



## Trilogy Global Advisors, LP

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This Form ADV Part 2A (the "Brochure") provides information about the qualifications and business practices of Trilogy Global Advisors, LP ("Trilogy"). If you have questions about the contents of this Brochure, please contact John Myklusch, Chief Compliance Officer at (407) 660-2791 and/or at [clientservice@trilogyadvisors.com](mailto:clientservice@trilogyadvisors.com). 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 Trilogy is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Trilogy who are registered, or are required to be registered, as investment adviser representatives of Trilogy.

Although Trilogy is registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"), such registration does not imply that Trilogy or our personnel have a certain level of skill or training.

## **Item 2 – Material Changes**

With respect to this annual update, Trilogy has not made any material changes to our Part 2A Form ADV since we last filed an update to this Brochure in September 2016. Trilogy recommends that all of our clients and prospective clients carefully review its Form ADV.

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## **Item 4 – Advisory Business**

Trilogy Global Advisors, LP (“Trilogy”) is a limited partnership formed under the laws of the State of Delaware. Trilogy provides discretionary portfolio management and advisory services principally regarding U.S. and non-U.S. equity securities. Trilogy has been in business since 1999. Trilogy currently has approximately 62 employees. As of December 31, 2016, Trilogy managed approximately \$7.80 billion in assets on a discretionary basis. Trilogy serves as an investment adviser or sub-advisor to various types of institutional clients, described in “Item 7 – Types of Clients” of this Brochure.

### **Principal Ownership**

As Trilogy’s institutional partner, Affiliated Managers Group, Inc. (“AMG”), a publicly-traded asset management company (NYSE: AMG) with equity investments in boutique investment management firms, holds a majority equity interest in Trilogy and is the parent corporation of Trilogy’s general partner. The remaining equity interests in Trilogy are held by certain Trilogy employees in the form of limited partnership interests. 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**

Trilogy generally offers the following portfolio strategies: Global Equity, Global Concentrated Equity, Global Select Equity, International Equity, International Small Cap Equity, Emerging Markets Equity and Emerging Wealth Equity. Trilogy may manage some portfolios following other equity, debt or balanced investment strategies, but generally does not actively offer these strategies on an on-going basis. Trilogy conducts research and makes investment decisions for client accounts based on the strategy selected, taking into consideration any client restrictions and guidelines. Trilogy also offers investment advisory services which are based on quantitative models under the “Valant” name. Trilogy also generally selects the broker-dealers or other financial intermediaries through which client transactions are executed. See “Brokerage Discretion”, in Item 12.

### **Availability of Tailored Services for Clients**

As an asset manager for institutional clients, Trilogy recognizes that all of our clients are unique and that, therefore, their investment needs may be different. As such, Trilogy may modify our primary investment strategies in an effort to accommodate the investment objectives and accompanying restrictions or guidelines requested by a particular client. At the commencement of the client relationship, each of our clients executes an investment management agreement (the “agreement”), which sets forth their investment objectives, investment strategy and any investment restrictions or guidelines that will be applicable to our management of the assets in the client’s account. Prior to the execution of the agreement, Trilogy reviews requested objectives, guidelines and restrictions and works with the client as needed to refine these objectives, guidelines and restrictions to both meet the client’s needs and provide Trilogy with sufficient discretion to properly invest the client’s assets.

Trilogy also has clients that may invest in the various collective investment vehicles that Trilogy advises “Trilogy Funds” (described in “Item 5 – Fees and Compensation”, below). Trilogy manages the particular Trilogy Fund in accordance with the applicable objective and investment strategy set forth in the offering document of the relevant fund. The terms set forth in these documents may be negotiable and varied in certain circumstances depending on the size of the proposed investment, type of investor, and special legal requirements applicable to the proposed investor.

### *Wrap Fee Programs*

From time to time, Trilogy may seek to be retained as the investment adviser under wrap fee or similar arrangements offered by unaffiliated broker-dealers or investment advisers wherein the broker-dealer or investment adviser may recommend retention of Trilogy as investment adviser and may provide the client with various services including trade execution without commission charge, all for a single fee paid by the client to the broker-dealer. Trilogy's separately paid advisory fee under such wrap fee arrangements may differ from that offered to other clients. However, in evaluating such an arrangement, clients should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by Trilogy and that Trilogy is limited in its ability to obtain best price and execution. Clients should be aware of the potential conflicts of interest arising from referral and directed brokerage practices. Clients in these wrap programs must look to the sponsor of the program to monitor best execution.

Trilogy may enter into wrap fee arrangements for accounts that are model portfolios. That is, the third-party plan sponsor's selection of securities for their client accounts and weighting of those holdings is based on the portfolio holdings and transactions of another model account that may be actively managed by Trilogy.

## Item 5 – Fees and Compensation

### Standard Fee Schedule

Clients generally compensate Trilogy for its investment advisory services based on the value of the assets in their accounts. Trilogy may negotiate its fees and certain Trilogy accounts may be given break points based on the levels of assets under management. Trilogy may also be compensated with performance-based fees in accordance with Rule 205-3 of the Advisers Act. Trilogy's standard annual fee schedule, which may be modified from time to time, is as follows:

Global Equity, Global Concentrated Equity, Global Select Equity and International Equity:

80 basis points on the first \$20 million in assets

60 basis points on the next \$30 million in assets

50 basis points on all assets after the first \$50 million in assets

Emerging Markets Equity:

100 basis points for all assets

International Small Cap Equity:

125 basis points for all assets

Emerging Wealth Equity:

100 basis points for all assets

Valant Emerging Markets Equity:

80 basis points for all assets

The fee schedule for the Trilogy Funds is described below in this Item under "*Private Pooled Investment Vehicles Sponsored by Trilogy*." Notwithstanding this fee schedule, and subject to applicable laws and regulations, Trilogy may modify its fee schedules from time to time. Fees may be negotiated in Trilogy's sole discretion in light of a client's circumstances, such as asset levels, service requirements, or other factors. In some cases, Trilogy may agree to offer clients a fee schedule that is lower than that of any other comparable clients in the same investment style. In addition, there may be historical fee schedules with existing clients that differ from those applicable to new client relationships. For comparable services, other investment advisers may charge higher or lower fees than those charged by Trilogy. Advisory fees may be subject to a specified annual minimum; however, Trilogy reserves the right to waive all or a portion of its management fee and to negotiate minimum annual fees.

Fees for advisory services are generally billed quarterly, in arrears, and are prorated to the date of termination if the client terminates his or her relationship with Trilogy. Trilogy does not typically deduct its fees from client accounts. Upon account termination, any unearned fees paid in advance will be refunded promptly. Provisions regarding termination of Trilogy's services by either Trilogy or the client vary based on agreements with clients, but are generally on 30 to 60 days notice. Fees are also prorated at the inception of the investment advisory agreement to cover only the period of time the account assets were under management.

The fees charged to clients generally are computed as a percentage of the value of the assets under management. To calculate advisory fees, Trilogy generally relies on prices provided by third-party pricing services, custodians, and/or broker-dealers or platform sponsors for purposes of valuing portfolio securities held in client accounts.

In certain cases, particularly for mutual funds and other daily valued instruments where Trilogy may not have in its possession all the data necessary to accurately calculate the fee, the custodian, administrator or other third party may calculate the fees. Performance-based fees for certain products are also available, subject to applicable law and regulation, and are negotiable. See Item 6 for further information.

