Rothschild Asset Management's U.S. Balanced strategy seeks to provide both capital appreciation and income, by investing in a portfolio of both equity and fixed-income securities. We offer U.S. Balanced account clients a customized blend of our U.S. Large-Cap Core strategy and either our U.S. Taxable or U.S. Tax-Exempt Fixed-Income strategy. See above for a description of our U.S. Large-Cap Core strategy.

Below is a description of our Taxable and Tax-Exempt Fixed Income strategies, which can be selected as a primary investment strategy or as a component of a balanced account. The Taxable and Tax-Exempt Fixed Income strategies are offered in certain wrap programs exclusively.

### ***Rothschild U.S. Taxable Fixed Income***

Rothschild Asset Management's U.S. Taxable Fixed Income strategy uses a broad universe of U.S. Treasury, agency, and investment-grade corporate bonds. Bonds purchased for the portfolios typically have maturities of 3 months to 10 years. The strategy seeks to outperform the Barclays Capital U.S. Intermediate Government/Credit Index by managing the overall duration and credit quality of the portfolios and by purchasing taxable securities at attractive prices.

### ***Rothschild U.S. Tax-Exempt Fixed Income***

Rothschild Asset Management's U.S. Tax-Exempt Fixed Income strategy invests in a broad universe of tax-exempt securities of U.S.-based bond issuers. Certain portfolios may also invest in U.S. Treasury, agency, and investment-grade corporate bonds, as specified in client guidelines. Portfolios are normally weighted toward general obligation and essential-service municipal bonds. The remainder of the holdings is usually backed by revenue streams from established, high-quality, transportation, higher-education, and other types of tax revenues. Bonds purchased for the portfolios typically have maturities of 3 months to 15 years. The strategy seeks to outperform the Barclays Capital 1-10 Year Municipal Blend Index by managing the overall duration and credit quality of the portfolios, and by purchasing tax-exempt securities at attractive prices.

### **Risk Considerations**

All of the strategies listed above are speculative and have an inherent risk of loss due to investing in marketable securities like stocks and bonds. Investing in securities involves risk of loss that clients should be prepared to bear. No guarantee, assurance or representation is made that any strategy will achieve its investment objective. To mitigate risk, clients should determine whether their entire investment portfolio is properly diversified and that their overall asset allocation is appropriate. Certain risk considerations are discussed in greater detail below.

***Securities Risks in General.*** Investments in securities generally involve a significant degree of risk. Price changes can be volatile and market movements are difficult to predict. The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. The success of any investment strategy depends on Rothschild Asset Management's ability to identify, select, and realize investments consistent with an investment strategy's objective.

***Liquidity Risk.*** Liquidity risk exists when particular investments are difficult to sell. Although most of the securities in which we invest are generally liquid at the time of investment, they may become illiquid after purchase, such as during periods of market turmoil. Illiquid securities may make it more difficult to value a portfolio, especially in changing markets. If a portfolio is forced to sell illiquid investments to meet redemptions or for other cash needs, the portfolio may suffer a loss.

Securities of small-cap companies may not be traded in volumes typical of securities of larger companies. Because small-cap companies normally have fewer shares outstanding than larger companies, it may be more difficult to buy and sell significant amounts of small-cap company shares without an unfavorable impact on prevailing market prices. Thus the securities of small-cap companies are generally less liquid, and subject to more abrupt or erratic market movements than those of larger companies.

***Economic Conditions.*** Changes in economic conditions such as interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, war, tax laws and innumerable other factors can substantially and adversely affect the business and prospects of portfolio performance. None of these conditions is within the control of Rothschild Asset Management. The profitability of a portfolio depends to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that Rothschild Asset Management will be able to accurately predict these price movements. The securities markets have in recent years been characterized by great volatility and unpredictability. With respect to the investment strategies utilized by Rothschild Asset Management, there is always a significant degree of market risk.

***Suspensions of Trading.*** A public exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for Rothschild Asset Management to liquidate portfolio positions which would thereby be exposed to potential losses. In addition, there is no guarantee that over-the-counter markets, which trade fixed-income securities, will remain liquid enough for the close out of positions.

***Financial Difficulties of Institutions and Custodians.*** There is a possibility that institutions, including brokerage firms, banks, and sponsors with which we do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair operational capabilities.

***Other Activities of Rothschild and Potential Conflicts of Interest.*** Rothschild Asset Management's directors, officers and employees who perform services for client portfolios may also perform similar or different services for others and, accordingly, may have conflicts in allocating time, services and functions among the portfolios for which they provide services. In addition, subject to Rothschild Asset Management's approval, they may be permitted to engage in other investment-related activities similar to or different than the investment activities engaged in by the firm.

There is no specific limit as to the number of accounts that may be managed or advised by Rothschild Asset Management. In connection with its trading activities on behalf of portfolios, we may receive compensation for the management of certain portfolios which exceeds that which is received from other portfolios. In such event, Rothschild Asset Management may have an incentive to favor such other portfolios.

The performance of a portfolio could also be adversely affected by the manner in which particular orders are entered or trades are allocated for all such other portfolios. In addition, clients should be aware that Rothschild Asset Management has developed, and will continue to develop, strategies in which the advice given or action taken for some client accounts may differ from the advice given or action taken with respect to other client accounts.

***Dependence on Key Individuals.*** Management of portfolios is dependent on the experience and expertise of Rothschild Asset Management's investment team. In the event of death, disability, or departure of any such persons, Rothschild Asset Management's business could be adversely affected.

***Competition for Investments and Other Strategy Risks.*** Although Rothschild Asset Management believes that many investment opportunities exist and will develop which will be suitable for portfolios under our management in connection with seeking to achieve our investment objectives, a number of other investors have similar objectives and may seek many of the same investment opportunities. Although Rothschild Asset Management believes its equity investment approach is distinctive, the identification of attractive investment opportunities is nevertheless difficult, competitive, and involves a high degree of uncertainty and there can be no assurance that sufficiently attractive investment opportunities will be found to achieve the investment objectives. It is possible that the total capitalization of certain investment strategies may become too large to deploy satisfactorily. Limits for our investment strategies are set based on the trading volume and market capitalization of the market segments in which we invest. Capacity limits are subject to change because they are indexed to the market and are reviewed regularly by members of our investment management team. Small-cap strategies have the highest risk in this regard relative to other strategies.

Small and mid-capitalization companies may be subject to greater operational risk relative to larger, well-established companies due to the fact that they may have less management depth, limited financial resources, smaller revenues, narrower product lines, fewer customers, and greater sensitivity to economic cycles. Additionally, the risk of bankruptcy or insolvency of many small and medium capitalization companies, with the attendant losses to investors, may be higher than for larger companies.

