



Form ADV Part 2A Brochure

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This Brochure provides information about the qualifications and business practices of QS Investors, LLC ("QS Investors"). QS Investors is registered as an investment adviser with the United States Securities and Exchange Commission ("SEC"). Registration as an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at 212-886-9200. Additional information about QS Investors, LLC is also available on the SEC's website at: <http://www.adviserinfo.sec.gov>.

ITEM 2 - Summary of Material Changes

This Brochure, dated June 26, 2015, replaces any existing Form ADV Part 2A Brochure that you may have previously received. There are no material changes to this Brochure since the last update, dated October 28, 2014.

You should carefully review this Brochure and address any questions to an account representative. Account representatives may be reached at the phone number identified on the cover page of this Brochure.

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ITEM 4 - Advisory Business

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

QS Investors, the operating company and investment adviser, and QS Investors Fund Management LLC, the general partner of certain partnerships managed by QS Investors, are wholly-owned subsidiaries of QS Investors Holdings, LLC, a holding company.

On May 30, 2014, Legg Mason, Inc. (“Legg Mason”) completed its acquisition of QS Investors Holdings, LLC. Legg Mason intends to integrate QS Legg Mason Global Asset Allocation, LLC (“QS LMGAA”) and QS Batterymarch Financial Management, Inc. (“QS Batterymarch”), each of which is also subsidiary of Legg Mason, into QS Investors over time with the goal of creating a combined investment platform with investment solutions, quantitative equity and multi-manager asset allocation capabilities. Effective as of May 30, 2014, QS Investors, QS LMGAA and QS Batterymarch became subject to common management and investment oversight. Please see Item 10 for more information.

As a result of the acquisition, QS Investors is a wholly owned, independently operated subsidiary of Legg Mason. Legg Mason’s common stock is traded on the New York Stock Exchange (symbol: LM).

QS Investors provides discretionary and non-discretionary advice to domestic and international clients based on their investment objectives, guidelines and risk tolerance, each of which may be customized to address specific client needs. Using proprietary tools and methodologies, these strategies combine quantitative, qualitative and behavioral analysis and are systematically applied to vary portfolio characteristics over time in response to changing market conditions and opportunities.

We offer a range of investment solutions across four strategies:

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

Please see Item 8 for detailed information about these strategies.

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



We also provide investment advice, trade recommendations and/or portfolio research services, in the form of model investment portfolios, to certain accounts of affiliated and non-affiliated clients for which QS Investors has no responsibilities relating to trade execution. Such accounts are considered to be non-discretionary assets under advisement, and are not included in the Firm's assets under management.

As of March 31, 2015, QS Investors had \$4,286.6 million of assets under management. In addition, as of March 31, 2015, QS Investors had \$16,821.3 million of non-discretionary assets under advisement.

ITEM 5 - Fees and Compensation

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

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

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

We do not deduct fees directly from client accounts.

It is important to note that the fees described below do not include other fees or expenses related to the day-to-day management of a client account. These fees may include custody fees, brokerage commissions, fund expenses or other related transaction costs. These fees will vary based on the type of account, instruments traded, trading frequency, and other factors that may be unique to a strategy and/or account. QS Investors does not receive any of these fees. Please see Item 12 for additional discussion about our brokerage practices.

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

U.S. Equities					
Large Cap: Core, Growth or Value			Small Cap: Growth or Value		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
First \$50 million	0.50%	\$125,000	First \$50 million	0.80%	\$200,000
Next \$100 million	0.40%		Next \$100 million	0.70%	
Next \$250 million	0.35%		Next \$250 million	0.60%	
Balance	0.30%		Balance	0.50%	
All Cap Core					
	Annual Fee	Minimum Annual Fee			
First \$50 million	0.50%	\$125,000			
Next \$100 million	0.40%				
Next \$250 million	0.35%				
Balance	0.30%				