#### *Pooled Investment Vehicles Sponsored by Trilogy*

Trilogy sponsors certain pooled investment vehicles, including domestic and foreign pooled funds. These entities are neither registered under the Securities Act of 1933, nor registered under the Investment Company Act of 1940 and may only be offered in the United States in accordance with applicable laws, rules and regulations. Accordingly, interests in these funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements. No offer to sell these funds is made by the descriptions in this Brochure, and as noted these funds are available only to investors that are properly qualified.

The fees and other charges associated with these funds are set forth in the offering documents for the respective fund. Trilogy may enter into agreements with investors in the funds whereby investors may be offered terms and conditions that are different than or more advantageous than terms offered in the funds' offering documents. Such agreements may include rebates directly by Trilogy on fees that an investor may incur in connection with an investment in a fund. These agreements may also be with investors that are affiliated with Trilogy.

#### *Sub-advisory Arrangements*

Trilogy has been engaged by certain entities (including advisers to mutual funds) to manage accounts of collective investment pools sponsored by such entities. In its capacity as "sub-advisor" to such accounts, Trilogy's fees and services are determined by contract with the pool and/or the sponsoring entity.

Information concerning these sub-advised funds, including a description of the services provided and advisory fees, is generally contained in each fund's prospectus, which can be found at each fund's



web site, as applicable. Other fees payable as an investor in a fund or other account are described below, and also in the fund's prospectus or the adviser's fee brochure or client investment management agreement, as applicable.

#### *Additional Fees and Expenses Payable by Clients*

Trilogy's fees are exclusive of brokerage commissions, transaction fees, service provider fees, and other related costs and expenses which will be incurred by the client. Execution of client transactions typically requires payment of brokerage commissions by clients. "Item 12 – Brokerage Practices" further describes the factors that Trilogy considers in selecting or recommending broker-dealers for the execution of transactions and determining the reasonableness of their compensation (*e.g.*, commissions). 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 Exchange Traded Funds

At times, Trilogy may invest a client's assets in exchange traded funds to gain exposure to a market in which the client is not yet able to trade or for cash management or other purposes. To the extent that a client's assets are invested in exchange traded funds, the clients will also typically pay management and/or other fees to each such fund that are in addition to the management fees paid by the client to Trilogy. Those fees are described in each exchange traded fund's offering document. Such charges, fees, and commissions are exclusive of, and in addition to, Trilogy's fee.

#### Private Funds and other Pooled Vehicles

To the extent clients invest in private funds or other pooled vehicles sponsored by third parties that Trilogy sub-advises, clients also typically pay fees to the issuers or sponsors of those funds in accordance with the funds' fee schedules as in effect from time to time. The terms of these funds, including fees and expenses, are described in the funds' offering memoranda. Various aspects of those terms, such as management and incentive fees, withdrawal and redemption conditions, and information rights, may be negotiable and varied in limited circumstances under side letters, depending on the size of the proposed investment, type of investor, and special legal requirements applicable to the proposed investor.

#### Fees for the Sale of Securities

Neither Trilogy nor its employees receive, directly or indirectly, any compensation from the sale of securities or investments that Trilogy purchases or sells for your account. Trilogy is compensated through the stated management fee agreed upon in the investment advisory agreement.

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

Trilogy may receive performance-based fees for its investment management services from some clients. In addition, some investors in pooled investment vehicles may have entered into agreements with Trilogy whereby the investor has agreed to pay Trilogy a fee that is based on the performance of the pooled investment vehicle. A performance-based fee 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 or some other methodology. Trilogy may negotiate performance-based fees with specific clients or investors. As a result, Trilogy 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 Trilogy'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 Trilogy 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, Trilogy 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. Trilogy has policies and procedures that seek to address these conflicts, as described further below in this section.

In addition, our investment professionals simultaneously manage multiple types of accounts (including separate accounts, mutual funds, and other collective investment pools) according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products are higher than others. When managing the assets of such accounts, Trilogy seeks to treat all such accounts fairly and equitably over time and maintains controls in furtherance of this goal, as described below.

As noted, performance fees and side-by-side management of various types of accounts raise the possibility of preferential treatment of an account or a group of accounts. Trilogy will typically manage all client accounts within the same strategy in line with a model portfolio for that strategy, which will generally prevent such preferential treatment, although there may be differences in accounts following the same strategy for various reasons, described in more detail below. Accounts are generally reviewed periodically to verify that all accounts in the same strategy are similarly invested. See Item 13 – “Review of Accounts” for additional information. By utilizing these procedures, Trilogy believes that accounts that are subject to performance fees and side-by-side management alongside other products are receiving fair and equitable treatment over time.

Nonetheless, accounts within a strategy will not necessarily be managed the same at all times, and there is no requirement that Trilogy use the same investment practices consistently across all accounts. In general, investment decisions for each client account will be made with specific reference to the individual needs and objectives of each client account. In fact, the holdings and

trades of accounts with the same or similar investment strategies may differ for a variety of reasons, including different client guidelines, differences within similar investment strategies, and a client's inability to meet eligibility requirements for a particular transaction. In addition, Trilogy will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible accounts, particularly if different accounts have materially different amounts of capital under management by Trilogy or different amounts of investable cash available. As a result, although Trilogy manages numerous accounts with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, may differ from account to account.

## **Item 7 – Types of Clients**

As described in Item 4, Trilogy provides its services to a variety of institutional clients, including employee benefit plans, public pension plans and university endowments. Trilogy also acts as advisor or sub-advisor to several mutual funds or other collective investment vehicles.

Trilogy is the investment manager for the International Group Trust I, a common law group trust vehicle designed to permit employee pension or profit-sharing plans and qualifying governmental plans or units to commingle all or a portion of their assets for investment.

Trilogy is also the investment manager for Trilogy Investment Funds, PLC, an investment company (as that term is used in Ireland) constituted in Ireland as an umbrella fund and authorized by the Central Bank of Ireland as a UCITS pursuant to the European Communities Undertakings for Collective Investment in Transferable Securities Regulations.

Trilogy has also been hired as an advisor or sub-advisor for various collective vehicles sponsored by third parties. These vehicles may be registered or not, and may be offered in the U.S. or in other jurisdictions.

### **Conditions for Managing Accounts**

Trilogy generally requires a minimum account size of \$20,000,000 in order to establish a separately managed account. Investments in funds that Trilogy advises are subject to the stated minimum or other criteria set forth in the offering documents for the fund. In certain instances and in accordance with the offering documents, Trilogy may waive such minimum investment. In those circumstances where Trilogy is a sub-advisor to other funds, the account minimums are generally determined by the relevant fund sponsor and are typically disclosed in the offering documents for the sub-advised funds, and may be waived or modified in the fund sponsor's discretion. Trilogy requires each separate account client to execute an investment management agreement that details the nature of the discretionary investment advisory authority given to Trilogy. Investors in the Trilogy Funds will be required to complete appropriate subscription documents for the relevant fund.

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

As described in Item 4, Trilogy principally provides discretionary portfolio management regarding U.S. and non-U.S. equity securities. Clients generally choose one of the following strategies offered by Trilogy:

Global Equity

Global Concentrated Equity

Global Select Equity

International Equity

Emerging Markets Equity

International Small Cap Equity

Emerging Wealth Equity

As further described below, each of our investment strategies is managed by a portfolio manager or portfolio manager team in a manner consistent with our approach to investing. Trilogy uses a multi-step quantitative stock screening process to assist in portfolio construction. Trilogy relies primarily on internally or externally generated models to construct investment portfolios. Trilogy also purchases and/or receives research data and software from third parties to support its research process. Various other publicly available reports, analysis, research materials and subscriptions are also used.