In connection with fixed income and balanced portfolios, it may be more difficult for us to obtain certain bonds, especially certain municipal bonds, or to obtain certain bonds at an attractive price relative to larger fixed income managers.

***IPO Risk.*** An insufficient amount of securities may be available for purchase in an initial public offering ("IPO") to allocate across all accounts that may invest in such securities. Currently, our U.S. Small-Cap Growth is the only strategy in which Rothschild Asset Management would consider purchase of IPOs.

***Portfolio Turnover.*** Portfolios are actively managed and, under appropriate circumstances, may purchase and sell securities without regard to the length of time held. A high portfolio turnover rate may have a negative impact on performance by increasing transaction costs and may generate greater tax liabilities for clients with taxable accounts.

***Reliance Upon Quantitative Tools.*** In making investment decisions, we rely in part upon the application of quantitative tools developed by Rothschild Asset Management in determining which

stocks to buy and sell. In addition, we use proprietary and third-party models to monitor and control risk in our portfolios. Although we have had success with this approach in the past for other investment accounts under our management, such past success does not ensure that this approach will be a successful one for other portfolios or successful in the future.

***Risks of Stock Investing.*** Stocks generally fluctuate more in value than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The market value of a stock may decline due to general market conditions that are not related to the particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry, such as labor shortages or increased production costs and competitive conditions within an industry, or factors that affect a particular company, such as management performance, financial leverage, and reduced demand for the company's products or services.

***Fixed Income Investment Risks.*** Fixed income investments are subject to various risks including:

- Interest rate risk – Prices of bonds tend to move inversely with changes in interest rates. Typically, a rise in interest rates will adversely affect bond prices. The longer a bond's maturity, the greater the interest rate risk.
- Credit risk – This is a risk that an issuer of debt securities or other fixed income obligations will not make timely interest or principal payments on securities when due, or that a bond's price will fall because of an actual or perceived decline in credit quality.
- Call risk – This is a risk that the issuer of a bond may call, or redeem, bonds before their maturity date. If an issuer "calls" its bond during a time of declining interest rates, investors in the bond might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.
- Liquidity risk - When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities may fall, even during periods of declining interest rates.
- Floating and variable rate securities - There is a risk that the current interest rate on floating and variable rate instruments may not accurately reflect existing market interest rates.
- Government securities risk - Not all obligations of the U.S. government, its agencies, and instrumentalities are backed by the full faith and credit of the U.S. Treasury. Some obligations are backed only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer. Any guarantee by the U.S. government or its agencies or instrumentalities does not apply to the market value of such security. A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of U.S. government securities trade actively

outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

- **Municipal bond market risk** - The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Special factors, such as legislative changes, and state and local economic and business developments, may adversely affect the yield and/or value of an investment in municipal bonds. Other factors include the general conditions of the municipal bond market, the size of the particular offering, the maturity of the obligation, and the rating of the issue.
- **Tax risk** – To be tax-exempt, municipal bonds generally must meet certain regulatory requirements. If any such municipal bond fails to meet these regulatory requirements, the interest received by investors from their investment in such bonds will be taxable.

***Absence of Commingled Fund Regulatory Oversight.*** Rothschild Asset Management’s proprietary commingled funds, the UCITS Sub-Fund and the CIT to which Rothschild Asset Management serves as investment sub-advisor are not registered as investment companies, which would subject them to extensive regulation by the SEC under the Investment Company Act of 1940 (“Investment Company Act”). Thus, except for certain anti-fraud protections, fund members and CIT investors will not be accorded the protection provided by such statute.

***Cash-Equivalent Funds.*** Generally speaking, cash-equivalent funds seek current income, a stable net asset value per share, and daily liquidity. The net asset value per share of such funds can change in value when interest rates or an issuer’s creditworthiness change dramatically. There can be no guarantee that a cash-equivalent fund will always be able to maintain a stable net asset value per share.

***Investments in ETFs.*** From time to time, certain accounts may invest in equity-based ETFs. ETFs are investment companies that are registered under the Investment Company Act, typically as open-end funds or unit investment trusts. Unlike most mutual funds, an ETF has the flexibility of trading intra-day. Because ETF shares trade intra-day, the market determines prices and investors can buy or sell shares at any time that the markets are open. Equity-based ETFs are subject to risks similar to those of individual equity securities, as described above.

## **Item 9 – Disciplinary Information**

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There are no legal or disciplinary events relating to Rothschild Asset Management.

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

Rothschild Asset Management is a business unit of the Rothschild Group, a global financial services organization that was founded in the 18<sup>th</sup> century by members of the Rothschild family and is still family-controlled. The Rothschild Group’s U.S. operations were established in 1947 to advise the Rothschild family with respect to its U.S. interests.

Rothschild Asset Management was formed in 1962. It registered as an investment adviser with the SEC in February 1970 and began managing tax-exempt accounts in 1971. Today, Rothschild Asset Management Inc. is a wholly-owned subsidiary of Rothschild North America Inc. Ultimate ownership lies with Paris Orleans SCA, a publicly traded French partnership, over which the Rothschild family has voting control.

Rothschild Asset Management's affiliate Rothschild Inc. is also a wholly-owned subsidiary of Rothschild North America Inc. Rothschild Inc. is a broker/dealer registered with the SEC and FINRA that focuses on investment banking activities. Rothschild Inc. does not trade or hold customer or proprietary accounts nor does Rothschild Asset Management execute any of its client account transactions through Rothschild Inc. Certain of Rothschild Asset Management's employees are registered representatives of Rothschild Inc.

Rothschild Asset Management is not registered, nor does it have an application pending to register, as a broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing types of entities.

## **Item 11 – Code of Ethics**

### **General**

Rothschild Asset Management has adopted a Code of Ethics and Compliance Manual (“Code”) that applies to all employees. The Code describes the high standard of business conduct and fiduciary duty Rothschild Asset Management owes to its clients and expects of employees. The Code 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 and business entertainment items, personal securities trading procedures, approval procedures to seek authorization to engage in outside business activities or financial interests, and a policy concerning political contributions, among other things. All employees must acknowledge the terms of the Code at least annually, or as amended.

### **Prohibition on Insider Trading**

Rothschild Asset Management's insider trading policy prohibits trading on the basis of, or other misuse of, material, non-public information. The Legal and Compliance Department has established a list of restricted securities called the “Restricted List.” Securities on the Restricted List cannot be traded for employee or employee-related accounts or Rothschild Asset Management's proprietary accounts. With respect to client accounts, the issuers named on the Restricted List are coded as “prohibited” in the various trading and compliance monitoring systems used by Rothschild Asset Management, although Restricted List securities may be traded in client accounts with approval from the Legal and Compliance Department.