Global Equities (DBI)					
DBI World			DBI EAFE		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
First \$100 million	0.40%		First \$100 million	0.50%	
Next \$400 million	0.30%	\$200,000	Next \$400 million	0.40%	\$250,000
Balance	0.20%		Balance	0.30%	
DBI World Plus			DBI Emerging Markets		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
First \$100 million	0.50%		First \$35 million	0.80%	
Next \$400 million	0.40%	\$250,000	Next \$75 million	0.70%	\$200,000
Balance	0.30%		Balance	0.60%	
DBI All Country World Index (“ACWI”)			DBI All Country World Index Plus (“ACWI”)		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
First \$100 million	0.60%		First \$100 million	0.70%	
Next \$400 million	0.50%	\$300,000	Next \$400 million	0.60%	\$350,000
Balance	0.40%		Balance	0.50%	
DBI All Country World Index (“ACWI”) Plus Ex-US			DBI World Low Volatility		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
First \$100 million	0.70%		First \$100 million	0.50%	
Next \$400 million	0.60%	\$350,000	Next \$400 million	0.40%	\$250,000
Balance	0.50%		Balance	0.30%	
DBI All Country World Index (“ACWI”) Low Volatility					
	Annual Fee	Minimum Annual Fee			
First \$100 million	0.70%				
Next \$400 million	0.60%	\$350,000			
Balance	0.50%				
Customized Solutions					
Customized Solutions					
	Annual Fee	Minimum Annual Fee			
On all assets	Customized	Varied			

Liquid Alternatives					
Customized Asset Allocation			Multi Alternative Asset Allocation		
	Annual Fee	Minimum Annual Fee		Annual Fee	Minimum Annual Fee
On all assets	Customized	Varied	On all assets	Customized	Varied
Equity Market Neutral					
	Annual Fee	Minimum Annual Fee			
On all assets	1.50% with performance fee options	\$375,000			

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

Performance-Based Fees

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

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

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

Side-by-Side Management

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

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

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

compliance personnel review opposite transactions and positions in the same securities for validity, obtaining justification from the appropriate investment team, if needed. They also review opposite transactions to ensure that there are no inadvertent cross transactions. In addition, they periodically review account performance dispersion to ensure that no strategies or accounts, including those paying performance fees, appear to receive preferential treatment or are being systematically disadvantaged.

ITEM 7 - Types of Clients

We provide (or have provided) investment management and advisory services to a variety of client types, including, but not limited to:

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

Our minimum account size is based on the investment strategy and client objectives, but generally is either \$25 million or \$50 million. Please note that the minimum account size may be waived and/or changed at our sole discretion.

ITEM 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis & Investment Strategies

US Equities

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

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

Our US Equities strategies include: Quantitative Large Cap Core, Large Cap Growth, Large Cap Value, Small Cap Core and All Cap Core. The strategies seek long-term capital growth by investing in common stocks of US companies that we believe are mispriced. Each of the strategies seeks to outperform its respective benchmark index.

Global Equities (DBI)

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

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

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

Liquid Alternatives

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

Global Tactical Asset Allocation (“GTAA”)

GTAA seeks to identify and take advantage of perceived mispricing in global country equity, country debt, currency and commodity markets. A risk budgeting process balances short-term sentiment, medium-term

cyclical and long-term valuation ideas. The strategy can invest globally in long and short positions in exchange-traded sovereign debt futures, equity index futures, commodity futures, currency forwards and swaps and can be customized to meet individual client objectives and needs.

Market Neutral Equity

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

Multi Asset Allocation

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

Customized Solutions

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

Strategic Asset Allocation ("SAA")

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

Target Risk and Target Date

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

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

Risk of Loss

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

Equity Risk

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

Derivatives Risk

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

Model Risk

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

Key Person Risk

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

Counterparty Risk

Certain instruments, particularly certain types of derivatives, are traded "over-the-counter" ("OTC") which means that they are traded privately between two parties off of an exchange. OTC transactions are not regulated by a US government agency and are not guaranteed by an exchange or clearinghouse. When we trade instruments OTC, we face the risk that the other party to the transaction (the "counterparty") may not be able to fully "perform" under the

terms of the contract. Your account could face substantial losses if the counterparty is unable to meet their financial obligations due to insolvency, bankruptcy, or other causes.

Foreign Securities Risk

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

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

Foreign Currency Risk

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

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

Emerging Markets Risk

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

Interest Rate Risk

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

Credit Risk

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

Tracking Error Risk

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

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

Short Selling Risk

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

Small Company Risk

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

Liquidity Risk

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

Valuation Risk

In extremely limited circumstances, when holdings in client accounts are difficult to value given market conditions, QS Investors may internally assign a value to an asset(s) using the best available information available at the time of valuation. This value may be different than the value received when the investment is sold.