### Methods of Analysis

Trilogy's investment process is driven by global sector-based research. Trilogy divides the global research coverage universe into a number of sectors. Analysts are typically assigned to sector teams, subject to Trilogy's need for additional coverage in a particular sector. These analyst teams have responsibility for companies within their sectors. Portfolio managers may also share in sector coverage responsibilities.

Trilogy's security analysis methods include quantitative and fundamental analysis. Quantitative analysis looks at specific variables based on their numerical values. The initial screens are quantitative, looking for certain metrics of a company to meet specific tests. Fundamental analysis is a method of evaluating a security in which Trilogy attempts to determine the intrinsic value of a security by examining certain economic, financial, and other qualitative and quantitative factors, including both macroeconomic factors, such as the overall economy and industry conditions, as well as company-specific factors, such as management.

Analysts screen out companies based on market cap and debt to equity ratio. Trilogy's Global Equity, Global Concentrated Equity, Global Select Equity, Emerging Wealth and International Equity strategies generally look for companies with more than \$1 billion in market cap and companies with a debt to equity ratio of greater than 75%, excluding financials.

Trilogy's International Small Cap Equity strategy generally eliminates companies with less than \$300 million and greater than \$4 billion in market cap and companies with a debt to total capital ratio of greater than 60%.

Next Trilogy screens for companies based on the following characteristics, and generally looks for those that are in the top three deciles in at least three of the following metrics:

### *Metrics for proven growth*

- High return on equity

- High earnings growth
- Consistent earnings growth

*Metrics for potential growth*

- High cash flow
- Accounting quality
- Earnings improvement potential

### Investment Strategies

Trilogy's Emerging Markets strategy conducts a separate screening process that generally eliminates companies with less than \$750 million in market cap and companies with a debt to total capital ratio of greater than 60% and looks for projected revenue growth. Companies that pass this screen are combined with emerging markets stocks from the Global strategy list.

For the Emerging Wealth strategy, our team of global sector analysts generally identifies developed market companies with more than 20% of revenues originating in emerging markets and/or a substantial part of earnings growth driven from emerging markets. Emerging market companies with material revenues from developed markets are generally eliminated unless research determines future growth will be driven by emerging markets. Trilogy then looks at where these rank developed based on the metrics described above.

In addition, for each of our strategies, Trilogy may include in the portfolios companies that did not survive this quantitative analysis based on qualitative research. In order to take advantage of sector analyst experience, and avoid overemphasis on "rear view" screening metrics, analysts will typically review companies based on forward qualitative analysis. This is often the source of early stage growth companies which Trilogy believes is an important element for portfolio performance. Companies included on a qualitative basis typically have the same characteristics as those generated from the quantitative screens, i.e. that they have the characteristics Trilogy believes will grow earnings going forward.

A much smaller universe of companies remains after our initial quantitative and qualitative screening. Stocks surviving our initial screening are subject to a sector team review. Additional companies are eliminated based on analyst experience or negative information about the company. The remaining stocks are modeled for possible inclusion in our sector buy lists.

Stock modeling is driven by our earnings growth focus. Each company is generally modeled for earnings estimates three years forward and a stock target price one year forward. In addition, a pessimistic price is modeled using reasonable negative assumptions for the company and an optimistic target price is modeled based on more favorable assumptions. Macro risk identified by

our global strategist is incorporated into our company return distributions at this stage of the process. Based on sector team model review, those stocks which Trilogy believes to generally have the best risk/reward ratios based on comparing the three target prices for each security are added to our sector buy lists.

Companies generally hold the common characteristics Trilogy believes show sustainable earnings power and are either traditional or early stage growth companies.

Trilogy generally constructs portfolios with country and sector weights within a certain range of the relevant benchmark for the strategy. The range varies based on the strategy, however portfolio managers may vary from the typical ranges based on market conditions or other relevant factors. Generally, a portfolio will be overweight in countries or sectors where Trilogy believes the best and most abundant opportunities are found by the sector analysts, and underweighting will typically result when Trilogy sees less profitable or limited opportunities. Various risk factors such as position size may be incorporated into the construction of a portfolio. Our global strategist led portfolio team reviews industry and geographic weights and various other portfolio characteristics at least quarterly to determine whether the bottom-up stock selection process has resulted in unintended macro bets. Portfolio managers will typically also take this into account in determining whether to revise strategy holdings.

In evaluating securities, the main sources of information Trilogy uses may include, but are not limited to, company specific documents including annual reports and filings with the SEC or a foreign regulatory authority, quantitative data provided by third-party vendors, financial newspapers and magazines, research materials prepared by third parties, meetings with company management, corporate rating services relating to historical prices of securities, dividends, and earnings, prospectuses, and company press releases.

### Risks

The investment strategies Trilogy uses carry different levels of risk. In each strategy, all securities include a risk of loss of principal and any profits that have not been realized. The securities markets fluctuate substantially over time and performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets the firm manages on your behalf, and such a loss may be out of our control. Trilogy cannot guarantee any level of performance and cannot guarantee that your account will not experience a loss in value.

Each of Trilogy's strategies has the potential for the clients' assets to decline in value based on market conditions and other factors. Some of the specific risks to which client assets may be susceptible are as follows:

Active management risk: Investment strategies that use active management are subject to the risk that the investment adviser's judgments about the attractiveness, value, or potential appreciation of an investment may prove to be incorrect. If the securities selected and strategies employed by investment adviser fail to produce the intended results, a client could underperform other strategies with similar objectives.

Investment style risk: Different investment styles tend to shift in and out of favor, depending on market conditions and investor sentiment. An account's growth approach to investing could cause it to underperform other stock accounts that employ a different investment style. A stock with growth characteristics can have sharp price declines due to decreases in current or expected earnings and may lack dividends that can help cushion its share price in a declining market.

Non-diversification risk: Concentrated portfolios that invest in a relatively small number of securities may have more risk because changes in the value of a single security or the impact of a single economic, political or regulatory occurrence may have a greater adverse impact on the strategy's performance.

Liquidity risk: Certain securities or other investments may trade in limited amounts on any given day or not at all. As a result, Trilogy may not be able to easily unwind a particular position at or near the previous market price, because of inadequate market depth, disruptions in the market-place or government and regulatory imposed restrictions.

Sector risk: Investment strategies focused on or concentrated in a single sector may be affected by particular economic or market events and could be more volatile than a strategy with securities across industry sectors.

Foreign investing risk: Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies. Some foreign countries may restrict access to investments or offer terms that are less advantageous than those for local investors. In addition, foreign investments are subject to settlement practices, and regulatory and financial reporting standards, that differ from those of the U.S.

Emerging markets risk: The risks of foreign investing are heightened for securities of companies in emerging market countries. Emerging market countries tend to have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries. In addition to all of the risks of investing in foreign developed markets, emerging market securities are susceptible to illiquid trading markets, governmental interference, and restrictions on gaining access to sales proceed.

Counterparty risk: Counterparty risk is the risk that a counterparty (e.g., a trading partner) will fail to perform its obligations. This risk may be higher when a derivatives contract is involved or a non-U.S. counterparty is clearing and settling a transaction.