### **Personal Trading and Trading by Affiliated Accounts**

Rothschild Asset Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Rothschild Asset Management has management authority to effect the purchase or sale of securities in which Rothschild Asset Management and/or employees, directly or indirectly, have a position of interest (“Affiliated

Accounts”). Certain employees of the firm are members of certain proprietary commingled funds managed by Rothschild Asset Management. Rothschild Asset Management may in the future permit its employees to invest through the firm’s 401(k) plan into the CIT. In addition, Rothschild Asset Management has and may have from time to time one or more proprietary firm-owned accounts.

Rothschild Asset Management’s employees and certain persons associated with employees or with Rothschild Asset Management are required to follow Rothschild Asset Management’s Code. Subject to satisfying this policy and applicable laws, officers, directors, and employees of Rothschild Asset Management may trade for their own accounts in securities which are purchased for Rothschild Asset Management’s clients. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Rothschild Asset Management will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions based upon a determination that these would materially not interfere with the best interest of Rothschild Asset Management’s clients. In addition, the Code requires pre-clearance of many types of transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code to reasonably prevent conflicts of interest between Rothschild Asset Management and its clients.

Certain Affiliated Accounts may trade in the same securities on an aggregated basis with client accounts when doing so is consistent with Rothschild Asset Management’s obligation to seek best execution. In such circumstances, the Affiliated Accounts and client accounts will share commission costs pro rata and receive securities at a total average price. Rothschild Asset Management will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis, when practicable. Any exceptions will be documented.

### **Requests for Rothschild Asset Management’s Code of Ethics**

Rothschild Asset Management’s clients or prospective clients may request a copy of the firm’s Code by contacting:

By mail: Rothschild Asset Management Inc.  
1251 Avenue of the Americas, 34<sup>th</sup> Floor  
New York, NY 10020  
Attention: Compliance Department

By phone: (212) 403-5460

By email: [raminc@rothschild.com](mailto:raminc@rothschild.com)

## **No Principal or Agency Cross Transactions**

It is Rothschild Asset Management's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Rothschild Asset Management will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is registered as a broker-dealer or has an affiliated broker/dealer. Rothschild Asset Management does not trade securities through any affiliated broker/dealer.

## **Item 12 – Brokerage Practices**

Generally, and as described in Item 16, Rothschild Asset Management is retained on a discretionary basis and is authorized to determine and direct execution of transactions within the client's specified investment objectives. Some clients limit Rothschild Asset Management's authority in terms of the selection of broker/dealers in favor of their own brokerage arrangements. Rothschild Asset Management has a fiduciary duty to seek best execution and to allocate trades fairly and equitably among clients over time.

## **Brokerage Relationships and Selection Criteria for Broker/Dealers**

Rothschild Asset Management has adopted policies and procedures regarding the best execution of trades for client accounts. Generally, Rothschild Asset Management places client orders in listed and over-the-counter securities by routing such orders to the institutional desks of selected brokers, Electronic Communications Networks, and Alternative Trading Systems, including algorithmic trading systems, and crossing networks.

Rothschild Asset Management's objective in selecting brokers and in placing trades is to seek to obtain a total cost or proceeds in each transaction which is the most favorable for the client under the circumstances. The best net price, giving effect to brokerage commissions, spreads, and other costs (as applicable) is an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant under the circumstances. These factors include the full range and quality of a broker's services in placing trades, including the following, as applicable:

- ability to find liquidity in the market while also minimizing market impact;
- ability to accurately communicate the nature of the market in a particular security;
- ability to obtain timely execution and deliver timely execution reports;
- the size, type and direction of the transaction;
- the size and volume of the broker's order flow;
- the historical actual executed price of the security;
- the commission rate, mark-downs and mark-ups and other costs;
- credit worthiness and financial condition, including net capital requirements;



- ability to handle difficult trades, including block trades, odd-lot trades and other than typical settlement periods;
- responsiveness to Rothschild Asset Management's orders;
- recognition of the importance in retaining anonymity of Rothschild Asset Management in making trades;
- efficiency and accuracy of clearance and settlement;
- a history of low trade errors, and the willingness to correct mistakes;
- accommodation of special needs, including the willingness to step-out transactions;
- reliability, reputation and integrity;
- research and brokerage services provided to Rothschild Asset Management that are expected to enhance Rothschild Asset Management's general portfolio management capabilities;
- the frequency and amount of price improvement;
- execution policies and commitment to providing best execution;
- where appropriate, since generally Rothschild Asset Management does not request limit orders be displayed, compliance with the requirement to display limit orders priced better than its quotation;
- the willingness and ability to access better-priced orders in ECNs on behalf of the routed orders;
- familiarity and relationship with market makers in the particular security;
- ability to determine in a timely manner the appropriate market maker with which to execute the order; and
- ability to obtain a favorable execution from market makers in the subject security.

Brokerage firms must submit their financial statements for review prior to being added to Rothschild Asset Management's Approved Broker List, and annually thereafter. Under certain circumstances, if Rothschild Asset Management believes that it is in the client's best interest, Rothschild Asset Management may select a broker not on the Approved Broker List for a specific trade, subject to internal approval in accordance with Rothschild Asset Management's policies and procedures.

Rothschild Asset Management has implemented a series of internal controls and procedures, including the establishment of a Trade Management Oversight Committee, to address the conflicts of interest associated with and generally monitor the firm's brokerage practices. The Trade Management Oversight Committee consists of the Chief Equity Officer, the Head Trader, the Chief Operating Officer and the Chief Compliance Officer. To determine that it is receiving best execution for its transactions over time, Rothschild Asset Management will periodically obtain information as to the general level of commission rates being charged by the brokerage community and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. To the extent Rothschild Asset Management has been paying higher commission rates for its transactions, Rothschild Asset Management will determine whether the quality of execution and the services provided by the broker/dealer justify these higher commissions. Rothschild Asset Management may remove a broker/dealer from the list of firms approved for trading. In addition, based in part on this best execution analysis, Rothschild Asset Management seeks to establish target allocations by broker/dealer on an annual basis. In addition, Rothschild Asset Management reviews a quarterly trade cost analysis to consider the effectiveness of our trading process. A third-party service provider provides relative analysis of Rothschild Asset Management's trading activity versus similar market activity in the same timeframe. Rothschild

Asset Management's Trade Management Oversight Committee reviews the analysis and discusses any trends noted on a quarterly basis. On a quarterly basis, Rothschild Asset Management's Investment Committee also reviews activity in the accounts, including portfolio turnover.