Investment Companies Risk

Certain accounts may invest in shares of investment companies as part of their core investment strategy or as a means to gain exposure to certain asset classes. These may include shares of open-end investment companies, closed-end investment companies, unit investment trusts, and ETFs. Investment companies are generally actively managed portfolios that invest in a particular strategy, index, asset class, or other objective defined by each company for a management fee. Investing in ETFs and other investment companies generally carry the same risks as investing directly in the underlying assets, but carry additional expenses in the form of management fees, distribution fees, shareholder service fees, or other fees imposed by the investment companies. Please refer to the underlying funds' Prospectuses, Statements of Additional Information, or other offering documents for a more complete discussion of risks specific to each fund. Additionally, note that ETFs trade on a securities exchange, which means their shares may trade at a premium or discount to their actual net asset value.

Turnover Risk

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

Regulatory Risk

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

ITEM 9 - Disciplinary Information

There are no legal or disciplinary events to report that would be material to a client's or prospective client's evaluation of QS Investors' business or the integrity of our management.

ITEM 10 - Other Financial Industry Activities and Affiliates

On May 30, 2014, Legg Mason completed its acquisition of QS Investors. Legg Mason intends to integrate QS LMGAA and QS Batterymarch into QS Investors over time with the goal of creating a combined investment platform with investment solutions, quantitative equity and multi-manager asset allocation capabilities. Effective as of May 30, 2014, QS Investors, QS LMGAA and QS Batterymarch became subject to common management and investment oversight. To facilitate this relationship, QS Investors employees have been “dual-hatted” into each of QS LMGAA and QS Batterymarch, QS LMGAA employees have been dual-hatted into each of QS Investors and QS Batterymarch, and QS Batterymarch employees have been dual-hatted into QS Investors and QS LMGAA. In addition, individuals in senior management positions at QS Investors were appointed to the same positions at each of QS LMGAA and QS Batterymarch. QS Investors employees that have been dual-hatted into QS LMGAA and QS Batterymarch may assist QS LMGAA and QS Batterymarch in their management of client accounts. QS Investors, QS LMGAA and QS Batterymarch have adopted compliance policies and procedures, including a Code of Ethics, that are substantially similar in all material respects, and the three firms have a common Chief Compliance Officer.

As a wholly owned subsidiary of Legg Mason, QS Investors has direct business relationships with other Legg Mason-affiliated companies. Some of these relationships may be characterized as material because they allow us to gain access to investors who might otherwise not be accessible to us. Although these relationships could create a conflict of interest between QS Investors, our affiliates and our clients, our policies and procedures are designed to ensure that we treat all clients fairly.

To eliminate a potential conflict of interest, we do not trade with any affiliated broker-dealers.

The following is a description of certain advisory relationships QS investors has with affiliated companies:

Advisory and Subadvisory Services

- Investment adviser to offshore, i.e., non-US-domiciled, funds, in the *Legg Mason Funds ICVC* family of funds (England/Wales). *Legg Mason Investment Funds Limited* is the Authorised Corporate Director, Administrator and Registrar for these funds.
- Investment subadviser to offshore funds for *Legg Mason Global Funds plc* (Ireland). *Legg Mason Investments (Europe) Ltd.* is the investment manager and promoter of this family of funds. *Legg Mason Investor Services, LLC*, *Legg Mason Investments (Europe) Limited*, *Legg Mason Asset Management Hong Kong Limited*, *Legg Mason Asset Management Singapore Pte Ltd.* and *Legg Mason Investments (Taiwan) Ltd.* serve as distributors and shareholder servicing agents for these funds.
- Investment subadviser to offshore funds for *Legg Mason Global Solutions plc* (Ireland). *Legg Mason Investments (Europe) Ltd.* is the investment manager and promoter of this family of funds. *Legg Mason Investor Services, LLC*, *Legg Mason Investments (Europe) Limited* and *Legg Mason Asset Management Singapore Pte Ltd.* serve as distributors and shareholder servicing agents for these funds.
- Investment subadviser of *Legg Mason Global Equity Trust* (Australia). *Legg Mason Asset Management Australia Limited* is the Responsible Entity of this trust company.

Other Investment Services

QS Investors provides non-discretionary investment advice, trade recommendations and/or portfolio research services, in the form of model investment portfolios, stock scores and monthly strategic and tactical weights, to *Legg Mason Asset Management (Japan) Co., Ltd.* ("LM Japan") as inputs in making investment decisions and/or asset allocation determinations for certain Japan-domiciled trusts of which LM Japan is the investment trust management company. QS Investors does not have the authority to make investment decisions or execute trades for these accounts.