Currency risk – "local" market securities: Foreign currency exposure will naturally arise from investment in overseas assets. Exchange rates between a client's base currency and that of any local market currency may fluctuate for reasons unrelated to the particular securities a



portfolio holds. Such changes can have a negative impact on the returns from those investments. Trilogy will normally conduct foreign exchange transactions on a spot (i.e., cash) basis at the prevailing spot rate in the foreign currency market. Some foreign governments may impose restrictions or limitations on the repatriation of their local currencies.

Volatility risk: Higher volatility may result in dramatic changes in security values.

Large-Capitalization Stock Risk: Large, more established companies may be unable to respond quickly to new competitive challenges such as technology and consumer tastes. Many larger companies also may not be able to attain the high growth rate of successful smaller companies, especially during periods of extended expansion.

Small and Mid-Capitalization Stock Risk: Investment strategies focusing on small and mid-capitalization stocks generally involve more risk than strategies only focused on larger more established companies because small and mid-capitalization companies have smaller revenue, narrower product lines, less management depth, small market share, fewer financial resources and less competitive strength. In addition, the stocks of small and mid-capitalization stocks may have less trading volume than stocks of larger capitalization companies. Less trading volume may make it more difficult for our portfolio managers to sell securities of smaller capitalization companies at quoted markets. There are periods when investing in smaller capitalization stocks fall out of favor with investors and stocks of mid and smaller capitalization stocks companies underperform.

Participation Notes: Participation notes ("P-notes") are securities the return of which is linked to the performance of underlying listed shares of a company in a market (for example, the shares in a company incorporated in India and listed on the Bombay Stock Exchange). Foreign investment in the shares of the underlying company is either usually restricted or less efficient. P-notes give investors the opportunity to receive a return which reflects the performance of the underlying shares, without the investor having to go to the expense or difficulty of directly investing in the underlying share. P-notes are subject to certain risks in addition to the risks normally associated with a direct investment in the underlying foreign securities the P-note seeks to replicate. A purchaser of a P-note is relying on the creditworthiness of the counterparty issuing the P-note and does not have the same rights under a P-note as it would as a shareholder of the underlying issuer such as the ability to vote shares. In addition, if a counterparty becomes insolvent, a client could lose the total value of its investment in the P-note. There is no assurance that there will be a trading market for a P-note or that the trading price of a P-note will equal the value of the underlying security.

Model and Data Risk: Certain investment strategies that Trilogy offers, primarily under the Valant name, may rely heavily on quantitative models and information and data supplied by third parties ("Models and Data"). Models and Data are used to construct sets of transactions and investments for a portfolio. If the Models and Data prove to be incorrect, misleading, or incomplete, any decisions made in reliance thereon expose a client to potential risks. For

example, by relying on Models and Data, Trilogy may buy certain investments at prices that are too high, sell certain other investments at prices that are too low, or miss favorable opportunities altogether. In addition, the Model relies on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting valuations will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices. Models must be built in computer code. Any potential errors integrating the Models into computer code and testing the computer code may result in losses to an investor.

**Exchange Traded Notes:** Exchange traded notes ("ETNs") are unsecured debt obligations of the issuer. Any payment to be made on the ETNs, including any payment at maturity or upon redemption, depends on the ability of the issuer to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of the issuer will affect the market value, if any, of the ETNs prior to maturity or redemption. In addition, in the event the issuer were to default on its obligations, you may not receive any amounts owed to you under the terms of the ETNs. ETNs are also typically subject to an investor fee and other applicable costs, the return on the ETNs will always be lower than the total return on a direct investment in the index components.

**Exchange Traded Funds:** The sale price the exchange traded fund ("ETF") could receive for a security or other asset may differ from the ETF's valuation of the security or other asset and from the value used by an underlying index of the ETF, particularly for securities or other assets that trade in low volume or volatile markets or that are valued using a fair value methodology. In addition, the value of the securities or other assets in the ETF's portfolio may change on days when shareholders will not be able to purchase or sell the ETF's shares. This risk is in addition to some of the factors regarding ETFs that are referenced above.

## **Item 9 – Disciplinary Information**

Form ADV Part 2A requires investment advisers such as Trilogy to disclose legal or disciplinary events involving Trilogy or its partners, officers, or principals that are material to a client's evaluation of its advisory business or the integrity of its management.

There are no applicable legal or disciplinary events related to Trilogy to report that is applicable to this item.

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

### **Affiliations**

As noted in Item 4, AMG is a publicly traded asset management company with equity investments in boutique investment management firms, including Trilogy. Each of the AMG Affiliates, including Trilogy, is operated autonomously and independently, and except as described in this Brochure, Trilogy does not have any business dealings with these AMG Affiliates and does not conduct any joint operations with them. Moreover, the AMG Affiliates do not formulate advice for Trilogy's clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at [www.amg.com](http://www.amg.com).

Trilogy's U.K. subsidiary, Trilogy Global Advisors International LLP ("Trilogy International"), markets Trilogy's services in the U.K., Europe, and certain other jurisdictions. Trilogy International also provides client service support to certain clients in these regions, and provides on-boarding assistance for new clients. Trilogy International is authorized and regulated by the Financial Conduct Authority in the United Kingdom. Trilogy International does not perform portfolio management and the services of Trilogy International do not impose any additional cost on clients though individuals associated with Trilogy International may receive compensation from Trilogy in connection with sales activity.

Trilogy has a marketing agreement with AMG Funds, LLC ("AMG Funds"), an AMG affiliate, under which AMG Funds markets Trilogy's investment management services to unaffiliated third-party intermediaries that sponsor sub-advised mutual funds and/or other platforms, such as defined contribution retirement plan platforms. Trilogy may pay AMG Funds a fee for these services.

Trilogy also has a servicing agreement with AMG Funds, under which AMG Funds provides non-discretionary back office, trading execution and support, administrative assistance and/or marketing services to support Trilogy'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. Trilogy may pay AMG Funds a fee for the services provided by AMG Funds under this servicing agreement.

Trilogy has mutual fund sub-advisory agreements with AMG Funds under which Trilogy serves as sub-advisor to mutual funds in the AMG Funds family of mutual funds, which are sponsored and advised by AMG Funds. As described in each prospectus, the AMG Mutual Funds pay AMG Funds advisory fees, and AMG Funds pays Trilogy sub-advisory fees with respect to the mutual funds that Trilogy sub-advises.

Trilogy is a party to client service/marketing arrangements with subsidiaries of AMG under which the AMG subsidiaries introduce Trilogy's investment management services to prospective institutional clients and/or provide institutional client services to certain of Trilogy's clients in foreign jurisdictions. Trilogy may pay the AMG subsidiaries a fee for these services.

Trilogy's advisory fees are not increased to reflect compensation under these arrangements. Trilogy sponsors and provides other services to the Trilogy Funds, as described in "Item 7 – Types of Clients" of this Brochure.

*Other Financial Activities*

Neither Trilogy nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing types of entities in the United States.

