



INVESTMENT MANAGEMENT

Form ADV Part 2A Brochure

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of GW&K Investment Management, LLC (“GW&K”). If you have questions about the contents of this Brochure, please contact us at the telephone number or e-mail address listed above. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about GW&K is also available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with GW&K who are registered, or who are required to be registered, as investment advisor representatives of GW&K.

Although GW&K is registered as an investment advisor under the Investment Advisers Act of 1940, such registration does not imply that GW&K or its personnel have a certain level of skill or training.

Item 2 – Material Changes

This Item requires us to summarize any material changes to our Form ADV Part 2A since our last filing on March 30, 2015. While we do not believe the following changes are material, we have nonetheless summarized our changes to the current Form ADV Part 2A below:

- We updated our assets under management in “Item 4 – Advisory Business” to approximately \$27.58 billion as of December 31, 2015.
- Item 7 – Types of Clients: We updated the Conditions for Managing Accounts section to include information regarding GW&K’s Valuation Committee.
- Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss: We updated the Equity Strategies section to include GW&K’s International Small Cap Equity Strategy.
- Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss: We updated the Investment Risks section to include Risks of Investing in Non-US Securities.

We also made certain other non-material changes throughout the form.

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Item 4 – Advisory Business

GW&K provides investment management and subadvisory services on a discretionary basis. The firm has been in business since 1974. GW&K currently has approximately 108 employees working in GW&K's Boston office. As of December 31, 2015, GW&K had approximately \$27.58 billion in assets under management. This value includes \$937.0 million in non-discretionary Uniform Model Account programs for which GW&K provides investment model updates to platform providers who then execute the model trades. GW&K serves as an investment advisor or subadvisor to private or high net worth clients, pension and profit-sharing plans, mutual funds, estates, charitable foundations, endowments, corporations, private funds and other entities.

Principal Ownership

As GW&K's institutional partner, Affiliated Managers Group, Inc. ("AMG"), a publicly-traded asset management company (NYSE: AMG), holds a majority equity interest in GW&K. AMG also holds equity interests in other investment management firms ("AMG Affiliates"). Further information on both AMG and the AMG Affiliates is provided in Item 10.

Advisory Services

GW&K specializes in domestic Municipal Bond, Taxable Bond and Equity strategies. GW&K is a research oriented adviser using primarily fundamental analysis for the evaluation of investment opportunities and the construction of investment portfolios.

GW&K recognizes that its clients are unique and that their investment needs may be different. As such, GW&K's primary investment strategies are modified as necessary to meet client investment objectives. Each GW&K client executes an investment management agreement and any investment restrictions or guidelines are implemented when the account is opened. Prior to the execution of an agreement with a client, GW&K reviews the requested restrictions and works with the client to refine them to meet the client's needs and provide GW&K adequate investment management flexibility.

Wrap Fee & Third-party Advisory Programs

"Wrap arrangements," "wrap fee programs," or "wrap fee accounts" involve individually-managed accounts for individual or institutional clients. The wrap fee accounts are offered as part of a larger program by a "sponsor," usually a brokerage, banking or investment advisory firm, and managed by one or more investment advisers. GW&K has agreements with various wrap fee program sponsors through which GW&K's services are offered as an investment option within the wrap fee program and, accordingly, GW&K provides investment management services to those clients who select GW&K as part of the program. The program sponsor typically pays a portion of its program fee to GW&K for its services.

Generally, GW&K's management of wrap fee accounts and other accounts under the same investment strategy is consistent. Although the same level of portfolio customization generally cannot be provided to wrap fee accounts that is offered to other

accounts within an investment strategy, GW&K does offer its wrap fee clients the opportunity to customize their accounts to some degree by imposing reasonable investment restrictions on their account.

In addition, when trading for our wrap fee program accounts, GW&K may trade with different broker/dealers than for our other GW&K accounts because trades for wrap fee program accounts are typically directed to the wrap fee program sponsor (or its designated broker/dealer) since brokerage commissions are included in the wrap fee. In such situations, GW&K may be required to trade a wrap fee program's accounts separately from other accounts being managed within the same strategy. While directed brokerage is designed to benefit the wrap fee program account through lower trading costs, there may be some circumstances where directed trades do not receive the best price, or where dividing the trade into separate components may inhibit GW&K's ability to obtain the same level of or as timely execution it may otherwise have been able to obtain if it had been able to execute the entire trade with one broker/dealer. Wrap program accounts also generally do not participate in new issues. Operational limitations with these types of accounts may make trading away from the sponsor difficult. To the extent that GW&K trades away from the sponsor by placing trades with a different brokerage firm, the client will typically incur the costs associated with this trading in addition to the program's wrap fees. Subject to these limitations, GW&K employs trade rotation and periodic brokerage review in an effort to reduce the impact of these potential issues. Clients who enroll in these programs should satisfy themselves that the sponsor is able to generally provide best execution of transactions.

Subadvisory Arrangements

GW&K has been engaged by certain investment advisers, including advisers to registered investment companies, to manage accounts as a subadvisor. GW&K's fees and services for acting in this capacity are determined by contracts with the applicable advisers. GW&K may also invest client funds in mutual funds or other pooled investment vehicles such as ETFs. To the extent that client funds are invested in these securities, those assets will typically be subject to management and other fees assessed by those vehicles in addition to the advisory fees paid by the client to GW&K. Such fees would be described in each pooled vehicles' offering documents (e.g., prospectus or offering memorandum).

Assets Under Management

As of December 31, 2015 GW&K had approximately \$27.58 billion in assets under management. This value includes \$937.0 million in non-discretionary Uniform Model Account programs for which GW&K provides investment model updates to platform providers who then execute the model trades.

Item 5 – Fees and Compensation

Standard Fee Schedule

GW&K is compensated for investment advisory services through payments of fees made by its clients. GW&K's standard annual fee schedule is included below. This standard fee schedule may be modified from time to time.

**Equity Accounts: Diversified Equity & Equity Dividend Plus Strategies
Accounts with Total Assets of Less Than \$5 Million**

- 1.00% on the First \$5 Million
- .75% on the Next \$5 Million
- .60% on All Amounts over \$10 Million

**Equity Accounts: Small Cap Core, Small Cap Growth, Small/Mid Cap Core and
International Small Cap Strategies**

- 1.00% on the First \$5 Million
- .90% on the Next \$20 Million
- .80% on the Next \$25 Million
- .75% on All Amounts over \$50 Million

Fixed Income Assets: All Strategies

- .75% on the First \$2 Million
- .50% on the Next \$3 Million
- .45% on the Next \$5 Million
- .40% on All Amounts over \$10 Million

Performance fees for certain products are also available and negotiable, subject to applicable law. See Item 6 for further information.

GW&K has discretion over the fees that it charges to its clients as well as any changes in its fee schedules. Fees may be negotiated in light of a client's special circumstances such as asset levels, service requirements, or other factors. In some cases GW&K may agree to offer clients a fee schedule that is lower than that of other comparable clients in the same investment style or there may be historical fee schedules with longstanding clients that differ from those applicable to new client relationships. In addition, some accounts may have fee schedules that are higher than our Standard Fee Schedule. Advisory fees may be subject to a specified annual minimum; however, GW&K also reserves the right to waive all or a portion of its management fee at any time.