### **Directed Brokerage Arrangements**

Rothschild Asset Management ordinarily exercises discretionary authority over a client's account, including the selection of brokers used to execute transactions. In certain circumstances, Rothschild Asset Management will accept instructions from clients to execute all or a percentage of trades through specific brokers (each such arrangement, a "Directed Brokerage Arrangement"). Since, in some cases, Rothschild Asset Management has not negotiated the commission rate with the client-directed broker and may not be able to obtain volume discounts in such cases, the commission rate charged by the directed broker may be higher than what Rothschild Asset Management could receive from another broker/dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by Rothschild Asset Management as a result of our inability to aggregate the trades from an account with client-directed brokerage with other client trades. Rothschild Asset Management generally executes a client's securities transactions with client-directed brokers after non-directed brokerage orders are completed. Since the price of securities may be affected by the time an order is placed, the execution of the purchase and sale through a Directed Brokerage Arrangement may not be as favorable as the price received when the order is "batched" with other clients. Accordingly, clients who direct commissions to specified broker/dealers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker/dealers at lower costs and possibly with more favorable execution.

Directed Brokerage Arrangements generally fall into three categories:

- Directed Brokerage Arrangements that permit Rothschild Asset Management to "step out" a trade to a non-client directed broker for credit. Stepped-out trades may be aggregated or batched with non-directed orders for other institutional separate accounts and commingled funds managed by Rothschild Asset Management. The broker executing the trade agrees to clear and settle the orders for clients with such Directed Brokerage Arrangements through the "directed" broker.
- Directed Brokerage Arrangements that direct 100% of the account's trades to a broker (i.e., trades may not be stepped out).
- Trades for wrap fee program accounts. In such cases, the wrap program sponsor, or a broker designated by the wrap program sponsor, executes trades for the program. Under the economic arrangements of the program, clients typically pay a single fee, which includes the cost for professional management, commissions, custody and accounting-related and other services. Rothschild Asset Management generally executes these orders after orders under the other above two categories are completed.

## **Step-Outs**

Rothschild Asset Management may use “step-out trades” when we determine that it may facilitate better execution for certain client trades. Step-out trades are transactions which are placed at one broker/dealer and then “stepped out” by that broker/dealer to another broker/dealer for credit. Step-out trades may benefit the client by finding a natural buyer or seller of a particular security so that Rothschild Asset Management can trade a larger block of shares more efficiently. Unless directed otherwise by the client, Rothschild Asset Management may use step-out trades for any client account.

Rothschild Asset Management may use step-out trades to accommodate a client’s directed brokerage mandate. In the case of directed brokerage accounts, trades are often executed through a particular broker/dealer and then “stepped-out” to the directed brokerage firm for credit. In circumstances where Rothschild Asset Management has followed the client’s instructions to direct brokerage, there can be no assurance that Rothschild Asset Management will be able to step-out the trades or, if it is able to step-out the trades, that it will be able to obtain more favorable execution than if it had not stepped-out the trades.

Step-out trades may also generate soft dollar credits; provided that Rothschild Asset Management has determined that such transactions are consistent with its obligation to obtain best execution.

## **“Soft Dollar” Policy**

In accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, Rothschild Asset Management may pay higher commissions to brokerage firms that provide investment research products and services than to firms which do not provide such services. The use of client brokerage to obtain such investment research products and services in addition to execution services, including by way of commission sharing arrangements, is referred to as “soft dollars.” Rothschild Asset Management’s decision to pay such commissions is based on its good faith determination that the commission is reasonable in relation to the value of the brokerage and/or research provided by the broker to Rothschild Asset Management.

Rothschild Asset Management believes that the research received is, in the aggregate, of assistance to Rothschild Asset Management in fulfilling its overall responsibilities to its clients. As a general matter, such research is used to service all of Rothschild Asset Management’s accounts. However, each and every research product or service may not be used to service each and every account managed by Rothschild Asset Management, and brokerage commissions paid by one account may apply towards payment for research products and services that may not be used in the service of that account.

Rothschild Asset Management receives research products and services from unaffiliated brokers under soft dollar arrangements that include proprietary as well as third-party research. The receipt of investment research is an integral supplement to Rothschild Asset Management’s own research and analysis and allows Rothschild Asset Management to obtain the views and information of individuals and research staffs of other firms who have special expertise on certain companies, industries, areas of the economy or market factors. Research products and services also include analyst contact, access to earnings and other financial databases, benchmark information, and analytical software.

By way of example, the primary research services Rothschild Asset Management purchased last year using soft dollars are:

- Institutional Brokers Estimate System – a service that provides earnings estimates for U.S. companies;
- FactSet – an online database that provides financial and market information, and analytic tools and access to investment research; and
- Compustat – a database that provides fundamental information for securities and market data.

Soft dollars were also used to purchase services used in the investment-decision process through Standard & Poor's, Thomson One Analytics, Frank Russell Investments, and Northfield Information Services.

From time to time, certain clients may request that Rothschild Asset Management not generate soft dollar credits on trades executed for their accounts. While Rothschild Asset Management may accommodate such requests in its discretion, trades for these clients generally do not experience lower transaction costs. In addition, the trading process for these clients may be adversely affected in other ways, including that the client may not participate in aggregated orders with clients that have not made such a request, therefore preventing the client from receiving the price and execution benefits of the aggregated order. In addition, and as with other directed or customized brokerage arrangements, the positions of these accounts in trade ordering and trade rotation may be impacted. Rothschild Asset Management reserves the right to reject or limit client requests of this type, and clients may be charged a premium for such arrangements.

Rothschild Asset Management has adopted policies and procedures relating to the review of best execution and soft dollar commissions. Periodically, Rothschild Asset Management's Trade Management Oversight Committee reviews trade management practices, including soft dollar arrangements, current commission rates, transaction analysis reports, and broker selection generally. They also review the various sources of research products and services to determine which brokers provide the most useful information. A list of these brokers is provided to Rothschild Asset Management's traders as guidance to help determine brokerage allocation. Broker usage versus targets is reviewed periodically, but all orders are placed on a best-execution basis, regardless of the rankings of the various research firms. Rothschild Asset Management has also instituted internal controls to monitor compliance with its trading practices on a day-to-day basis. In addition, Rothschild Asset Management's Investment Committee, which meets quarterly to review all accounts by strategy type, reviews soft dollar use versus targets as well as other investment and trading practices.

### **Order Aggregation ("Batching") and Allocation**

Rothschild Asset Management may purchase or sell the same security for multiple client separate accounts, accounts of commingled funds managed by Rothschild Asset Management, and Affiliated Accounts, simultaneously when consistent with the best interests of its clients. Aggregated or "batched" orders can facilitate best execution and avoid favoring one client over another participating client, including any Affiliated Account. In cases where trading restrictions, such as a

Directed Brokerage Arrangement, or investment restrictions, are placed on a client's account, Rothschild Asset Management may be precluded from aggregating that client's transactions with others. In such a case, the client may pay a higher commission rate and receive less favorable prices than clients who are able to participate in an aggregated order.