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

Trilogy, its affiliates and other related persons, may have direct or indirect interests in securities being bought or sold for clients of Trilogy. In addition, on any given day, securities being bought or sold for Trilogy's clients may also be simultaneously bought or sold for Trilogy, its affiliates or other related persons. Accordingly, Trilogy, its affiliates, or other related persons may sell or recommend the sale of a particular security for certain accounts, including accounts in which they have an interest, and Trilogy, its affiliates or other related persons may buy or recommend the purchase of such security for other accounts, including accounts in which they have an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the recommendation of Trilogy, its affiliates or other related persons. It is therefore possible that the value of a security bought by an account that is managed by Trilogy, its affiliates or related persons may decrease if another account advised by Trilogy, its affiliates or related persons subsequently sells the same security. Furthermore, some of the accounts that Trilogy, its affiliates and other related persons manage may have special compensation arrangements. Trilogy has established various policies and procedures designed to minimize the possibility of conflicts of interest and, where such conflicts of interest arise, to disclose their existence and to seek to ensure that they are appropriately resolved, taking into account the interests of Trilogy's clients without regard to fee arrangements. However, there is no guarantee that the policies and procedures will be able to detect and address every situation in which an actual or potential conflict of interest may arise.

### **Code of Ethics**

Trilogy has adopted a Code of Ethics (the "Code") in accordance with Rule 204A-1 under the Advisers Act. The Code describes certain standards of conduct that Trilogy requires of its employees and sets forth restrictions on certain activities, including personal trading in accounts owned, managed or beneficially owned by the employee. The Code's provisions also include requirements relating to areas such as outside Board participation. By setting forth the regulatory and ethical standards to which Trilogy's employees must adhere, the Code supports our efforts to promote a high level of professional ethical conduct in furtherance of our fiduciary duty to our clients.

### **Personal Trading**

Among other things, the Code limits and monitors the personal trading activity of our employees, including certain members of our employees' households. These limitations seek to further Trilogy's efforts to prevent employees from personally benefiting from Trilogy's investment decisions for its clients and/or any potential short-term market impact of Trilogy's trading on behalf of its clients. Specifically, the Code requires employees and certain members of their households to "pre-clear" certain personal securities transactions prior to execution, with some limited exceptions. The Code also requires a minimum holding period for certain securities that are purchased by employees and certain members of their family subject to certain exceptions. Employees and certain family members are also prohibited from short term trades in any mutual fund that is managed directly or

sub-advised by Trilogy. All shares of such mutual funds must be held for a minimum of thirty (30) days. The Code also prohibits certain investment professionals from trading in securities in a specific window around trades in that security (or a closely-related security) for client accounts (i.e., “blackout periods”) subject to certain exceptions. The Code also places limitations on the ability for employees or members of their households to participate in initial public offerings and private securities offerings.

All employees and certain family members must provide Trilogy with a listing of their securities holdings and transaction reports regarding the purchase or sale of certain securities. These restrictions and requirements of the Code apply to all accounts over which employees have investment discretion, or in which they have a direct or indirect beneficial ownership interest.

#### *Participation or Interest in Client Transactions*

Certain Trilogy employees or related persons may invest their own or the firm’s assets in accounts managed by Trilogy (“affiliated accounts”). These affiliated accounts may invest in the same securities, at or around the same time, as client accounts. Trilogy’s policy is to allocate trades to affiliated accounts in the same way as client accounts – neither favoring nor disfavoring them. Accordingly affiliated accounts may be included in Trilogy’s block trades to the same extent as client accounts. Trilogy may have an incentive to favor affiliated accounts with respect to trading opportunities, trade allocation and allocation of investment opportunities which the foregoing policy is designed to ameliorate.

In addition, due to the institutional nature of our clients, Trilogy may, from time to time, trade in securities issued by our clients. When considering an investment in such securities, Trilogy will act in accordance with what it believes to be the best interest of its clients who are trading in such securities. Trilogy will not, under any circumstances, 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*

Trilogy does not generally engage in principal trades with our clients. In the event that Trilogy would seek to engage in a principal transaction, it would comply with the requirements of Section 206(3) of the Advisers Act or such other applicable requirements.

#### *Insider Trading/Material Non-Public Information*

Trilogy’s Insider Trading Policy includes policies and procedures prohibiting the use of material non-public information that are designed to prevent insider trading by an officer or employee of Trilogy. In addition, all employees of Trilogy are subject to AMG’s Insider Trading Policy and Procedures (the “AMG Insider Trading Policy”). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG’s securities.

### *Gifts and Business Entertainment*

Trilogy has policies and procedures regarding giving or receiving gifts and business entertainment between the firm's employees and certain third parties (e.g., vendors, broker-dealers, consultants, clients, etc.) to help mitigate the potential for conflicts of interest surrounding these practices. In general, Trilogy restricts allowable gifts to those of *de minimis* value.

### *Political Contributions*

Trilogy prohibits its employees from making political contributions on behalf of Trilogy or to be reimbursed for personal political contributions, or from making political contributions for the purpose of securing or retaining business. Trilogy maintains policies and procedures that set forth specific limitations as to whom employees may make contributions and the amounts of such contributions, as well as preclearance requirements for certain political contributions.

### *Availability of the Code*

The Code is provided to each employee at the time of hire and is available to all employees. Each employee must affirm upon hire, and annually thereafter, that they have read and understand the Code. A copy of Trilogy's Code is also available to clients or prospective clients upon request, and may be obtained by contacting Trilogy using the contact information on the Cover Page of this Brochure.



## **Item 12 – Brokerage Practices**

Generally, Trilogy is retained on a fully discretionary basis and is authorized to determine and direct execution of portfolio transactions within the client's specified investment strategy. Trilogy does not act as a broker-dealer for its clients. Some clients limit Trilogy's authority in terms of the selection of broker-dealers in favor of their own brokerage arrangements.

### **Brokerage Relationships**

Trilogy uses various broker-dealers to execute trades on behalf of clients, but Trilogy may also have many other relationships with such firms. For example:

Trilogy may invest client assets in securities issued by broker-dealers or their affiliates.

Trilogy may provide investment management services to certain broker-dealers or their affiliates.

Certain broker-dealers may provide both internally-generated and third-party research to Trilogy, as part of a bundled service.

Certain brokers-dealers may refer clients to Trilogy.

Because such relationships or business dealings with these broker-dealers might result in a conflict with Trilogy's duty to seek to obtain best execution when trading with these firms, Trilogy has implemented policies and procedures to support and monitor its efforts in this regard as described further below.

### **Best Execution – Selection Factors for Broker-Dealers**

"Best execution" is generally determined by whether the transaction represents the best qualitative execution for an account. Trilogy has a commitment to seek to obtain best execution for securities transactions on behalf of our clients, and broker dealers are selected with a perspective toward obtaining best execution. In determining the quality of executions, Trilogy generally takes into account the full range and quality of a broker-dealers service, including, among other things, execution services, research provided, financial stability, commission charges, and responsiveness.

Clients usually grant Trilogy the authority to select the broker-dealer to be used for the purchase or sale of securities. Trilogy, in seeking to obtain best execution, will make this selection based on a number of factors, which may include, but are not limited to, the following: the broker-dealers financial soundness; the broker-dealers ability to effectively and efficiently execute, report, clear, and settle the order; the broker-dealers ability to commit capital; the broker-dealers ability to timely and accurately communicate with Trilogy's trading desk and operations team; the broker-dealers research services provided in connection with soft dollar arrangements (explained in more detail in the "Soft Dollars" sub-section of this Item 12 below); the broker-dealers commission rates; and similar factors.

Recognizing the value of these factors, Trilogy may select a broker-dealer that charges a commission in excess of that which another broker-dealer might have charged for effecting the same transaction. Trilogy is not obligated to choose the broker-dealer offering the lowest available commission rate if, in Trilogy's reasonable judgment, the total cost or proceeds from the transaction may be less favorable than what may be obtained elsewhere or if a higher commission is justified by the service and/or research provided by another broker-dealer.