GW&K's management fees are typically billed quarterly in advance or in arrears based on the client agreement. Fees are generally assessed on the market value of the client account as determined by a quarterly appraisal. A client may generally cancel its account with written notice to GW&K at which time it may be reimbursed for the pro-rata portion of quarterly fees paid in advance or the client will pay GW&K for the pro-rata portion of fees accrued but not yet paid for the current quarter.

GW&K's management fees are generally computed as a percentage of the value of the assets under management. In calculating management fees, GW&K typically relies on prices provided by third-party pricing services for purposes of valuing securities held in client accounts. GW&K may on occasion be required to "fair value price" a security when a market price for that security is not readily available or when GW&K has reason to believe that the market price is unreliable. When "fair value pricing" a security, GW&K seeks to determine a price that would be obtained in the market if, in fact, a market for the security existed. GW&K maintains policies and procedures for its pricing processes to address applicable potential conflicts of interest.

Fees for Specialized Accounts and Advisory Services

Subadvisory Arrangements

GW&K has been engaged by certain investment advisers (including advisers to mutual funds) to manage assets as a subadvisor. In its capacity as "subadvisor", GW&K's fees are determined by the contract with the adviser.

Information about these sub-advised funds, including a description of the advisory fees, is generally contained in each fund's prospectus, which can typically be found at each adviser's website as applicable.

Wrap Fee Programs

Certain wrap product sponsors have engaged GW&K to manage assets as a program investment option for wrap clients. With regard to wrap fee program accounts, the all-inclusive wrap fee assessed by the program sponsor may exceed the aggregate cost of the services provided if such services were negotiated and purchased separately, depending on the level of the all-inclusive fee, the amount of trading activity in a client's account, the cost of brokerage commissions, and the value of any other services rendered to the client. The fees paid by clients for investing in a wrap fee account are set by the sponsor, and are generally disclosed in the sponsor's contract established with each client. As described further in Item 4 and Item 12, there may be instances where it may be beneficial for certain transactions to be executed through a brokerage firm other than the wrap fee sponsor, which may result in a client incurring costs in addition to the program's wrap fees.

For detailed information about the wrap fees charged by a specific wrap program sponsor, clients can refer to the sponsor's Form ADV or to other materials provided by the sponsor.

Private Fund

GW&K sponsors a privately-offered pooled investment vehicle (i.e., private fund). This entity is neither registered under the Securities Act of 1933, nor registered under the Investment Company Act of 1940. Accordingly, interests in this fund are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell this fund is made by the descriptions in this Brochure, and as noted, this fund is available only to investors that are properly qualified.

The typical fee schedule for this fund is an annual management fee of 1.0% of client assets under management. GW&K reserves the right to waive some or all fees for certain investors in the funds, including for investors who are affiliated with GW&K. Fees for such services are generally set forth in the offering memorandum or other relevant document. The terms set forth in these documents, such as management fees, withdrawal and redemption conditions, and information rights, may be negotiable and varied at GW&K's discretion, under side letters depending on the size of the proposed investment, type of investor, and special legal requirements applicable to the proposed investor.

In addition, certain operating and other expenses are borne by the fund and effectively paid by the fund's investors. These are expected to include:

- Legal, accounting, bookkeeping, tax compliance, auditing, consulting and other professional expenses, including those of valuation firms, and expenses associated with compliance with securities regulations;
- Administration fees and other expenses charged by or relating to the services of third-party providers of administration services;
- Bank service, custodial and similar fees; and
- Other miscellaneous expenses as deemed necessary and proper by the fund's general partner to incur.

Investors in private funds will pay some or all of the above fees. Before investing in the fund, investors should review fund documents, such as the private placement memorandum, to understand the fees that may be applicable to their particular investment.

Non-Discretionary Programs

GW&K manages some investment accounts without full discretion of which securities will be purchased or sold or when those transactions will occur. These include multi-manager or multi-discipline investment products and diversified manager allocation products which are managed at the sponsor's discretion with the guidance of a model portfolio maintained on its behalf by GW&K. In these instances, GW&K amends and updates the model portfolios from time to time and provides the updated information to the sponsor who has ultimate discretion of whether or when it will affect the model updates in underlying client portfolios.

In such programs the client typically pays the sponsor an all-inclusive fee, a portion of which is paid to GW&K as compensation for the investment advisory services in maintaining the model portfolio and communicating changes in it to the sponsor.

For detailed information on the fees charged by each sponsor, please refer to the sponsor's fee brochure or client investment management agreement.

Additional Fees and Expenses Payable by Clients

GW&K's fees are exclusive of brokerage commissions, transaction fees, service provider fees, and other related costs and expenses which are incurred by GW&K's clients.

Execution of client transactions typically requires payment of brokerage commissions by clients. Investment activity may also involve other transaction fees payable by clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, clients may incur certain charges imposed by custodians, broker/dealers, third-party investment consultants, and other third parties, such as custodial fees, consulting fees, administrative fees, and transfer agency fees.

Fees for Investment of Client Assets in Third-party Mutual Funds and Other Pooled Investment Vehicles

At times, GW&K may invest a client's assets in exchange traded funds, mutual funds (including money market funds or similar short-term investment funds) or other pooled investment vehicles sponsored by third parties. To the extent that a client's assets are invested in other pooled vehicles, clients will typically pay management or other fees in addition to the fees paid by the client to GW&K. Those fees are described in each pooled vehicles' offering documents (e.g., prospectus or offering memorandum).

Mutual Funds

Mutual funds typically assess two categories of fees: shareholder fees and annual fund operating expenses. Shareholder fees may include:

- Sales Loads: Fees paid to a broker/dealer which may include front-end loads (sales fees charged upon purchasing shares) and backend loads (sales fees charged upon redeeming shares);
- Redemption fees: Fees paid to the fund upon the sale of mutual fund shares;
- Exchange fees: Fees charged for transferring to another fund within the same fund group; and
- Account fees: Account maintenance fees.

Annual fund operating fees may include:

- Management fees: Fees paid to an adviser or its affiliates for managing the fund;
- Distribution or service fees: Fees for distribution expenses, and sometimes shareholder service expenses; and
- Other expenses: Miscellaneous expenses, such as custodial expenses, legal expenses, accounting expenses, transfer agent expenses, and other administrative expenses.

Clients whose assets are invested in mutual funds may pay some or all of the above fees. Clients should review fund documents, such as the prospectus, before investing to understand the fees that may be applicable to their particular investment.

Fees for the Sale of Securities

Neither GW&K nor its employees receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for client accounts. GW&K is compensated solely through stated investment management fees agreed upon in investment advisory agreements maintained between GW&K and its clients.

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

Performance-Based Fees

For some accounts, GW&K receives performance-based fees for its investment management services. A performance-based fee is a fee representing an asset manager's compensation for managing an account which is based upon a percentage of the net profits of the account being managed. When calculating net profits, performance-based fees may be based on absolute or benchmark relative returns. In certain instances, we may negotiate performance-based fees with specific clients. We may have both performance-based fee accounts and asset-based fee accounts within a particular investment strategy.