Orders placed for execution on an aggregated basis are subject to Rothschild Asset Management's order aggregation and allocation policy and procedures, as summarized below:

- 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. Generally, all accounts within a particular investment strategy are managed to have similar weightings in securities, subject to client-imposed restrictions and limitations.
- The portfolio manager must reasonably believe that the order aggregation will benefit each client participating in the aggregated order, and will enable Rothschild Asset Management to seek best execution for the accounts. This requires a reasonable good faith judgment at the time the order is placed for execution, and such determinations may appear different upon subsequent review.
- Each client that participates in an aggregated order will participate at the average share price for all of the Rothschild Asset Management's transactions in the security for that order, and transaction costs will be shared pro rata based on each client's participation in the transaction.
- If the order cannot be executed in full at the same price or time, securities purchased or sold in a batched transaction are allocated pro rata, when possible, to the participating client accounts, with any odd lots allocated to one of the largest accounts participating in the order to avoid disproportionately high ticket charges and custodial costs to smaller accounts. Rothschild Asset Management may allocate an aggregated order on a different basis than these procedures with the approval of the Trade Management Oversight Committee; provided that such allocation is in the best interests of the Firm's clients.

Transactions for client accounts may not be aggregated for execution due to a number of reasons, including differing trade characteristics (for example, price limits), directed brokerage arrangements, and client restrictions and requirements, such as tax considerations and purchase and sale restrictions. In addition, some wrap fee programs may have limitations on the time of day when orders can be entered. Trades that cannot be combined will generally be entered on a first-come, first-served basis, and the earlier-placed order will be completed before entering the later one. We may, however, execute a small client order before the completion of a larger order when we believe that doing so will not impact to the market. Since orders that are not aggregated may be placed later than aggregated orders, the execution that is obtained for such orders may not be as favorable as the price received with respect to the earlier orders.

### **Order of Trading and Order Rotation**

Rothschild Asset Management has established the following trade order and rotation policy:

- First, orders for non-directed accounts and Directed Brokerage Arrangements which can be accommodated through “step-outs”.
- Second, orders for Directed Brokerage Arrangements which cannot be “stepped-out” and accounts that are 100% directed.
- Third, orders for wrap fee program accounts. Wrap fee program account orders are subject to an order rotation such that the wrap program that was sent first for one order will be sent last for the next order.

Rothschild Asset Management generally does not place two simultaneous competing client orders to avoid any negative price effect, except that we may place a simultaneous competing order with a client-directed broker if the trade is small enough not to have an adverse effect on a prior competing order. In addition, when securities are purchased to invest new accounts or sold to liquidate an account, we may undertake simultaneous transactions for accounts.

Generally, if one strategy has an existing order which has not been completed, and another strategy submits an order in the opposite direction, the second order will not be acted upon until the previous order has been filled or cancelled.

Rothschild Asset Management’s U.S. Small-Cap Growth strategy is permitted to invest in securities offered in an IPO. The limited number of shares that are sometimes offered in an IPO means that we may not always be able to buy the desired number of shares to meaningfully allocate securities among accounts that may purchase such securities.

Investors having accounts in a wrap program that has limitations on the time of day when orders can be entered should be aware that orders for these accounts may be entered after other orders for the same securities have been executed on behalf of other accounts and will not be aggregated with such orders. The execution that is obtained for such orders may not be as favorable as the price received with respect to the earlier orders.

### **Order Handling for Affiliated Accounts**

Rothschild Asset Management has accounts in which we or our employees have a beneficial interest. Such Affiliated Accounts may purchase and sell securities either before, after, or at the same time the same securities are purchased and sold for client accounts, subject to the requirement that such transactions are not based on information that gives any Affiliated Account an advantage over a client account. If orders for the same security trading in the same direction as client accounts are placed with the same broker at the same time, trades for the Affiliated Accounts may be batched and allocated in accordance with the procedures set forth under “Order Aggregation (“Batching”) and Allocation” above. Affiliated Accounts are prohibited from trading in anticipation of trades for client accounts.

## **Trade Errors**

Rothschild Asset Management has established Trade Error correction policies and procedures which provide for resolution of trade errors. Once discovered, trade errors must be reported to Rothschild Asset Management's Trade Errors Committee as soon as possible. The Trade Errors Committee, which consists of senior personnel of the firm, will determine the appropriate corrective action for a trade error.

It is Rothschild Asset Management's policy to resolve any trade error identified in a client account in a manner that avoids harm to the client account. In the event a trade error caused by Rothschild Asset Management results in a loss, the client's account will be reimbursed by Rothschild Asset Management for the amount of the loss. In the event a trade error results in a gain, the client's account will receive the proceeds of the gain. With respect to wrap program accounts, the wrap program sponsor, rather than the Firm, will determine whether the wrap account client retains the gain from a trade error. Rothschild Asset Management prohibits the use of soft dollars to resolve trade errors.

Any errors resulting from unique circumstances shall be resolved by the Trade Errors Committee on a case-by-case basis. In each case, the error must be resolved in a matter consistent with Rothschild Asset Management's fiduciary duties to the client.

## **Item 13 – Review of Accounts**

### **Internal Reviews**

Rothschild Asset Management's portfolio management teams are responsible for the regular review of account assets under their supervision. The number of reviewers and accounts assigned to each varies depending on the nature of the product, service, or strategy.

Accounts are reviewed on a daily basis, as dictated by market and investment considerations, by the portfolio managers having responsibility for the account. Portfolio managers consider account performance, risk characteristics, and client restrictions.

Members of the investment management teams are responsible for reviewing whether all investments and trades have complied with client and internal guidelines. As part of this process, portfolio managers are required to prepare an in-depth review for members of Rothschild Asset Management's Investment Committee on numerous aspects of the portfolios relative to applicable benchmarks and other portfolios within the investment strategy, including fundamental characteristics of holdings, risk exposures, and dispersion. Rothschild Asset Management's Investment Committee is comprised of senior investment officers. Investment Committee meetings are normally attended by the Chief Compliance Officer.

Rothschild Asset Management's investment analysts are typically responsible for tracking a variety of companies and/or industries or sectors and making recommendations for accounts. Industry and sector information is discussed at a weekly meeting of the investment team.

Account performance information is reviewed daily by investment team members. The reports used for these reviews, as well as other weekly and monthly performance reports, are widely disseminated

and reviewed on a less formal basis by other personnel. Account and composite information is reviewed formally at a quarterly meeting attended by investment team members and the Chief Compliance Officer.