Trilogy has implemented a series of internal controls and procedures that seek to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, Trilogy may obtain information as to the general level of commission rates being charged by the brokerage community from time to time for specific types of transactions and transactions in particular geographic regions, and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. To the extent Trilogy has been paying higher commission rates for its transactions, Trilogy will determine if the quality of execution and the services provided by the broker-dealer justify these higher commissions. Commissions are negotiated with broker-dealers based on the factors listed above, input from Trilogy employees, and information regarding standard commission rates and other factors that Trilogy may consider.

Trilogy typically conducts an internal voting process to review its approved broker-dealers and target commission allocations. Input is received from portfolio managers, analysts, traders and the settlements team. Trilogy also has a Brokerage Committee that approves a list of broker-dealers. Traders select from the approved broker-dealer list when placing trades, keeping in mind approved target allocations and their daily experience with broker-dealers to determine where to place any particular trade. Securities listed in certain geographic regions may be available only through broker-dealers in that region.

The securities markets continue to become more fragmented and dependent upon technology which presents both opportunities for price improvement because of increased competition between trading venues and more speed in consummating a trade. At the same time, securities markets may be subject to abusive or predatory trading as well as more technological failures or system issues. Despite its efforts, orders that Trilogy transmits into the market may encounter issues because of market structure or predatory trading or may not be able to be executed because of technological issues.

### *Directed Brokerage*

Trilogy does not direct, or require its clients to use, a specified broker-dealer for portfolio transactions in their accounts. In some cases, clients have directed Trilogy to use specified broker-dealers for at least some portion of portfolio transactions in their accounts. In such a case, Trilogy is not obligated to, and will generally not, solicit competitive bids for each transaction or seek the lowest commission rates for the client, as the commission rates have typically been pre-negotiated between the client and the designated broker-dealer ("directed broker"). Since Trilogy has not negotiated the commission rate and may not be able to obtain volume discounts, the commission rate

charged by the directed broker may be higher than what Trilogy could receive from another broker-dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by Trilogy as a result of Trilogy's inability to aggregate/bunch the trades from this account with other client trades and may be unable to participate in the allocation of a security of limited availability (such as an initial public offering). Trilogy generally cannot assume responsibility for seeking to obtain best execution where a client instructs the trades be done through a particular broker-dealer. In some situations, Trilogy may not execute a client's securities transactions with its directed broker until non-directed brokerage orders are completed. Accordingly, clients who direct commissions to specified broker-dealers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand that similar brokerage services may be available from other broker-dealers at lower costs and possibly with more favorable execution. For client accounts subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), directed brokerage arrangements must be for the exclusive benefit of participants and beneficiaries of the plan and must not constitute or cause the account to be engaged in a prohibited transaction as defined by ERISA.

Clients directing brokerage will need to make their own independent determination on continued use of such broker-dealer in light of all relevant factors, including the services and products the client may receive from such broker-dealer.

Trilogy reserves the right to reject or limit client requests for directed brokerage, and clients may be charged a premium for such arrangements.

### *Step-Outs, Give Ups*

"Step-out" brokerage is the practice of one broker executing an order but giving credit and part of the commission to another broker. This practice is distinguished from a "give-up" where the broker with whom the trade is placed has a different broker execute the trade, but the broker with whom the trade is placed retains the credit and commission for the trade. Trilogy may place an order with a particular broker pursuant to an arrangement that the broker will provide part of the commission to another broker, which is similar to or the same as a "step-out" (all of the foregoing, "step-out trades"). Step-out trades may benefit the client by finding a natural buyer or seller of a particular security so that Trilogy can trade a larger block of shares more efficiently. Unless directed otherwise by the client, Trilogy may use step-out trades for any client account.

Trilogy may use step-out trades to accommodate a client's directed brokerage mandate. In the case of directed brokerage accounts, trades may often be executed through a particular broker-dealer and some portion of the commission provided to the directed brokerage firm. In circumstances where Trilogy has followed the client's instructions to direct brokerage, there can be no assurance that Trilogy will be able to step-out the trades, or, if it is able to step-out the trades, that it will be able to obtain more favorable execution than if it had not stepped-out the trades.

Step-out trades may also be used by Trilogy in order to generate soft-dollar credits, provided that Trilogy has determined that such transactions are consistent with the principles of best execution

and applicable regulations. Please see the discussion of Trilogy's soft dollar transaction practices in the "Soft Dollars" sub-section below.

### Cross Trades

Trilogy may engage in cross trades in its client accounts. In the event that Trilogy does engage in cross trading, it will do so consistent with the appropriate standard of care and the applicable legal and regulatory requirements. For example, cross trades that are effected for investment companies registered with the U.S. Securities and Exchange Commission will be done in accordance with Rule 17a-7 under the Investment Company Act of 1940.

### Soft Dollars

Trilogy may direct some transactions for execution to certain broker-dealers in recognition of brokerage and research services provided by those broker-dealers in accordance with Section 28(e) of the Securities Exchange Act of 1934. The practice of obtaining research in this manner is referred to as using "soft dollars." Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution only transactions. The products and services received through soft dollar transactions may be produced by the broker-dealer itself or obtained from other third-party providers, and may include, among other things, a wide variety of research reports, such as market, financial and economic statistics, studies and forecasts, and information regarding economic and political developments. Trilogy may give trading preference to those broker-dealers that provide research products and services, either directly or indirectly, only so long as Trilogy believes that the selection of a particular broker-dealer is consistent with Trilogy's duty to seek best execution.

Trilogy also receives services which, based on their use, are only partially paid for through soft dollars. Any such service is considered "mixed-use" because it is used by Trilogy for both research or brokerage and non-research, non-brokerage purposes. In each such case, Trilogy seeks to make a good faith determination of which portion of the service should be paid for with soft dollars and which portion should be paid for with hard dollars. The research products/services provided by broker-dealers through soft dollar arrangements may be used in formulating investment advice for any and all clients of Trilogy, including accounts that did not pay soft dollar commissions to the broker-dealers on a particular transaction. As a result, not all research services would be used by Trilogy in connection with the specific account that paid commissions to the broker-dealer providing such services. In some instances, the accounts benefited may include accounts for which the clients have directed their portion of brokerage commissions to go to particular broker-dealers other than those that provided the research products/services or who have limited the extent to which Trilogy can use their trades for soft dollar arrangements.

Trilogy uses both bundled and unbundled soft dollar arrangements. In unbundled arrangements Trilogy agrees on a conversion ratio or cost-plus arrangement with the broker-dealer, indicating how much of the commission rate will be available to pay for allowable services. Bundled arrangements are those where the broker-dealer provides its own internal research reports and services.

From time to time, certain clients may request that Trilogy not generate soft dollar credits on trades executed for their accounts. While Trilogy may accommodate such requests in its discretion, trades for these clients may not experience lower transaction costs. In addition, the trading process for these clients may be adversely affected in other ways, including that the client may not participate in aggregated orders with clients that have not made such a request, thereby preventing the client from receiving the price and execution benefits of the aggregated order. In addition, and as with other directed or customized brokerage arrangements, the positions of these accounts in trade ordering and trade rotation may be impacted. Please see the “Directed Brokerage” sub-section above for more information on how customized brokerage arrangements may adversely impact trading results. Trilogy reserves the right to reject or limit client requests of this type, and clients may be charged a premium for such arrangements.