Performance-based fees may create certain inherent conflicts of interest with respect to GW&K's management of assets. Specifically, our entitlement to a performance-based fee in managing one or more accounts may create an incentive for us to take risks in managing assets that we would not otherwise take in the absence of such arrangements. Additionally, since performance-based fees reward us for strong performance in accounts which are subject to such fees, GW&K may have an incentive to favor these accounts over those that have only asset-based fees (i.e., fees based simply on the amount of assets under management in an account) with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities.

To maintain fair and equitable treatment of all accounts, GW&K has implemented policies, procedures and controls to further its efforts to treat all accounts fairly, regardless of their corresponding fee structure. For example, GW&K has implemented trade allocation and trade rotation procedures, as further described in Item 12. In addition, Compliance personnel review the performance of accounts with a performance-based fee against accounts using the same strategy that do not have a performance-based fee. The objective of these procedures and reviews is to ensure that client accounts are treated fairly and equitably over time.

Side-by-Side Management

GW&K investment professionals simultaneously manage multiple types of accounts including separate accounts, wrap fee programs, subadvised mutual funds, and private funds according to the same investment strategy or similar investment strategies (i.e., side-by-side management). The simultaneous management of these different investment products creates certain potential conflicts of interest because investment advisory fees charged by GW&K for these different accounts may vary. As described in Item 11, these accounts may include those in which certain GW&K principals and employees may invest or have an interest. GW&K seeks to treat all such accounts fairly and equitably over time and GW&K maintains policies and procedures for investment allocation and trade rotation to help ensure this occurs. GW&K also oversees investment guidelines for its investment strategies as well as for individual client accounts through the administration of trading rules in its order management system and the periodic review of accounts to confirm portfolio compliance. These activities further reduce the potential for a single account or group of accounts to be favored over others.

While GW&K seeks to treat all accounts fairly and equitably over time, all accounts within the same investment strategy or accounts within similar investment strategies will not necessarily be managed the same at all times. Different client guidelines may lead to the use of different investment practices for accounts within the same investment strategy. In addition, GW&K will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible accounts. Consequently, the performance of any account within a particular strategy or the performance among accounts across similar strategies may differ. With respect to certain types of accounts, such as private clients or other accounts that have investment restrictions, tax sensitivity, cash requirements or other constraints, these parameters may affect performance results for that particular account.

Item 7 – Types of Clients

Types of Clients

GW&K provides investment management services for private clients, pension and profit-sharing plans, mutual funds, estates, charitable foundations, endowments, corporations, private funds and other entities.

Conditions for Managing Accounts and Information on Portfolio Construction Process

GW&K's minimum account size is typically \$1 million. However, this minimum is negotiable and may be waived or modified at GW&K's discretion. In circumstances where GW&K serves as an adviser within a wrap fee program or where GW&K is an adviser or subadvisor to other funds or accounts, the account minimums are generally determined by the relevant wrap fee program sponsor, fund, or account. Generally, GW&K requires each separate account client to execute an investment management agreement that details the nature of the discretionary investment advisory authority given to GW&K.

In addition, the amount of time required to fully invest new client accounts and other related client on-boarding processes may vary from client to client, and depends on a number of factors including the type of investment strategy selected, market conditions at the time of investment, size of the investment, and method used to fund the investment. When an account is funded either partially or fully in-kind, such as when stocks or bonds are delivered to GW&K in addition to or instead of cash, it may take GW&K longer to construct a complete portfolio, since certain of those assets may need to be sold before securities that GW&K believes are appropriate for the portfolio can be purchased. Other aspects of portfolio construction that may delay the completion of the process include, but are not limited to, the liquidity of targeted securities and (for fixed income accounts) the amount of new security issuance in applicable bond markets. In addition, if these contributed in-kind securities are odd lots, thinly traded or otherwise illiquid or difficult to value, there may be limitations on the value that GW&K can ultimately realize for the client if GW&K ultimately sells the securities (with GW&K determining the timing of such sale in its discretion). Clients may also occasionally instruct GW&K to liquidate in-kind securities for cash distribution. In such instances, the client would incur GW&K's standard management fee as well as transaction costs related to the liquidation. In addition, such liquidations based on client instructions may limit the value that GW&K can realize for the client, in light of market conditions and the liquidity of the securities being sold.

With respect to the valuation of in-kind fixed income securities received by GW&K, GW&K maintains policies and procedures for the valuation of such securities. Under GW&K's process, GW&K typically seeks multiple prices from recognized third party broker/dealers to establish an initial valuation for such securities. Once the client account is open, GW&K then typically uses prices from recognized third party pricing services to value the portfolio going forward. In addition to normal market movements, the prices received from the broker/dealers, and the prices realized if the bonds are subsequently sold, may differ from the prices obtained from the third-party pricing

services. As a result, there may be performance variations for such securities and these accounts for these time periods.

GW&K maintains a Valuation Committee that meets on an as needed basis to address issues with the pricing of securities held by GW&K clients. The Committee is comprised of GW&K's Chief Compliance Officer or his designee, managers of GW&K's Operations and Client Service departments, as well as certain GW&K Traders and Portfolio Managers.

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

Strategy Overview

GW&K is a discretionary asset management firm specializing in Fixed Income and Equity strategies. GW&K clients generally invest in one or more of our Municipal Bond, Taxable Bond, or Equity strategies.

Municipal Bond Strategies

- **Municipal Enhanced Yield:** This long-term municipal bond approach emphasizes fundamental research with a goal to produce high after-tax income. It is appropriate for total return-oriented clients with a greater tolerance for principal volatility.
- **Municipal Bond:** This strategy emphasizes bottom-up research with a goal of producing high after-tax returns while preserving and enhancing capital. The strategy focuses on bonds within the investment grade spectrum that offer yield enhancing opportunities.
- **Five-Year Municipal Bond:** This strategy seeks to preserve and enhance capital, while protecting income stream by capitalizing on opportunities along the yield curve. Portfolios are generally constructed with an average maturity of five years, but bonds maturing as far out as 10 years may be purchased to take advantage of different interest rate environments.
- **Short-Term Municipal Bond:** Through bottom-up research, this strategy seeks to earn higher after-tax returns than money market funds, while managing risk. The strategy focuses primarily on bonds maturing in less than four years. Positions are generally investment grade with an average rating of A or better.

Taxable Bond Strategies

- **Corporate Bond Opportunities:** This strategy consists of an actively managed portfolio of high-yield and high-grade corporate bonds seeking current income and longer-term capital appreciation. The investment approach combines top-down sector allocation with bottom-up issuer selection as well as a credit barbell methodology through a combination of primarily high grade and high yield corporate bonds.
- **Total Return Bond:** This multi-sector approach takes advantage of relative valuation among distinct bond sectors and seeks to generate income and capital gain. The investment process combines macro analysis with bottom-up security selection. Macro-economic factors are analyzed to determine portfolio positioning and securities are selected based on thorough quantitative and qualitative research.
- **Enhanced Core Bond:** This strategy offers broad market exposure across Treasury, Agency, Mortgage-Backed and Corporate sectors with a goal of providing income. The strategy also invests across multiple bond market sectors

to help enhance return opportunities and manage risk, making modest shifts among sectors to react to changing economic and interest rate environments.