Fund-of-Fund and Manager-of-Manager Arrangements

The underlying funds in Fund-of-Fund client accounts may be comprised of funds managed by QS Investors, affiliates, non-affiliates or some combination. Similarly, the underlying managers for client accounts structured as Manager-of-Manager arrangements may be comprised of QS Investors affiliates, non-affiliated managers or a combination of both. Affiliates that may serve as an underlying manager in these arrangements include:

- QS Batterymarch Financial Management, Inc.;
- QS Legg Mason Global Asset Allocation, LLC;
- Brandywine Global Investment Management, LLC;
- ClearBridge Investments, LLC;
- Legg Mason Investments (Europe) Limited;
- Martin Currie Inc.;
- Martin Currie Investment Management Limited;
- Royce & Associates, LLC;
- Western Asset Management Company;
- Western Asset Management Company (Asia) Pte Ltd.; and
- Western Asset Management Company Limited.

If the interests of a Fund-of-Funds and any Affiliated Fund or QS-Advised Fund (*i.e.*, a fund advised by either QS Investors, QS LMGAA or QS Batterymarch) were ever to become divergent, it is possible that a conflict of interest could arise and affect how QS Investors investment professionals fulfill their fiduciary duties to such Fund-of-Funds, or how QS Investors Affiliate investment professionals fulfill their fiduciary duties to the Affiliated Funds, or how QS investment professionals fulfill their fiduciary duties to the QS-Advised Fund. If such a possibility arises, QS Investors, the applicable QS Investors Affiliate and other interested parties, including the board of directors and officers of the applicable funds, would carefully analyze the situation and take all steps they believe reasonable to minimize, and where possible eliminate, the potential conflict.

Partnership with FTSE

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

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

Commodity Trading Advisor

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

Conflicts Related to Financial Industry Activities and Affiliations

We do not believe that any of the affiliations or other activities listed above present any conflicts that would influence our decision making or compromise our fiduciary duty to our clients.

Sponsorship and Management of Collective Investment Vehicles

QS Investors (and its affiliates) may serve as general partner, sponsor and/or manage private placements offered to accredited investors in reliance on Rule 506 of the Securities Act of 1933, as amended. Additional information about these vehicles is provided in Part 1 of QS Investors’ Form ADV.

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

Code of Ethics and Personal Trading

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

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

The Code of Ethics also contains further restrictions regarding personal trading activity, such as the following:

- Employees are subject to the following specific blackout period restrictions (certain exclusions apply):
 - Employees may not knowingly buy or sell a security on a day during which any client account has a "buy" or "sell" order for the same security, until that order is executed or withdrawn; and
 - Investment personnel may not buy or sell a security seven (7) days before or after the same security is traded (or contemplated to be traded) for a client account with which the individual is associated;
- Employees must hold a security for at least thirty (30) days;
- Employees must hold proprietary funds, defined as mutual funds sponsored by Legg Mason or its affiliates, for at least sixty (60) days;
- Employees may not purchase a security while a client order is pending (certain exclusions apply);
- Employees may not participate in initial public offerings ("IPOs") or other new issues (generally, "equity securities" as defined in Section 3(a)(11) of the Securities Exchange Act of 1934, as amended); and
- Employees are prohibited from buying, selling or recommending the purchase or sale of a security while they are in possession of material, non-public information.

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

- Reporting of all gifts and entertainment exchanged between our employees and external business partners, including clients, consultants, brokers and vendors;
- Limits on the type, frequency and value of business gifts and entertainment given to or received by our employees;
- Pre-clearance and reporting of all political contributions or gifts made by our employees and any other “covered associate” as defined under Rule 206(4)-5 promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”); and
- Reporting of all outside business activities that may be in conflict with an employee’s job responsibilities and/or duty to our clients.

As noted above, employees or family members may purchase, hold or sell securities at or around the same time that we purchase, hold or sell the same securities for client accounts. The personal actions by these individuals could also be different in nature or timing from the advice and actions taken by QS Investors for client accounts.

While these activities may create potential conflicts of interest between QS Investors, our supervised persons and our clients, we believe that our Code of Ethics, combined with our other policies and procedures, are reasonably designed to address these matters.