As described above in “Best Execution”, input in the internal voting process is generally based on the research and services Trilogy receives from broker-dealers. The vote assists in the creation of a soft dollar budget, which will affect the target broker-dealer allocations. The soft dollar budget is typically reviewed at least twice during the year, in connection with the internal voting process, and may be revised more frequently if the need arises.

Trilogy may receive research products/services from broker-dealers partly based on underwriting commissions paid for purchases of new issues. Trilogy may purchase new issues of securities for client accounts in underwritten fixed price offerings. In these situations, the underwriter or selling group member may provide Trilogy with research in addition to selling the securities (at the fixed offering price) to the client. Because these offerings are executed at a fixed price, Trilogy’s receipt of soft dollar products and services may benefit Trilogy or its clients at no additional cost.

Trilogy is not obligated to direct transactions to any broker-dealer in exchange for soft dollar commissions and may in its discretion pay cash for a certain portion of products and services received. Soft dollar credits/deficits may be carried over from year to year but deficits will not constitute an implied contract or generate expectations that Trilogy is obligated to pay such amounts in return for services provided.

### Trade Aggregation

When two or more accounts are simultaneously engaged in the purchase or sale of the same security, Trilogy may, but is not obligated to, combine and aggregate the transactions to form a “bunched trade” or “block trade.” In such cases, these accounts will receive the average price of the transactions in that security for the day. Trades in the same security for different accounts will be accumulated for a reasonable period of time to allow for aggregation, unless a particular account’s interest would be unduly prejudiced. Trilogy may, but is not required to, aggregate orders into block trades where Trilogy believes this to be appropriate, in the best interests of the client accounts, and consistent with applicable legal requirements. Transactions executed in a block will typically be allocated to the participating client accounts before the close of the business day.

Since more than one account's orders are included in a block trade, Trilogy has adopted a policy of using a "pro rata allocation" to allocate the trade among each account whose order makes up part of the block. Under a pro rata allocation, as securities are being purchased or sold as part of the block trade, the securities are being allocated to (or away from, in the case of a sale) accounts in proportion to each account's order size (as determined by the portfolio manager at the time of order entry). In cases where Trilogy is unable to fulfill a block trade the same day (i.e., purchase or sell all securities within the block trade), those securities that have been purchased or sold by the end of the day will generally be allocated pursuant to Trilogy's pro rata allocation methodology.

Trilogy believes that, in most instances, a pro rata allocation of block trades will assure fairness. However, Trilogy also recognizes that no rigid formula will necessarily lead to a fair and reasonable result, and that a degree of flexibility to adjust the formula to accommodate specific circumstances is necessary when determining how to allocate block trades. Therefore, under certain circumstances, allocation of block trades on a basis other than strictly pro rata may occur if Trilogy believes that such allocation is fair and reasonable. Nevertheless, all securities purchased or sold through a block trade, including expenses incurred in the transaction, will be allocated on a fair and equitable basis over time, to the extent practicable, without favoring any account or type of account or client (including any proprietary or affiliated account). The ability of a client account to participate with other accounts in bunched/block transactions may produce better execution for that client account. However, in some instances, a client may have designated a specific broker-dealer to whom the client's trades must be directed. (See the "Directed Brokerage" sub-section above.) This designated broker-dealer may not (or, in some cases, will not) execute bunched or block trades, and even if it does, Trilogy may not be able to direct the entire block trade to this designated broker-dealer because it would conflict with Trilogy's duty to obtain best execution. In such cases, since Trilogy will place the client's trade with the designated broker-dealer as instructed rather than include the client's order in the block trade, the client may not necessarily get the better price and/or level of execution that those clients who participate in the block may receive.

### Initial Public Offerings

An initial public offering is a company's first offer of stock for sale to the public. Depending on the interest in this initial offering, Trilogy's access to these newly offered shares may be limited in amount at the time of the initial offering.

In the event that Trilogy participates in any initial public offerings and other securities with limited availability (collectively, "IPOs"), Trilogy will seek to allocate IPOs among accounts in a fair and equitable manner over time, taking into consideration factors such as account type, client account objectives and preference, investment restrictions, account sizes, cash availability, and current specific needs.

Trilogy will generally follow its usual practices in making non-pro rata allocations to eligible accounts as described under "Allocation of Trades Among Client Accounts." However, where the actual allocation of an IPO to Trilogy for its accounts is significantly lower than that originally requested by Trilogy, the original allocation proportions that Trilogy determined for our accounts may result in

allocations that are not meaningful to certain accounts. In those situations, Trilogy may allocate the securities received to significantly fewer accounts than originally intended. Those accounts chosen to receive the smaller allocations are selected based on a combination of factors, such as strategy, size, cash position, sector allocations, number of positions, diversification among similar companies, and minimization of custodian transaction costs to the client. While Trilogy's intention is to allocate similar proportional amounts of IPOs to all eligible accounts over time, using this methodology, some accounts may not receive small allocations. If a client has directed Trilogy not to participate in such transactions, or if the client has not provided Trilogy with sufficient information to determine that the client is eligible to participate in such transactions, their account will not receive any portion of the allocation. Clients who direct brokerage may also be unable to participate in certain offerings.

Portfolio managers and compliance personnel periodically monitor the allocations of IPOs to client accounts and the dispersion of performance for accounts in an effort to ensure that all accounts are treated fairly and equitably over time.

### Trade Errors

From time to time, Trilogy's discretionary investment activities may cause trading errors affecting one or more client accounts. In the event a Trilogy trading error cannot be resolved prior to settlement, Trilogy will generally bear the costs of any loss resulting from such error. If any such error results in profits, the accounts for which the erroneous transactions were made will generally keep the profits, unless the client affected directs otherwise (e.g., directs Trilogy to donate any profits to charity). If a single account experienced more than one error due to related circumstances, Trilogy may offset losses against profits in that group of errors in determining the total amount to be reimbursed or credited to the affected account. In no event, however, will losses in the account of one client be offset by profits in the account of another client as a result of one or more errors affecting more than one client account. In each case, Trilogy's aim is to treat clients fairly and make clients whole for any losses suffered as a result of Trilogy's errors.

### Affiliated brokers

Trilogy does not own or control a broker-dealer that executes securities trades for its client accounts. Certain other AMG Affiliates may own or control broker-dealers which Trilogy does not use to execute its client orders. Clients, including registered mutual funds, that have trading restrictions and/or reporting obligations with respect to principal or agency transactions with particular brokers or dealers should notify us in writing of those affiliations and any associated trading restrictions for their accounts.

### **Item 13 – Review of Accounts**

Trilogy conducts on-going reviews of the accounts under its supervision. The number of reviewers and accounts assigned to each varies from time to time depending on the nature of the team, product, service, or strategy. Our investment professionals, including portfolio managers, review the holdings of client accounts on an on-going basis. Initially, the model portfolio for each strategy is reviewed, followed by a review of individual accounts as necessary to address specific client restrictions or guidelines. Matters reviewed include, but are not limited to, portfolio composition, performance comparisons, current market activity, review and analysis of individual issues and holdings, macro and micro economic outlooks, and trading activity. Additionally, individual holdings within client accounts are reviewed on a regular basis.

Internal reports may be run periodically to test adherence to certain internal investment guidelines, client-mandated or contractual guidelines, and regulatory requirements. Trilogy also performs reconciliations of its records of the securities and cash within its clients' accounts against the records of the custodians who actually hold the securities and cash. To the extent any discrepancies are identified through the performance of these reconciliations, Trilogy will work with both our internal team and the custodian to resolve any such discrepancies. As the custodian for the assets in the account, the statements and records of the custodian are the official books and records for the account.