- **Core Bond:** This strategy is a core multi-sector bond strategy that offers a more conservative profile by investing in investment grade securities only. The strategy seeks to generate income while preserving capital. Average credit quality is typically AA.
- **Short-Term Taxable Bond:** Through research and diversification, this strategy seeks to outperform money market funds while managing portfolio volatility. Positions are generally single A or better and the strategy maintains an average rating of AA or better.

Equity Strategies

- **Small Cap Growth:** This strategy utilizes fundamental research and quantitative screening to identify small companies with sustainable, above-average earnings growth in niche markets. The strategy focuses on quality, and seeks to hold stocks for the long term and protect returns when markets decline. The strategy generally invests in stocks with market capitalizations between \$250 million and \$5 billion.
- **Small Cap Core:** This strategy utilizes fundamental research to identify small companies with sustainable growth in niche markets. The strategy's core approach allows for pursuit of quality companies with either growth or value oriented characteristics. The strategy generally invests in stocks with market capitalizations between \$250 million and \$5 billion.
- **Small/Mid Cap Equity:** This strategy is a core approach that seeks small-cap and more established mid-cap companies with sustainable growth prospects. The strategy follows a core approach that generally invests in growth and value stocks with market capitalizations between \$250 million and \$10 billion.
- **Diversified Equity:** This strategy combines growth and value disciplines and diversifies across large, mid, and small capitalization stocks. The strategy is allocated across market segments, investment styles and company sizes. The investment process supports the identification and research of one stock idea at a time and seeks to hold companies for the long term.
- **Equity Dividend Plus:** This strategy seeks above-average dividend paying companies with the required balance sheet strength needed to sustain dividend payouts. (Dividend Yield is one component of performance and is not the only consideration for investment.) The strategy generally seeks to maintain an overall yield twice that of the S&P 500.
- **International Small Cap Equity:** This strategy seeks long-term capital appreciation by investing primarily in a portfolio of equity securities issued by foreign, small market capitalization companies. The Fund seeks to outperform the MSCI World ex-USA Small Cap Index over a full market cycle.

Methods of Analysis

GW&K's primary method of evaluating investment opportunities is fundamental analysis. Fundamental analysis involves researching the quantitative and qualitative characteristics of a security, taking into account applicable economic, industry, or other external considerations to try to determine its intrinsic value. In addition to fundamental security analysis, GW&K may also employ varying degrees of macroeconomic, sector, industry, interest rate, or policy analysis in formulating investment decisions or constructing investment portfolios.

Information Sources

GW&K uses numerous sources of information to evaluate securities. These sources include, but are not limited to, analytical data provided by third-party vendors and rating agencies, third-party research, regulatory filings, financial statements, and economic data, as well as more qualitative considerations, such as discussions with management teams.

Investment Risks

Investments with GW&K are not insured or guaranteed. Stock markets and bond markets can fluctuate substantially over time and GW&K cannot assure any level of performance or guarantee that its investments will not experience a loss in value. While GW&K seeks to achieve positive returns for its clients the value of investments in any of GW&K's strategies can fluctuate substantially over time, potentially resulting in loss of principal or loss of profits that have not been realized. Risks that may be applicable to investors with GW&K include:

General Risks

- **Liquidity Risk** – In situations where there is little or no active trading market for certain securities, it may be more difficult to sell such securities at or near their perceived value. The secondary market for municipal bonds in particular can sometimes be less liquid than other securities markets, which may impact the ability to sell at desired prices.
- **Market Risk** – Stock and bond markets fluctuate over time, and the market value of a specific stock or bond may decline due to general market conditions unrelated to the specific company or issuer. Factors that could contribute to market fluctuations include, but are not limited to, changes in real or perceived economic conditions, changes in interest rates, or changes in investor sentiment.
- **Non-diversification Risk** – Non-diversified investments or strategies, such as those which may invest a relatively high percentage of assets in a limited number of issuers, could be more susceptible to risks associated with a single market, economic, or other event than a diversified investment or strategy.

- **Sector or Industry Risk** – Investments or strategies that significantly overweight or underweight companies or issuers in a certain sector or industry may be more susceptible to economic or market events applicable to that group.

Risks of Investing in Fixed Income Securities

- **Call Risk** – Some bonds give the issuer the option to call or redeem the bonds prior to maturity date. If an issuer calls its bonds in a period of declining interest rates, there is a risk that there may not be bonds with similar characteristics paying the same interest rate available to buy with those proceeds. Callable bonds can be susceptible to greater price fluctuation than non-callable bonds during periods of market illiquidity or changing interest rates.
- **Credit Risk** – If a bond issuer fails to make scheduled interest or principal payment or if there is a decline, or the perception of a decline, of the credit quality of a bond, the bond's price may fall. As a bond's credit rating becomes lower, it is potentially more likely the issuer may have trouble making scheduled payments. High yield bonds generally have greater potential credit risk than investment grade bonds.
- **Interest Rate Risk** – Prices of bonds tend to move inversely with changes in interest rates. Rising interest rates typically cause bond prices to fall, adversely impacting investors in fixed income strategies. As the effective maturity and duration of a fixed income portfolio become longer, the impact of rising interest rates on the portfolio's value may potentially be more significant.
- **Municipal Market Risk** – There is typically less public information available about municipal bonds than for other types of securities, such as corporate bonds or equities. Factors unique to municipal securities, including state or local economic or business developments or legislative changes, may adversely impact the yield or value of applicable bonds. The municipal bond market can also be subject to periods of lower new issuance of bonds or other factors which may result in lower market liquidity.
- **Prepayment and Extension Risk** – When interest rates fall, the principal on mortgage-backed and other asset-backed securities may be prepaid. There may not be bonds with similar characteristics paying the same interest rates available to buy with those proceeds. When interest rates rise, the effective duration of mortgage-backed and other asset-backed securities may increase due to a drop in prepayments on the underlying mortgages or other assets. This extension of effective duration could increase a portfolio's susceptibility to price declines due to rising interest rates.
- **Reinvestment Risk** – When bonds are sold or called, or when they mature, there may not be other similar bonds available paying the same interest rate with equivalent quality, maturity or other characteristics. The reinvestment of

proceeds into substantially dissimilar bonds may adversely impact the level of income generated or carry different levels of risk.

Risks of Investing in Non-U.S. Securities

- **Foreign Investment Risk** - Securities or other investments of foreign issuers involve additional risks (such as risks arising from less frequent trading, changes in political, social or economic developments, and less publicly available information about non-U.S. issuers) that differ from those associated with investing in securities of U.S. issuers and may result in greater price volatility. Investments outside the U.S. may also be subject to different settlement and accounting practices and different regulatory, legal and reporting standards, and may be more difficult to value, than those securities issued in the U.S.
- **Emerging Markets Risk** - Investments in emerging markets involve all of the risks of foreign investments, and also have additional risks. The markets of developing countries have been more volatile than the markets of developed countries with more mature economies. Many emerging markets companies in the early stages of development are dependent on a small number of products and lack substantial capital reserves. In addition, emerging markets often have less developed legal and financial systems. These markets often have provided significantly higher or lower rates of return than developed markets and usually carry higher risks to investors than securities of companies in developed countries.
- **Currency Risk** - Foreign currency exposure will naturally arise from investments in non-U.S. assets. Exchange rates between a client's base currency and that of any local market currency may fluctuate significantly over short periods of time due to factors such as changes in interest rates, government intervention (e.g., devaluation of a currency by a country's government or central banking authority) and other geopolitical issues. Such changes can have a negative impact on the returns from those investments.
- **Geopolitical Risk** - Changes in the political status of any country can have profound effects on the value of securities within that country.