In addition to our own Code of Ethics, QS Investors has adopted Legg Mason’s Code of Conduct, which sets out principles for day-to-day business activities relating to the following:

- Compliance with laws and regulations
- Conflicts of interest
- Corporate opportunities
- Gifts and entertainment
- Confidential information
- Insider trading
- Fair dealing
- Safeguarding assets and property
- Accuracy of books and records
- Public disclosure and reporting
- Treatment of others

There are also restrictions banning employees from serving on the board of directors of a publicly held company, engaging in certain transactions in Legg Mason stock, including a ban on purchases for client accounts other than index funds, and knowingly participating in or facilitating late trading, market timing or any other activity in violation of applicable law or the provisions of a fund’s governing documents.

Please contact your account representative to obtain a full copy of our Code of Ethics or Legg Mason's Code of Conduct.

Despite the measures outlined above, clients should be aware that no set of policies and procedures can anticipate or relieve all potential conflicts of interest. If an unanticipated conflict of interest should arise, we will seek to resolve the situation in the best interests of our clients.

Participation or Interest in Client Transactions

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

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

ITEM 12 - Brokerage Practices

Broker Selection and Best Execution

Unless directed otherwise by clients, QS Investors has the discretion to choose broker-dealers to execute trades for client accounts and to determine the commissions paid to them. Broker-dealers for trading in client accounts are selected based on their ability to achieve the best possible result reasonably available for each client for each transaction, or “best execution.” Best execution is not necessarily measured by the circumstances surrounding a single transaction but may be measured over time through multiple transactions.

While execution price is often an important factor in selecting a broker-dealer, we may also consider a number of other factors when evaluating a broker-dealer’s ability to deliver best execution. These other factors may include:

- Execution capability, reliability and accuracy;
- Commission rates;
- Operational capabilities and technology infrastructure;
- Order characteristics (size, difficulty of execution, etc.);
- Security or asset class characteristics (complexity, familiarity, etc.);
- Current or prevailing market conditions; and
- Any other factor permitted/required that we deem important in evaluating execution quality.

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

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

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

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

QS Investors uses a range of strategies designed to manage transaction costs, which consist of explicit costs, such as commissions, fees and taxes, as well as implicit costs, also known as market impact. To best preserve investment returns, QS Investors seeks to minimize the total transaction costs of trading.

We manage explicit costs of trading by negotiating competitive commission rates. Implicit costs are managed through careful choice of execution strategies, real-time trade management and detailed post-trade analysis.

As a matter of policy, we do not execute transactions for clients with any broker-dealer affiliated with QS Investors or our parent company, Legg Mason.

QS investors does not receive client referrals from any broker-dealers, thus client referrals do not influence QS Investors when selecting broker-dealers for trade execution.

Soft Dollars and Commission Sharing Arrangements

We do not receive soft dollar benefits from client transactions or enter into commission sharing arrangements. Although we do not participate in these arrangements, we may receive research from broker-dealers through which securities transactions are executed during the normal course of business. We do not consider this research as a factor under our policy to seek best execution for our clients or during our broker selection process.

We will notify you if this practice changes, generally in the form of an updated Brochure.

Directed Brokerage

Clients may retain discretion over the broker-dealers we use to execute trades in their account by: (1) limiting the broker-dealers we may use to execute transactions in their account; and/or (2) requiring a portion or all trading be conducted with one or more broker-dealers, including brokers that may not be on our firm's approved broker list. We have an obligation to seek best execution for all client trades, but our inability to choose the broker-dealer(s) that we believe offer best execution may impede our ability to do so. Clients that direct brokerage may not be able to participate in aggregated orders and may receive execution that is not as favorable as, and potentially more costly than, trades executed for other clients.

In an effort to achieve best execution for clients that have retained discretion over all or a portion of broker selection, we may use "step-out" trading to meet our directed brokerage obligation. In these cases, the broker-dealer we select must agree to transfer the portion of an aggregated order that pertains to a directed-brokerage client to the specified broker-dealer. This action is known as a "step-out" or "give-up" transaction. In these transactions, the first broker-dealer executes the trade, while the second one clears and settles all, or part, of the trade in return for all, or part, of the commission.

Step-out transactions allow QS Investors' traders to satisfy client-directed brokerage commitments while matching trades to broker-dealers' expertise or order flows, which can reduce market impact. If the executing broker-dealer QS Investors selects for trade execution does not agree to participate in a step-out transaction, the trade for a directed-brokerage client will be executed separately by their specified broker-dealer (not aggregated). Transaction costs for these trades may differ from those obtained from an executing broker-dealer chosen by QS Investors.