Client accounts are tested as part of an automated daily process for adherence to internal investment guidelines and many of the client-mandated or contractual guidelines, as well as regulatory requirements.

Rothschild Asset Management performs a monthly reconciliation of institutional separate account assets and commingled fund assets against the records of the account custodians. Rothschild Asset Management also performs an automated daily account reconciliation of certain institutional separate accounts to facilitate the monthly reconciliation for those accounts where custodians have the technological capability to access the reconciliation system that is used.

Wrap sponsors are responsible for reconciliation of wrap accounts.

### **Reports to Clients**

#### ***Institutional Separate Accounts***

Client statements, including portfolio appraisal reports exhibiting securities positions, their cost, market value, and estimated income and asset value, are provided to clients quarterly except for those clients who have requested such reports on a monthly basis.

#### ***Commingled Funds***

Commingled fund investors receive monthly reports with information on beginning and ending period market value, cash activity, gains and losses, performance, and fees relating to their interest in the fund. These statements are prepared and distributed by the fund's custodian.

Fund financial statements are prepared annually in accordance with generally accepted accounting principles and are certified by an independent public accountant registered with the Public Company Accounting Oversight Board. Statements are furnished to members within 120 days following the close of the fund's fiscal year.

#### ***Wrap Accounts***

Statements are typically provided to wrap clients by the program sponsor or the client's financial adviser.

#### ***CIT***

Participants in the CIT receive quarterly statements that include portfolio appraisal reports on securities positions, their cost, market value, and estimated income and asset value. Additionally, on the quarterly basis, CIT participants receive a purchases and sells report, market outlook and portfolio performance commentary along with attribution analysis.



### ***UCITS Sub-Fund***

Shareholders of the UCITS Sub-Fund receive monthly reports on the Sub-Fund's month end market value, performance, allocation, top ten positions and transactions.

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

Except as otherwise noted below, we do not receive an economic benefit from any parties other than the investment management fees our clients provide for management of their portfolios.

#### **Soft Dollar Arrangements**

Rothschild Asset Management receives certain research products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for Rothschild Asset Management to select or recommend broker-dealers based on Rothschild Asset Management's interest in receiving the research products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by Rothschild Asset Management on behalf of its clients. Please see Item 12 for further information on Rothschild Asset Management's “soft-dollar” practices, including Rothschild Asset Management's procedures for addressing conflicts of interest that arise from such practices.

#### **Relationships with Client Investment Consultants**

Many of our institutional separate account clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. Rothschild Asset Management may have certain accounts that were introduced to us through consultants. These consultants or their affiliates may, in the ordinary course of their investment consulting business, recommend Rothschild Asset Management's investment advisory services, or otherwise place Rothschild Asset Management into searches or other selection processes for a particular client.

Rothschild Asset Management has extensive dealings with investment consultants in the consultants' role as adviser for their clients. Rothschild Asset Management also provides information on our investment styles to consultants, who use that information in connection with searches they conduct for their clients. Rothschild Asset Management may also respond to “Requests for Proposals” from prospective clients in connection with those searches.

Clients obtained from these consultants may instruct Rothschild Asset Management to direct some or all of their brokerage transactions to a particular broker with whom they have a relationship.

Rothschild Asset Management purchases performance measurement software from Callan Associates and index/benchmark information from Frank Russell Investments. In addition, Rothschild Asset Management may, from time to time, purchase software applications, access to databases, and other products or services from certain other consultants. Rothschild Asset Management may periodically pay to attend conferences sponsored by consultant firms.

### **Compensation from Affiliates**

Rothschild Asset Management may from time to time receive compensation from certain affiliates in connection with our activities to help market their investment strategies.

### **Relationships with Solicitors**

Rothschild Asset Management does not use any third party solicitors. Affiliates of Rothschild Asset Management may, from time to time, solicit investors on the firm's behalf.

### **Item 15 – Custody**

Rothschild Asset Management is deemed to have custody with respect to the assets of the commingled funds that we manage and certain separately managed account arrangements where we have been authorized by the client to deduct advisory fees directly from the account. Rothschild Asset Management is not otherwise deemed to have custody with respect to the client assets that it manages, including the assets of the CIT to which Rothschild Asset Management serves as investment sub-advisor. We do not maintain physical custody of our clients' assets, which is provided by the custodians of the commingled funds and client accounts.

Rothschild Asset Management requires each of its clients to designate a "qualified custodian." Clients should receive statements at least quarterly from the broker/dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Similarly, clients invested in our commingled funds receive monthly account statements from the funds' qualified custodian. We urge all of our clients to carefully review and compare such custodial statements to any account statements that they may receive from us. Our statements may vary from custodial statements based on differences in accounting procedures, reporting dates, or valuation methodologies of certain securities.

Rothschild Asset Management has established policies and procedures for the timely return of any securities, funds or other assets that are inadvertently received by Rothschild Asset Management from a client or third party.

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

Rothschild Asset Management usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Except for directed brokerage arrangements, we generally have complete discretion in managing accounts with respect to buying and selling securities and choosing the brokers with which to transact as well as the transaction price and commission rates, subject to investment guidelines and applicable law. However, in the case of certain wrap programs, the sponsor, rather than Rothschild Asset Management, is responsible for executing trades and selecting brokers. Likewise, where Rothschild Asset Management provides model portfolios to certain plan sponsors who use them as a basis for trades that they execute in the accounts of their clients, the sponsors are responsible for selecting brokers.

### **Institutional Separate Accounts**

When selecting securities and determining amounts, Rothschild Asset Management observes the investment policies, limitations and restrictions of the clients for which it advises. Any investment guidelines and restrictions must be provided to Rothschild Asset Management in writing. In addition to investment guideline restrictions, we prefer that the investment management agreement also state the following arrangements:

- Proxy voting – Whether or not the client has delegated to us the voting of proxy ballots for the securities held in their portfolios, and whether such proxies should be voted in accordance with the standard proxy voting guidelines used by Rothschild Asset Management or other considerations.
- Restricted securities – Certain clients provide us with a list of securities that are prohibited for purchase and/or sale in their portfolios. We restrict the applicable securities in our investment systems to prevent transactions in such securities for accounts that provide restricted lists.
- Socially responsible investing – We use data from a third-party service provider that identifies companies that do not meet certain socially-responsible criteria. We restrict transactions based on this data or on specific lists of companies provided by our clients.
- Class-action lawsuits related to portfolio securities – From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. As a general matter, Rothschild Asset Management has no obligation to determine if securities held by a client are subject to a pending or resolved class action lawsuit. We also have no general duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, omissions, misconduct, or negligence by a corporate management of issuers whose securities are held by clients. Generally speaking, where Rothschild Asset Management receives notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, unless instructed otherwise, we will use reasonable efforts to forward all notices, proof of claim forms, and other materials to the client's custodian, including by way of electronic mail. We may retain a service provider to assist with all or any of this process.
- Cash-Equivalent Vehicles – Unless agreed to otherwise, selection of cash-equivalent vehicles is the responsibility of the client in conjunction with the custodian. If Rothschild Asset Management is requested to select the fund, the authority to do so should be outlined in writing from the client.