Item 9 – Disciplinary Information

There are no applicable legal or disciplinary events relating to GW&K.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliations

As noted in Item 4, AMG is a publicly traded company with equity investments in investment management firms, including GW&K. AMG's equity interest in GW&K is structured so that GW&K maintains operational autonomy in managing its business. AMG does not have any role in the day-to-day management of GW&K. Accordingly, AMG is not a "control person" of GW&K. AMG also holds equity interests in certain other investment advisers ("AMG Affiliates"). Each of AMG's Affiliates, including GW&K, operates autonomously and independently of AMG and each other. Except as described in this Brochure, GW&K does not have any business dealings with the AMG Affiliates and does not conduct any joint operations with them. GW&K carries out its asset management activity, including the exercise of investment discretion and voting rights, independent of the AMG Affiliates. Additionally, no AMG Affiliates formulate advice for GW&K's clients. Thus AMG's ownership interest in GW&K does not, in GW&K's view, present any potential conflict of interest for GW&K's clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at www.amg.com.

GW&K has marketing agreements with AMG Funds LLC ("AMG Funds"), a wholly-owned subsidiary of AMG, under which AMG Funds markets GW&K's investment management services to unaffiliated third-party intermediaries that sponsor subadvised mutual funds and/or other platforms, such as defined contribution retirement plan platforms. GW&K pays AMG Funds a fee for these services.

GW&K also has mutual fund subadvisory agreements with AMG Funds, under which GW&K serves as subadvisor to various mutual funds in the AMG Funds family of mutual funds, which are sponsored and advised by AMG Funds. As described in each fund's prospectus, the fund pays AMG Funds an advisory fee, and AMG Funds pays GW&K a subadvisory fee with respect to the fund. In addition, certain of GW&K's employees are registered representatives of AMG Distributors, Inc. ("AMGDI"), a limited purpose broker/dealer that is a wholly-owned subsidiary of AMG Funds and that is the underwriter of the AMG Funds family of funds and placement agent for certain Affiliate private funds.

GW&K also has a servicing agreement with AMG Funds under which AMG Funds provides administrative and/or marketing services to support GW&K's provision of advisory services to or through various unaffiliated third-party investment programs, such as wrap programs and/or dual contract programs sponsored by unaffiliated broker/dealers, banks, and other financial intermediaries. GW&K pays AMG Funds a fee for the services provided under these servicing arrangements.

GW&K is also party to a client service/marketing agreement with one or more subsidiaries of AMG under which the AMG subsidiaries introduce GW&K's investment management services to prospective institutional clients and/or provide institutional client services to certain of GW&K's clients in various foreign jurisdictions. GW&K pays the AMG subsidiaries a fee for these services. The AMG subsidiaries are not

broker/dealers, investment advisers, or any of the other financial institutions described in Item 7.A. of Form ADV Part 1A. Depending on the foreign jurisdiction, the AMG subsidiaries may be registered or exempt from registration, as appropriate, with the relevant foreign financial regulatory authorities.

Other Financial Activities

GW&K is not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator, or commodity trading advisor.

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

Code of Ethics

GW&K has adopted a Code of Ethics (the “Code”) that applies to all employees. The Code describes the standard of conduct GW&K requires of its employees and sets forth restrictions on certain activities, including personal trading in accounts owned, managed or beneficially owned by employees. The Code’s provisions also include requirements relating to areas such as gifts, business entertainment, and insider trading. By setting forth the regulatory and ethical standards to which GW&K’s employees must adhere, the Code supports GW&K’s efforts to promote a high level of professional ethical conduct.

Personal Trading

The Code contains guidelines and requirements for the personal trading activity of GW&K employees and members of their households. These parameters are intended to prevent employees from personally benefiting from GW&K’s investment decisions or recommendations to its clients. The Code requires employees and members of their households to “pre-clear” certain personal securities transactions with our firm’s Compliance Department prior to execution. The Code also defines restrictions for trading in securities that are being considered for purchase or sale in client accounts. Additional guidelines include a required 30-day holding period for employee trades, required pre-clearance for participation in private placements, and a prohibition against participation in initial public offerings. GW&K’s Compliance Department monitors employee personal trading for adherence to the Code.

Participation or Interest in Client Transactions

Certain principals and employees of GW&K invest in strategies managed by GW&K and those investments will be managed the same or similarly to how client assets are invested. GW&K may aggregate transactions on behalf of discretionary accounts managed for its officers, directors, and family members with those of other advisory clients provided that such affiliated advisory accounts participate on a basis that is not more favorable over time than for other advisory clients. Please see Item 6 and Item 12 for additional information regarding controls or management of accounts and additional information on side-by-side management.

In addition, due to the nature of our clientele, GW&K may, in rare circumstances, trade in securities issued by our clients. For example, one of our clients could be an employee of a company that recently completed an initial public offering, or is an employee of an existing public company. In addition, it is possible that, without our previous or current knowledge, a client is on the board of, or consults for, a publicly traded company that we own for other clients. We would only purchase shares of that company for our clients if the company passed our investment process and we believe that owning the shares would benefit our clients. In all such instances, GW&K will do so in the best interests of its clients who are trading in such securities. GW&K will not consider a security issuer’s

status as a client of the Firm when determining to trade in that issuer's security on behalf of other client accounts.

Principal Trades

GW&K does not engage in principal trades with its clients.

Insider Trading/Material Non-Public Information

GW&K maintains policies and procedures designed to prevent the misuse of material non-public information. Employees are prohibited from seeking out material non-public information or, in cases where they come into possession of material non-public information, using it as basis for purchasing or selling securities in client portfolios or in their personal accounts. Employees are also prohibited from further disseminating material non-public information to any other parties either within or outside of GW&K, except for the Chief Compliance Officer in order to verify whether certain information is, in fact, material non-public information.

Employees of GW&K are also subject to AMG's Insider Trading Policy and Procedures (the "AMG Insider Trading Policy"). The AMG Insider Trading Policy prohibits the use of material non-public information and also imposes restrictions on the trading of AMG's stock.

Gifts and Business Entertainment

The Code includes policies and procedures for giving or receiving gifts and business entertainment to help mitigate potential conflicts of interest between GW&K employees and GW&K's vendors, broker/dealers, consultants, or other business partners. GW&K requires employees to report the giving or receipt of gifts valued over \$50. GW&K's Compliance Department maintains records of reported gifts and reviews them periodically to identify potential conflicts of interest.

Certain employees of GW&K are also registered representatives of AMGDI and are subject to additional procedures and restrictions with respect to gifts and business entertainment activities.