Clients with directed brokerage may pay higher commissions than others in aggregated orders. For example, commission costs in an aggregated transaction may vary if QS Investors steps out a portion of the trade to a designated broker-dealer. Because of our predetermined liquidity constraints, we may not execute the same number of shares in trades for clients with directed brokerage versus those executed on behalf of clients without such arrangements. If we do not include clients with directed brokerage in an aggregated order, we strive to generate their separate orders in an equitable manner.

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

Trade Aggregation and Allocation

Although each client account is individually managed, QS Investors will often buy or sell the same securities on the same day for multiple client accounts. When possible, we generally aggregate these transactions as a single transaction order, which may reduce transaction costs. With limited exceptions, each client will be allocated the average execution price and the average commission paid in the aggregated order. If we cannot completely fill an aggregated order, we will typically allocate the partially filled transactions to clients on a pro-rata basis.

We generally base the pro-rata allocation on each client's order size relative to the aggregated order. Occasional exceptions may be based on factors including the following:

- Available cash in client accounts
- Compliance with client-specific guidelines and restrictions
- QS Investors' risk controls
- Rules and regulations established by an exchange, market or others

In some situations, QS investors may not be able to or may choose not to aggregate orders for client accounts. These situations could result from the following:

- Countries with market restrictions, as is the case in some emerging markets
- Trades in the same security that are released to a broker-dealer at different times of the day
- Trades in the same security that are released to the same broker-dealer at the same time but with different trading instructions
- Short sales of securities where QS investors may choose to trade with an account's designated prime broker in order to seek "best execution" or maintain a specific long-short ratio
- Participation in client-directed brokerage arrangements

When trades are not aggregated, they do not typically receive the same average execution price. In these situations, we seek to have broker-dealers generate separate orders equitably.

When we are unable to aggregate trades, accounts may have higher market impact costs. We seek to reduce these costs by monitoring stock liquidity and limiting trade volumes.

As more fully described above under *Directed Brokerage*, whenever possible, we include transactions for directed-brokerage clients in aggregated orders.

We confirm that broker-dealers follow our trade instructions properly. In addition, Compliance periodically reviews partially-filled trade allocations among client accounts to ensure that they have been conducted in accordance with our trade allocation policy.

Delays in executing trade orders and deviations from QS Investors' trade allocation policy may occur from time to time due to various circumstances and are generally not considered trade errors.

Cross Trading

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

New Issues

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

Side-by-Side Management Arrangements

As noted in Item 6, certain of our portfolio managers may manage long-only accounts alongside accounts that buy securities both long and short ("side-by-side management arrangements"). When side-by-side management arrangements exist, there may be instances in which a portfolio manager holds a long position in a security in one account while holding the same security short in another account (or vice versa). Selling a security short may result in a decrease of its value; conversely, purchasing a security may result in an increase in its value. Since certain client positions may be conflicted under these arrangements, we have implemented policies and procedures specifically to address side-by-side management arrangements that are reasonably designed to ensure that all of our clients are treated fairly and equitably. Compliance reviews opposite transactions and positions in the same securities for validity, obtaining justification from the appropriate investment team, if needed. They also review opposite transactions to ensure that there are no inadvertent cross trades. In addition, they periodically review account performance dispersion to ensure that no strategies or accounts appear to receive preferential treatment or are being systematically disadvantaged.

Errors That Affect Client Accounts

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

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

ITEM 13 - Review of Accounts

Periodic Reviews

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

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

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

Triggers for Review

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

Client Reporting

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

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

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

ITEM 14 - Client Referrals and Other Compensation

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

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

ITEM 15 - Custody

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

Clients should receive account statements from their custodian at least quarterly. We encourage clients to review these statements and compare them to statements that we provide. It is important to note that the statements may vary based on differences in accounting procedures, reporting dates or valuation methodologies for certain securities.

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

In addition, if QS Investors (and its affiliates) acts as the general partner or managing member of certain investment vehicles (see Item 10), QS Investors generally will be deemed to have custody of these assets. These assets are maintained with a “qualified custodian” and are audited annually by an independent auditor registered with the Public Company Accounting Oversight Board (“PCAOB”); audited financial statements are delivered to investors in accordance with Rule 206(4)-2 of the Advisers Act and guidance from the SEC staff.

ITEM 16 - Investment Discretion

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

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

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

Despite such restrictions, we typically consider these accounts to be discretionary.