### **Commingled Funds**

We manage our proprietary commingled funds according to the guidelines stated in each fund's offering memorandum. Fund investors are not permitted to impose their own investment guidelines or restrictions. Participation in a commingled fund requires execution of a Subscription Document and in some cases a fee agreement.

### **Wrap Fee Program Accounts**

Subject to applicable terms in their agreements with the sponsors of their programs, clients in wrap fee program accounts may specify requirements relating to proxy voting and restricted securities, including social restrictions. (Please see the description of these services in the section above relating to institutional separate accounts.)

### **Collective Investment Trust**

We provide investment sub-advisory services to the CIT according the investment guidelines stated in the CIT's Declaration of Trust. CIT investors are not permitted to impose their own investment guidelines or restrictions. Participation in the CIT requires execution of an Application Form.

### **UCITS Sub-Fund**

We manage the UCITS Sub-Fund according to guidelines stated in the UCITS Sub-Fund's prospectus. The UCITS Sub-fund's investors are not permitted to impose their own investment guidelines or restrictions. Investment in the UCITS Sub-Fund requires execution of an application form.

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

Unless otherwise instructed, we retain the authority to vote all proxies for our clients. We have adopted proxy voting policies and procedures ("Proxy Voting Policy") which are designed to comply with both SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 and the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

In order to facilitate the voting of client proxies, we have entered into an agreement with Institutional Shareholder Services, Inc. ("ISS") an independent third party proxy voting service provider. In contracting with ISS, we determined that ISS has the capacity and competence to analyze proxy issues and is independent and able to make recommendations in an impartial manner in the best interests of our clients. We also reviewed ISS's standard proxy voting guidelines ("ISS Standard Guidelines") to ensure that proxies would be voted in the best interest of our clients. We will vote proxies in accordance with ISS Standard Guidelines with certain exceptions, such as when the client has directed us to vote in accordance with alternate guidelines, or when there is a conflict of interest. In particular, we will resolve the conflicts below as follows:

- When we votes proxies on behalf of the account of a corporation, or a pension plan sponsored by a corporation, in which our clients also own stock, we will vote the proxy for the corporation or pension plan's account as directed by the corporation or pension plan and the proxy for all other clients in accordance with ISS Standard Guidelines.
- When we vote proxies on behalf of a Taft-Hartley Plan client, we will vote proxies as directed by the plan, such as in accordance with ISS's Taft-Hartley Plan Proxy Voting Guidelines. If instructions are not given, proxies will be voted in accordance with ISS Standard Guidelines.

- ISS will notify us of certain votes involving, without limitation, mergers and acquisition transactions, dissident shareholders and AFL-CIO key votes (“Special Voting Issues”). With respect to proxies involving Special Voting Issues, we will make an independent determination on whether to follow ISS’s recommendations based on the best interests of the client.
- Proxies for proprietary commingled funds managed by Rothschild Asset Management will be voted in accordance with ISS Standard Guidelines without regard to the interests of any specific member or prospective member.
- If a conflict of interest exists between the Firm and a client with respect to an issuer, we will vote with respect to securities of the issuer in accordance with ISS Standard Guidelines.
- If an employee of Rothschild Asset Management or one of its affiliates is on the Board of Directors of a company held in client accounts, we will vote in accordance with ISS Standard Guidelines.

We have formed a Corporate Governance Committee comprised of senior personnel, including our Chief Operating Officer and Chief Compliance Officer, to oversee the voting of client proxies and address specific situations and conflicts. The Corporate Governance Committee will also periodically review ISS Standard Guidelines, ISS’s performance in voting client proxies and the adequacy and effectiveness of our Proxy Voting Policy.

We also recognize that some matters may be presented to shareholders in a combined form, in which the ISS Standard Guidelines would call for inconsistent votes. We will vote on such combined proposals on an issue-by-issue basis and in a manner that is consistent with the goal of protecting the long-term interests of clients but will honor, to the extent given, client instructions.

Clients may obtain a copy of our Proxy Voting Policy and information about how we voted proxies on behalf of their accounts by contacting us at (212) 403-5460 or [raminc@rothschild.com](mailto:raminc@rothschild.com).

## **Item 18 – Financial Information**

Rothschild Asset Management 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.

## **GLOSSARY**

As used in this Brochure, these terms have the following meanings.

**“Advisers Act”** means the Investment Advisers Act of 1940, as amended.

**“Affiliated Accounts”** refers to accounts over which Rothschild Asset Management has management authority to effect the purchase or sale of securities in which Rothschild Asset Management and/or employees, directly or indirectly, have a position of interest.

**“American Depositary Receipt” (“ADR”)** means a security that trades in the United States but represents a specified number of shares in a foreign corporation. ADRs are bought and sold on American markets just like regular stocks, and are issued/sponsored in the U.S. by a bank or brokerage.

**“Barclays Capital 1-10 Year Municipal Blend Index”** is an unmanaged sub-set of the Municipal Index which covers the U.S. investment-grade tax-exempt bond market, with a remaining maturity from 1 up to (but not including) 12 years.

**“Barclays Capital U.S. Intermediate Government/Credit Bond Index”** is an unmanaged sub-set of the U.S. Government/Credit Index that includes U.S. Treasuries, government-related issues, and investment grade U.S. corporate securities with remaining maturities of 1 up to (but not including) 10 years.

**“Basis Point”** is a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01%.

**“Block Trade”** generally means 10,000 shares of stock or \$200,000 worth of bonds.

**“Cash-Equivalents”** means highly liquid, relatively safe investments that can be easily converted into cash, such as Treasury Bills and money market funds.

**“Code”** means Rothschild Asset Management’s Code of Ethics and Compliance Manual.

**“Corporate Governance Committee”** refers to Rothschild Asset Management’s committee that addresses specific situations and material conflicts relating to the voting of proxies and is responsible for periodically reviewing the firm’s Proxy Voting Guidelines.

**“Custody”** means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

**“Directed Brokerage Arrangement”** means an arrangement where a client directs that all or a percentage of trades be executed through specific brokers.

**“Discretionary Authority” or “Discretionary Basis”** means Rothschild Asset Management’s authority to decide which securities to purchase and sell for the client.

**“Duration”** means the time-weighted average of expected cash flows from a fixed-income investment, as expressed in a number of years. The longer a security’s duration, the greater its responsiveness to changes in interest rates.