Charitable Contributions

From time to time, GW&K may donate to charitable enterprises that are GW&K clients or that are associated with GW&K clients. Members of GW&K's management team approve charitable contributions to be made by GW&K on a limited basis.

Political Contributions

GW&K prohibits its employees from making political contributions on behalf of GW&K, from being reimbursed for personal political contributions, or from making political contributions for the purpose of securing or retaining business. GW&K maintains policies and procedures that identify dollar limits for employee political contributions, as well as preclearance requirements that must be met before such contributions are made by GW&K employees.

Distribution of Code

All GW&K employees are provided a copy of the Code at the time of hire and annually thereafter. Each employee must affirm that the employee has received and read a copy of the Code, and that the employee understands its provisions. GW&K's Compliance Department conducts periodic training to review the Code with employees. A copy of GW&K's Code is also available to clients or prospective clients upon request and may be obtained by contacting GW&K using the contact information on the Cover Page of this Brochure.

Item 12 – Brokerage Practices

GW&K is typically retained on a discretionary basis where it is given authority to determine the securities to be purchased or sold within a client's specified investment strategy. Some of GW&K's clients, however, particularly those that sponsor or participate in wrap programs, limit GW&K's discretion to select broker/dealers to execute those transactions by instructing GW&K to direct trades to a specific broker/dealer.

Brokerage Relationships

In addition to selecting broker/dealers to execute transactions on behalf of client accounts, GW&K also maintains other relationships with broker/dealers as part of its investment advisory business. Certain broker/dealers sponsor wrap account platforms or other programs for which GW&K is hired to be a subadvisor to their underlying clients, or in some cases broker/dealers may refer clients directly to GW&K. Broker/dealers may provide research used by GW&K to support its investment processes or they may issue or underwrite securities that GW&K may purchase on behalf of its clients.

Notwithstanding these broker/dealer relationships, GW&K seeks to achieve best execution when executing client transactions and has implemented policies and procedures to monitor its efforts in this regard.

Best Execution – Selection Factors for Broker/Dealers

GW&K considers best execution to encompass the most favorable overall cost or proceeds that can be reasonably obtained for a transaction under current circumstances surrounding the trade. In seeking best execution, GW&K looks for the best potential combination of quantitative and qualitative factors, including price, explicit commission or mark-up, and anticipated speed of execution. These variables are considered in conjunction with potential business or account constraints that may limit GW&K's ability to seek the most favorable result.

In selecting a broker/dealer, GW&K may also consider a broker/dealer's financial soundness, capacity, expertise, and willingness to commit capital where applicable, as well as its ability to effectively communicate with GW&K's trading desk and operations team to assure timely trade settlement and reporting. Recognizing the value of these factors, GW&K may select a broker/dealer that does not offer to execute at the best price or at the lowest commission or mark-up if, in GW&K's reasonable judgment, the total overall execution represents the best opportunity for GW&K's clients.

GW&K's Brokerage Committee meets periodically to review components of GW&K's trading to help ensure the firm continues to meet its duty to seek best execution. The Brokerage Committee is comprised of portfolio managers, traders, and members of the Compliance and Operations teams. Generally, the committee reviews commission rates paid to broker/dealers for executing orders, any trade errors that may have occurred, the use of soft dollar payments for research, and other considerations relevant for the given period, such as the approval of new broker/dealers or applicable regulatory changes which could impact GW&K's trading. Additionally, GW&K uses an

independent third-party vendor to assist in the aggregation and analysis of trade execution data across its investment strategies and products. The Brokerage Committee reviews this analysis to identify notable outlier transactions or brokers/dealer, as well as potential trends in execution results.

Directed Brokerage

Some of GW&K's clients, particularly those who sponsor or participate in wrap programs, instruct GW&K to direct all trading to a specific broker/dealer. In these situations, GW&K will generally neither seek competitive bids to execute the trades nor seek information about potential commission cost because commission rates for these programs are typically pre-negotiated between the client and the plan sponsor or designated broker/dealer. GW&K clients with directed brokerage arrangements may be unable to obtain the most favorable price on transactions executed by GW&K as a result of GW&K's inability to aggregate orders in those accounts with other client trades. Directed brokerage arrangements may also preclude those clients from participating in initial public offerings and, in some situations, GW&K may not execute transactions in accounts with directed brokerage until non-directed brokerage orders are completed. Clients who direct brokerage should consider these items in conjunction with understanding the services being provided under their directed brokerage agreement, and should be aware that their brokerage expenses may be more or substantially more than if the client had not directed brokerage.

GW&K reserves the right to reject or limit client requests for directed brokerage.

Step-Outs

GW&K may "step-out" portions of its trades when it determines doing so may potentially facilitate better execution for client orders. Step-outs occur when a transaction is placed with one broker/dealer and then a portion of that order is "given up" or "stepped out" by that broker/dealer to another broker/dealer for credit. Step-outs may benefit clients by helping to find more natural counterparties to trade a specific security while still allowing GW&K to initiate a larger block of shares more efficiently.

GW&K may use step-outs to accommodate client directed brokerage mandates. In those cases, trades are often executed through a particular broker/dealer and then "stepped-out" to the directed broker/dealer. When stepping out for purposes of directing brokerage, there is no assurance that more favorable execution will result.

Step-outs may also be used by GW&K to generate soft-dollar credit, provided GW&K determines such transactions are consistent with its policy to seek best execution.

Cross Trades

GW&K generally does not engage in cross trades in client accounts. For certain fixed income transactions, there may be situations where one client account is selling a bond that another client account is seeking to purchase. In these circumstances, GW&K will identify appropriate independent broker/dealers that deal in that issue and obtain quotes from available sources. Depending on the results of that process, GW&K may

transact simultaneously in that bond using one or more broker/dealers that provide, in GW&K's judgment, the most favorable execution under the circumstances. In some cases, this process may result in the same broker/dealer being used for the purchase and for the sale.

Soft Dollars

GW&K may direct transactions for execution to certain broker/dealers to pay for research services provided by those broker/dealers or other third-party providers. The practice of paying for research in this manner is referred to as using "soft dollars." Soft dollar transactions generally have higher overall trading costs than non-soft dollar trades. The research items that GW&K may elect to pay for using soft dollars include, but are not limited to, company or industry reports, analyses, statistical data, and access to meetings with analysts and management teams.

The research products or services purchased by GW&K with soft dollars generally benefit GW&K's investment process for all client accounts within the investment strategies where the research is being used, including accounts other than those that paid commissions to the broker/dealers on a particular transaction. In some instances, other accounts benefitting may include accounts for which the accounts' owners have directed their portion of brokerage commissions to go to particular broker/dealers other than those that provided the research products/services. GW&K's generally limited use of soft dollars combined with its policy to seek best execution for all orders, including those that may generate soft dollar credit, serve to mitigate the potential risk for there to be any materially unbalanced trading costs among client accounts over time.

Commission Sharing Arrangements

GW&K has entered into Commission Sharing Arrangements ("CSAs") as a means to facilitate soft dollar payments. CSAs enable GW&K to pool commission dollars generated in trades with certain broker/dealers to be aggregated and distributed to other broker/dealers to pay for investment research. This practice allows GW&K to compensate research providers who do not have brokerage operations where traditional soft dollars can be credited through trade execution or where, in support of GW&K's policy to seek best execution, GW&K's traders decide that a research provider's trading desk may not be capable of executing GW&K's orders as effectively as other broker/dealers.