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

However, some QS Investors accounts may be considered non-discretionary, generally when clients are responsible for executing trades in their accounts or when they have the discretion to reject our trade recommendations. In addition, we may provide investment advice, trade recommendations and/or portfolio research services to some clients. In these circumstances, clients retain full investment and trading discretion over their accounts.

ITEM 17 - Voting Client Securities

Unless otherwise specified in client agreements, we vote proxy ballots on behalf of our clients. To ensure that all votes are cast equitably and what we, in good faith, believe to be in the best interest of all clients, in accordance with the Firm's Proxy Voting Policy, we have retained Institutional Shareholder Services, Inc. ("ISS"), a recognized authority on proxy voting and corporate governance, as our proxy voting agent. ISS obtains proxy ballots, provides vote recommendations, votes proxies and provides recordkeeping and reporting services on behalf of those clients that have provided QS Investors with the authority to vote proxies. We have a fiduciary responsibility to vote proxies in our clients' best interests. QS Investors' Compliance personnel are responsible for managing the relationship with ISS and for ensuring that we are meeting our proxy voting obligations.

Under rare circumstances, QS Investors' investment teams may believe that it will be in the best interests of clients to vote against ISS's vote recommendations or in contradiction with ISS's proxy voting guidelines. In these cases, if there is no material conflict of interest, we will override the vote recommendation from ISS or vote in contradiction with their guidelines. Such votes require pre-approval by Compliance.

In the case of U.S. registered investment companies that operate as a fund-of-funds, proxies for shares of underlying funds that are managed or advised by QS Investors or an affiliate will generally be voted subject to an "echo voting" procedure. Under echo voting, proxies are voted in the same proportion as shares held by other shareholders of the fund(s). Proxies for shares of unaffiliated funds may also be voted in accordance with an echo voting procedure to the extent required in order to comply with applicable legal and/or regulatory requirements. Additionally, proxies for the shares of certain ETFs held within client accounts may be voted in accordance with an echo voting procedure to the extent required by procedures we have adopted to comply with applicable legal and/or regulatory requirements.

QS Investors may have a potential conflict of interest when a company that is soliciting a proxy is one of our advisory clients or when our employees have an interest in a proxy voting proposal that conflicts with the interests of our clients. We believe that we minimize such potential conflicts of interest by following predetermined proxy voting guidelines and by voting in accordance with vote recommendations from ISS.

Unless the cost of voting would appear to outweigh the benefits, we generally cast votes for all shares for which we have voting authority.

Due to restrictions on trading during the proxy solicitation period imposed by many non-U.S. issuers (known as "share blocking"), we typically do not vote shares of some issuers in some markets. During a share blocking period, a blocked security cannot be sold without a formal recall, which can take time and may not be successful. Share blocking periods can last one day to several weeks. If we are unable to sell a blocked security, this could result in substantial costs to clients. If we do not vote a proxy for a particular security, we are not subject to these share blocking restrictions. We may decide in some instances to vote a proxy despite share blocking if we believe that a certain proposal or series of proposals is likely to result in a substantial change to shareholder value and/or rights.

Some clients may participate in client-directed security lending programs, which also require a recall of the loaned securities to properly assign voting rights to the lender. Because of these administrative considerations, QS Investors often does not receive adequate notice of a proxy voting solicitation to arrange a recall of shares through the client's

custodian or other intermediary in time to vote the proxies. Therefore, we generally do not vote proxies for securities on loan.

Please note that in limited circumstances within our asset allocation strategy, in connection with a transition from an investment in one underlying fund to another underlying fund, a client may temporarily hold a basket of securities (e.g., due to a fund's redemption via an in-kind transfer of securities). In the interim period during which the securities are received and when they are liquidated, we do not seek to vote proxies for the underlying securities held in client accounts.

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

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

Lastly, unless otherwise specified in client agreements, QS Investors does not advise clients or take any action on their behalf with respect to legal proceedings involving assets or securities held for or traded in client accounts. These may include but are not limited to: class actions, insolvency filings and settlement filings.

ITEM 18 - Financial Information

We are not aware of any events affecting our financial condition that would impair our ability to meet our contractual commitments to our clients and we have not been the subject of a bankruptcy petition at any time.

Privacy Notice

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

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

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

We consider privacy fundamental to our client relationships and adhere to policies and practices and maintain physical, electronic, and procedural safeguards to protect current and former clients' information. Only individuals who need to do so in carrying out their job responsibilities may access client information.

We never sell customer lists or individual client information.

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