**“ETF” or “Exchange Traded Fund”** means an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and normally trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as the S&P 500.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

**“IPO” or “initial public offering”** means the first sale of stock by a private company to the public. IPOs are often issued by smaller, younger companies seeking the capital to expand, but can also be done by large privately owned companies looking to become publicly traded.

**“Liquidity”** means the ability to convert assets into cash or cash-equivalents without significant loss. Investments in money market funds and listed stocks are considered liquid investments. (See **“Cash-Equivalents”** above).

**“Macroeconomic Exposures”** means exposure to the overall aspects and workings of a national economy including, but not limited to, income, output and the interrelationship among diverse economic sectors.

**“Market Capitalization”** is a way of measuring the size of a company by multiplying the current stock price by the number of outstanding shares.

**“Market Sensitivity”** means a security’s responsiveness to the market’s fluctuations.

**“Market Value”** means the price of a security or portfolio.

**“Momentum Stocks”** are stocks that have outperformed the stock market significantly in recent months.

**“Odd-Lot”** means any securities transaction in a block of fewer than 100 shares or 100 bonds.

**“Order Aggregation” (Batching)** means the purchase or sale of the same securities for a number of client accounts simultaneously to facilitate best execution and to reduce brokerage commissions or other costs.

**“Performance-Based Fee”** is an investment advisory fee based on the performance of an account relative to its benchmark.

**“Public Company Accounting Oversight Board”** means a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports.

**“Quantitative Research”** means the statistical analysis of security returns to identify factors that have influenced performance in the past. The result of this research may be a stock selection model such as a ranking system that is designed to forecast future relative performance. Quantitative research is also used to develop risk models that are based on factors that have been associated with volatility in the past.

**“Representative Account”** means a client account representative of a particular strategy managed by Rothschild Asset Management.

**“SEC”** means the Securities and Exchange Commission.

**“Section 28(e) of the Securities Exchange Act of 1934”** means a safe harbor to advisers exercising “investment discretion” over accounts. To avail itself of the safe harbor the adviser must make a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker dealer, viewed in terms of the particular transaction or the adviser’s overall responsibilities to its discretionary account.

**“Side-by-Side Management”** occurs when investment teams and individual portfolio managers manage multiple accounts, including separate accounts, commingled funds, and wrap accounts, and/or proprietary accounts using the same or a similar investment strategy. In some cases, the different fee amounts paid by the various types of accounts could present certain conflicts of interest as it may provide an incentive to favor higher-paying or proprietary accounts over other accounts.

**“Sponsor”** a broker-dealer or other financial services company who hosts bundled-fee (wrap) account programs. A sponsor of a wrap fee program typically organizes and administers the program, including selecting the managers that are offered in the program. The sponsor also provides advice to clients concerning asset allocation and manager selection, among other things.

**“Step-Out”** means a transaction placed at one broker dealer and then “given up” or “stepped out” by that broker dealer to another broker dealer for credit. This may benefit the client by finding a natural buyer or seller of a particular security and enable a larger block of shares to be traded more efficiently.

**“Taft-Hartley Plan”** – is a type of retirement plan for union employees.

**“Wrap Fee”** is a bundled fee a client pays to the sponsor of a wrap program for administration, custody, asset management, trade execution, and performance monitoring and reporting.

**“Wrap Program”** an investment program sponsored by certain broker-dealers or other financial services companies that provides administration, custody, asset management, trade execution, and performance monitoring and reporting for a single, all-inclusive (“wrap”) fee.



**Rothschild Asset Management Inc.  
Privacy Notice**

| FACTS  | WHAT DOES ROTHSCHILD ASSET MANAGEMENT INC. DO WITH YOUR PERSONAL INFORMATION?   |  |                             |
|--|---|--|-----------------------------|
| Why?   | Financial companies choose how they share your personal information. Federal law gives customers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.                                  |  |                             |
| What?  | The types of personal information we collect and share depend on the product or service you have with us. This information can include your: <ul style="list-style-type: none"><li>■ Social security number</li><li>■ Employment information</li><li>■ Account balances</li><li>■ Income</li><li>■ Assets</li><li>■ Transaction history</li></ul> |  |                             |
|  | When you are <i>no longer</i> our customer, we may continue to share your information as described in this notice.  |  |                             |
| How?   | All financial companies need to share customer personal information to run their everyday business. In the section below, we list the reasons financial companies may share their customer personal information, the reasons Rothschild chooses to share your personal information, and whether you can limit this sharing.                       |  |                             |
| Reasons companies share personal information   |   | Does Rothschild share?   | Can you limit this sharing? |
| For our everyday business purposes – such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations |   | YES  | NO                          |
| For our marketing purposes – to offer our products and services to you   |   | YES  | NO                          |
| For joint marketing with other financial companies   |   | NO   | WE DON'T SHARE              |
| For our affiliates' everyday business purposes – information about your transactions and experiences   |   | YES  | NO                          |
| For our affiliates' everyday business purposes – information about your creditworthiness   |   | NO   | WE DON'T SHARE              |
| For our affiliates to market to you  |   | YES  | YES                         |
| For non-affiliates to market to you  |   | NO   | WE DON'T SHARE              |
| To limit our sharing   |   | Call us at (212) 403-5460 or<br>Email us at <a href="mailto:raminc@rothschild.com">raminc@rothschild.com</a> |                             |
| Questions?   |   | Call (212) 403-5460  |                             |

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| <b>Page 2</b>   | <b>Rothschild Asset Management Inc.</b>  |
| <b>Who we are</b>   |  |
| <b>Who is providing this notice?</b>  | Rothschild Asset Management Inc.   |
| <b>What we do</b>   |  |
| <b>How does Rothschild Asset Management Inc. protect my personal information?</b> | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards, secured files, and limited physical access to our offices.   |
|   |  |
| <b>How does Rothschild Asset Management Inc. collect my personal information?</b> | <p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>■ Enter into an investment advisory contract</li> <li>■ Give us your income information</li> <li>■ Make deposits/withdrawals</li> <li>■ Open an account</li> <li>■ Give us your contact information</li> </ul>  |
|   |  |
| <b>Why can't I limit all sharing?</b>   | <p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>■ sharing for affiliates' everyday business purposes - information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p> |
|   |  |
| <b>Definitions</b>  |  |
|   |  |
| <b>Affiliates</b>   | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ Our affiliates include companies with a Rothschild name.</li> </ul>  |
|   |  |
| <b>Non-affiliates</b>   | <p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ Rothschild does not share with non-affiliates so they can market to you.</li> </ul>  |
|   |  |
| <b>Joint marketing</b>  | <p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>■ Rothschild does not engage in joint marketing.</li> </ul>   |