Trade Aggregation and Allocation

When GW&K intends to buy or sell the same security in two or more accounts it may, but is not obligated to, aggregate those transactions to form a single block trade. GW&K has discretion to wait to place orders if it is aware of potential additional trades for the same security that may be pending or it may decide to execute trades immediately when it receives them. Decisions around the timing and aggregation of trades are made with the goal to seek best execution and to effectively manage GW&K's order flow across numerous types of products and accounts.

Whenever practicable, GW&K will allocate trades on a pro-rata basis. Pro-rata allocation means that shares are allocated to each account based on its size relative to

the size of all other accounts included in the order until the order is completed. In certain situations, pro-rata allocation may not be practicable based on the details of the trade, type of security or issuance (such as municipal or corporate bonds), the number of and capacity of broker/dealers GW&K engages to execute the trade, and operational considerations for the numerous types of products and accounts GW&K manages for its clients. When pro-rata allocation is not used, GW&K employs a rotation process to ensure that accounts are treated fairly and equitably over time. The rotation results and methodology are reviewed periodically by Compliance to help ensure that no accounts are being inadvertently advantaged over others. If the same security is not available for all client accounts in a particular strategy, GW&K will seek to allocate securities with similar characteristics.

GW&K typically completes orders in accounts where it has authority to direct or execute trades before instructing model accounts, such as UMAs, where platform sponsors have trading authority. GW&K seeks to update UMA models at the same time; however, this timing may vary depending on UMA program-specific requirements or limitations, operational challenges, or other considerations.

Initial Public Offerings and other Limited Offerings

GW&K may participate in Initial Public Offerings, Secondary Offerings, or other security offerings where there is limited availability of shares or bonds (collectively “Limited Offerings”). Such participation is subject to the appropriateness of the security being offered for GW&K’s investment strategies and the eligibility of client accounts to participate. Many of GW&K’s clients prohibit the purchase of certain Limited Offerings.

When GW&K participates in Limited Offerings, it seeks to allocate those securities among participating accounts in a fair and equitable manner over time, taking into consideration factors such as account type, investment restrictions, cash availability, and current specific needs. In circumstances where GW&K’s overall allocation of a Limited Offering is significantly smaller than the amount requested, GW&K may allocate the securities to fewer accounts than originally intended to avoid creating positions that are not meaningful.

Trade Errors and Trade Error Accounts

GW&K has established error correction procedures which provide that the resolution of all errors be made consistent with the GW&K’s fiduciary duties. GW&K’s general policy is to resolve all errors impacting client accounts so that, to the extent possible, corrective measures leave the affected account as close as possible to the condition it would have been in had the error not occurred. GW&K may maintain error accounts with certain broker/dealers and qualified custodians for the purpose of accounting for the dollar impact of errors that may occur and the netting of losses and gains when permitted. Net losses accrued in these accounts generally require reimbursement from GW&K while net gains may be accumulated to be used to offset potential future losses. Some broker/dealers or custodians may require that gains resulting from errors in client accounts must remain with those clients as opposed to being allocated to an error account. GW&K may also use error accounts to address trade errors discovered after order execution but prior to settlement. In these situations, GW&K may use error

accounts to buy or sell securities transacted in error in client accounts while the original erroneous trades are still pending.

Item 13 – Review of Accounts

GW&K's Portfolio Management, Trading, Operations, and Compliance teams are responsible for the regular review of accounts under their supervision.

Portfolio Managers are assigned Portfolio Administrators who are responsible for daily cash and transaction management, as well as communicating client instructions to the Trading and Operations departments and interfacing with custodian banks.

Investment Research Analysts are typically responsible for tracking a variety of companies, industries and sectors in order to make recommendations for GW&K's portfolios. GW&K holds periodic investment meetings where Research Analysts and Portfolio Managers discuss potential security purchases or sales in GW&K investment strategies.

Compliance personnel review client accounts on a periodic basis for adherence to internal investment guidelines, client-mandated or contractual guidelines, and regulatory requirements.

GW&K's Operations Department performs monthly position and cash reconciliations against records and reports provided by custodial banks where client assets are held. Identified discrepancies are resolved by the Operations Department working in conjunction with the custodian.

Reporting

Clients generally receive account reports on at least a quarterly basis from their qualified custodians. These reports typically include:

1. Holdings, share amount, market value
2. Rate of Return
3. Gain/Loss
4. Transactions

Direct clients of GW&K (i.e., those who are not part of a sponsored wrap program or similar program) also typically receive quarterly appraisals from GW&K. These reports normally include portfolio holdings, performance data, transaction history, interest and dividend income earned, realized gain loss information, and portfolio composition statistics. GW&K appraisals are supplemental to statements and confirmations received by clients from their qualified custodians. Custodian statements are the official books and records for the accounts managed at GW&K.

Item 14 – Client Referrals and other Compensation

Relationships with Consultants

Some of GW&K's clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. GW&K may manage accounts introduced to GW&K through consultants and these consultants or their affiliates may recommend GW&K's investment advisory services, or otherwise place GW&K into searches or other selection processes.

GW&K provides consultants with information on portfolios we manage for mutual clients as directed by those clients. GW&K also provides more general information about its investment strategies and processes to consultants who use that information for searches they conduct for their clients. GW&K may also respond to "Requests for Proposals" from prospective clients in connection with those searches.

Other interactions that GW&K may have with consultants include, but are not limited to:

- GW&K may invite consultants to events hosted by GW&K.
- GW&K may purchase software applications, access to databases, and other products or services from consultants.
- GW&K may pay registration or other fees for the opportunity to participate, along with other investment managers, in consultant-sponsored industry forums or conferences.
- GW&K may serve as investment adviser for the proprietary accounts of consultants or their affiliates, or as adviser or subadvisor for funds offered by consultants or their affiliates.

Consulting Databases

GW&K may pay consultants or other third parties to include information about GW&K's investment advisory services in databases maintained to support searches of investment managers for prospective clients.

Relationships with Solicitors

GW&K has agreements with third-party solicitors where GW&K pays a fee for the solicitors to solicit prospective clients for GW&K. These arrangements are governed by written agreements that describe each solicitor's responsibilities to GW&K and the required disclosures the solicitor must provide to prospective clients describing the compensation received from GW&K. Typically, this compensation is assessed as a portion of the advisory fee paid to GW&K by any client retained by GW&K through a solicitor. The investment management fees charged to these clients are not typically any higher than those charged to clients GW&K attains without a solicitor.

GW&K has entered into an agreement with Charles Schwab & Co., Inc., an unaffiliated broker/dealer ("Schwab"), to participate in Schwab Advisor Source, an adviser referral

service. GW&K pays Schwab a participation fee calculated as a percentage of the value of the assets managed by GW&K under the referral program.

GW&K is party to agreements with AMG subsidiaries, pursuant to which GW&K pays the AMG subsidiaries a fee for services rendered to GW&K to support GW&K's provision of investment advisory services to clients. Please see "Item 10 – Other Financial Industry Activities and Affiliations," for additional details about these arrangements.

Item 15 – Custody

Typically, GW&K's clients determine their arrangements for custody of securities in their accounts. These custodians may be broker/dealers, banks, trust companies, or other qualified institutions. In some instances, upon client authorization, GW&K may submit requests for payment of GW&K's fees directly to our clients' broker/dealers. In such instances, GW&K will take reasonable measures to confirm that such broker/dealers, who are qualified custodians, are sending statements at least quarterly to their clients. Qualified custodians will typically provide quarterly account statements showing assets held within the account managed by GW&K. Each client should carefully review the custodian statements to confirm that they accurately state all holdings and all applicable account activity over the relevant period. Any discrepancies should be reported to GW&K and the qualified custodian.

GW&K also provides appraisal statements to its direct clients, those who are not part of a sponsored wrap program or similar program, on a quarterly basis. GW&K encourages its clients to compare GW&K's quarterly appraisals to the quarterly account statements provided by their custodians and to report any discrepancies or concerns to GW&K and the custodian.

GW&K's statements may vary from custodial statements based on accounting procedures, reporting dates, independent valuation services used, or valuation methodologies of certain securities. However, custodian statements reflect the official books and records for the accounts managed by GW&K.

GW&K is deemed, under the federal securities laws, to have custody of client assets by virtue of its role as the general partner of a private pooled fund with client assets. GW&K does not have actual physical custody of any client assets or securities invested in such fund; rather, all such assets are held in the name of the fund by an independent, unaffiliated qualified custodian. The fund is audited annually, and investors receive annual financial statements, as required by applicable law.

Item 16 – Investment Discretion

GW&K is typically granted full investment discretion by its clients at the outset of each of its advisory relationships. GW&K may be granted discretionary authority by executing an investment management agreement or a separate power of attorney which generally includes any applicable limitations that may apply.

In addition, GW&K may manage assets on a non-discretionary basis as described in Item 5.

Class Actions Suits and Other Legal Actions

GW&K is not obligated to take, and typically does not take, any legal action with regard to class action suits relating to securities purchased by GW&K for its clients. GW&K provides instructions to custodians and broker/dealers regarding tender offers and rights offerings for securities in client accounts. However, GW&K does not provide legal advice to clients and, accordingly, does not determine whether a client should join, opt out of or otherwise submit a claim with respect to any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by its clients. GW&K generally does not have authority to submit claims or elections on behalf of clients in legal proceedings. Should a client, however, wish to retain legal counsel and/or take action regarding any class action suit proceeding, GW&K will provide the client or the client's legal counsel with information that may be needed upon the client's reasonable request.

Item 17 – Voting Client Securities

GW&K's clients hold securities with voting rights. However, since shareholders often do not attend shareholder meetings, they have the right to cast their votes by "proxy." Furthermore, some of GW&K's clients delegate proxy voting authority to GW&K to vote proxies on their behalf. Where clients have delegated proxy voting authority to GW&K, GW&K has implemented proxy voting policies designed to reasonably ensure that GW&K votes proxies in the best interest of clients. In voting proxies, GW&K seeks to maximize the long-term value of client assets. In cases where a client has delegated proxy voting authority to GW&K but would like to direct its vote on a particular proxy solicitation, the client may contact GW&K to instruct its vote accordingly.

Voting Agent

GW&K has contracted with an independent third-party provider of proxy voting and corporate governance services ("proxy agent"), which specializes in providing services related to proxy voting. Specifically, this proxy agent has been retained to conduct proxy research, execute proxy votes, and maintain records necessary for tracking proxy voting materials and proxy voting actions taken for client accounts.

GW&K has adopted the proxy agent's proxy voting policy guidelines as its own and, as such, votes GW&K's clients' proxies (for those client accounts over which it has proxy voting authority) according to those policy guidelines.

Conflicts of Interest

As noted, GW&K has an agreement with the proxy agent and has adopted the proxy agent's proxy voting policy guidelines (the "Policies"). The adoption of the Policies, which provide pre-determined guidelines for voting proxies, is designed to remove potential conflicts of interest GW&K may have in voting on its clients' behalf. By adopting the Policies, GW&K has removed discretion that GW&K would otherwise have to determine how to vote proxies in cases where GW&K may have a conflict of interest.

Notwithstanding the appointment of the proxy agent, there may be some instances where GW&K votes proxies. Specifically, there may be situations where the proxy agent itself may have potential conflicts of interest in certain proxies voted on GW&K's clients' behalf. In those situations, the proxy agent is obligated to fully or partially abstain from voting the proxy and GW&K's Management will provide the voting recommendation after a review of the vote(s) available. GW&K's Chief Compliance Officer must approve any decision made on such vote prior to the vote being cast. GW&K's Chief Compliance Officer or designee will also become involved in any other situation, though expected to be rare, where GW&K determines to remove voting discretion from the proxy agent. In all circumstances, GW&K seeks to ensure potential conflicts of interest are identified and properly addressed so that proxies may be voted in the best interest of clients.

If you would like a complete copy of GW&K's Proxy Policy or if you would like to review how GW&K voted on a particular security in your account, please contact GW&K using the contact information on the Cover Page of this Brochure.

Item 18 – Financial Information

GW&K has no financial condition that impairs its ability to meet contractual or fiduciary commitments to its clients, and GW&K has not been the subject of a bankruptcy proceeding.

IMPORTANT INFORMATION ABOUT PRIVACY AND CERTAIN INFORMATION SHARING

In compliance with federal and state regulations, GW&K Investment Management, LLC (“GW&K”) maintains policies and procedures designed to protect the non-public, financial, personal, or otherwise sensitive information of its clients. Keeping this information confidential and secure is a top priority. The following guidelines are designed to help clients understand how GW&K gathers, uses, and protects this information.

GW&K collects and maintains non-public, financial, personal, or otherwise sensitive information to facilitate investment management services provide to its clients. The types and sources of information collected include:

- Information obtained from agreements, applications, account opening forms, questionnaires, or other documents and correspondence such as name, address, phone number, assets, and income;
- Information we generate, such as portfolio appraisals and trade tickets; and
- Information provided to us by authorized parties acting on behalf of our clients such as accountants, attorneys, or investment consultants.

GW&K does not disclose non-public, financial, personal, or otherwise sensitive information about current, prospective or former clients, except as required and permitted by law. The types of information GW&K may share include:

- Information to companies necessary to service client accounts, such as providing account and trade information to broker/dealers and custodians;
- Information generated by GW&K, such as portfolio appraisals, to authorized persons;
- Information necessary for non-affiliated companies, including third-party service providers such as accounting firms, to perform services for GW&K and its clients; and
- Data provided to certain affiliates, who use the information only for internal reporting, record-keeping, and other legitimate business purposes.

GW&K maintains firm-wide physical, electronic, and procedural safeguards designed to comply with federal, state, and other applicable standards to protect its clients’ information, including the following:

- Access to electronic client information is limited by electronic safeguards, such as passwords for access to our networks, data and programs;
- Records are kept in GW&K’s office or stored by a records management firm;
- Third parties which work on GW&K’s clients’ behalf are specifically instructed that client information must remain confidential; and
- All safeguards apply to non-public personal information of current and former clients.