#### **Reporting**

Clients receive reports on a quarterly basis from Trilogy which may include reports of actual performance against objectives, comments on markets and strategy or portfolio characteristics. Trilogy may customize these reports to meet each client's individual needs and specifications. A particular client's reports may be delivered more frequently and/or include other specific information at the client's request. Some clients may also receive additional reports which include the following types of information: account valuations, income reports and/or transactions.

Each client is also expected to receive a quarterly statement from their qualified custodian showing the holdings of their account. Each client selects its own custodian, and must arrange directly with the custodian to receive such statements. As noted, the custodian statements reflect the official books and records for the accounts Trilogy manage, rather than Trilogy's statements. As noted in Item 15, each client should carefully review the custodian's statement upon receipt to determine that it completely and accurately states all holdings in the client's account and all account activity over the relevant period. Any discrepancies identified by a client should be immediately reported to Trilogy and the custodian.



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

### **Relationships with Consultants**

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

Trilogy provides consultants with information on accounts Trilogy manages for our mutual clients, pursuant to our clients' directions. Trilogy also provides information on our investment styles to consultants, who use that information in connection with searches they conduct for their clients. Trilogy may also respond to "Requests for Proposals" from prospective clients in connection with those searches.

Clients obtained from these consultants may instruct Trilogy to direct some or all of their brokerage transactions to these consultants, which may also be a broker-dealer, or to the particular broker-dealers with whom they have relationships.

Other interactions that Trilogy may have with consultants include, but are not limited to, the following:

Trilogy may invite consultants to events or other entertainment hosted by Trilogy.

Trilogy may pay registration or other fees for the opportunity to participate, along with other investment managers, in consultant-sponsored industry forums or conferences. These conferences or forums provide Trilogy with the opportunity to discuss a broad variety of business topics with consultants, clients, and prospective clients.

In some cases, Trilogy may serve as investment adviser for the proprietary accounts of consultants or their affiliates, or as adviser or sub-advisor for funds offered by consultants and/or their affiliates.

In general, Trilogy relies on each consultant to make appropriate disclosure to its clients of any conflict that the consultant may believe to exist due to its relationship with our firm.

### **Relationships with Solicitors**

Trilogy may be party to agreements with third party solicitors pursuant to which Trilogy pays a fee to these parties in connection with their solicitation of clients and other services that they provide. Trilogy may compensate these solicitors by sharing a portion of its investment advisory fee or such other means that will be disclosed to a client in accordance with Rule 206(4)-3 under the Advisers Act. Please see "Item 10 – Other Financial Industry Activities and Affiliations" for additional detail about certain of these arrangements with AMG Affiliates.

### *Compensation from Third Parties*

Trilogy does not receive any monetary compensation from non-clients for Trilogy's provision of investment advisory services to clients.

## **Item 15 – Custody**

Trilogy does not act as a custodian over the assets in the accounts it manages for its clients. Clients must make their own arrangements for custody of securities and other assets in their accounts directly with a qualified custodian in accordance with Rule 206(4)-2 of the Advisers Act. Such custodians may be broker-dealers, banks, trust companies, or other qualified institutions. The qualified custodian will typically provide the client with at least quarterly account statements relating to the assets held within the account managed by Trilogy. Each client should carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in the client's account and all account activity over the relevant period. Any discrepancies identified by a client should be immediately reported to Trilogy and the qualified custodian.

Trilogy also typically provides account statements to clients at least quarterly. Trilogy encourages clients to compare the statements provided to them by Trilogy against those provided to them by the qualified custodians who hold the assets of their accounts, and to report any questions, concerns, or discrepancies to both Trilogy and the qualified custodian promptly. Such questions, concerns, or discrepancies may be communicated to Trilogy by writing, e-mailing, or telephoning us using the contact information on the Cover Page of this Brochure.

Our statements may vary from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities. However, please note that custodian statements reflect the official books and records for the accounts Trilogy manages.

Trilogy may be deemed to have custody of certain funds it manages since it or its affiliates serve as general partner or manager of the funds. Trilogy will seek to comply with the Rule 206(4)-2 under the Advisers Act by having the funds send its investors audited financial statements in accordance with the SEC's requirements.

## **Item 16 – Investment Discretion**

Trilogy has investment discretion over client assets placed under its supervision. As a result, Trilogy is authorized to make investment decisions and to direct the execution of all transactions for the client's account without consulting with the client in connection with each transaction. However, Trilogy's discretion may be limited for a particular client by specific client objectives, guidelines or restrictions. A client typically grants Trilogy discretionary authority by executing an investment management agreement and/or a separate power of attorney, which includes, among other items, a statement giving Trilogy authority to invest the assets identified by the client in a manner consistent with the investment objectives and limitations delineated by the client, and to engage in transactions on a discretionary basis in the client account. Investors in a Trilogy Fund or other fund Trilogy sub-advises give the relevant fund authority through the subscription documents that must be completed to make an investment.

Clients should be aware that restrictions on an account's holdings which result from client-imposed investment limits or the absence of required documentation or filing to establish accounts in certain countries (which limit Trilogy's ability to manage in accordance with its standard investment strategy) may result in performance returns that differ from performance obtained for other clients in the same strategy that do not impose similar restrictions or have established accounts in the countries which Trilogy may seek to purchase securities.

From time to time, Trilogy may inadvertently receive or affirmatively agree to receive non-public information which may be material concerning an issuer of securities or a potential trade which may cause Trilogy, in accordance with applicable laws and regulations, to restrict or limit our ability to trade securities of such issuer for our client accounts. These restrictions may cause Trilogy to continue to refrain from purchasing or selling a security on our clients' behalf.

### **Securities Lending Arrangements**

Clients may enter into securities lending arrangements to defray custody or other client account costs or for other reasons. However, Trilogy is not a party to such arrangements and may or may not be aware of their existence. Trilogy will attempt to work with the custodian of any client that it has been informed has a securities lending arrangement to determine whether securities Trilogy intends to sell are out on loan at the time. However, Trilogy cannot guarantee that a particular custodian will have on hand or be able to timely retrieve any securities it has lent that Trilogy has instructed be sold. It is each client's responsibility to ensure that its custodian makes securities available for sale on a timely basis. Securities lending arrangements may also have an impact on Trilogy's ability to vote proxies for clients who have delegated such authority to Trilogy.

### **Class Action Suits and Other Legal Action**

Trilogy is not obligated to, and typically does not take any legal action with regard to class action suits, bankruptcy plans, or fair funds relating to securities purchased by Trilogy for its clients. Absent an express written agreement, Trilogy will not file or monitor class action claims, bankruptcy claims,

fair fund claims or other claims in which Trilogy clients may be eligible to participate. Trilogy provides instructions to custodians and brokers regarding corporate reorganizations such as tender offers and rights offerings for securities in client accounts. Trilogy 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, fair fund settlements or class actions, involving securities held or previously held by the client. Trilogy 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, Trilogy will provide the client or the client's legal counsel or representative with information that may be needed upon the client's reasonable request.

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

### **Proxy Voting Policies and Procedures**

Since client accounts may hold stocks or other securities with voting rights, our clients often have the right to cast votes at the corporate issuers' shareholder meetings. However, since shareholders often do not attend shareholder meetings, they have the right to cast their votes by "proxy." In such cases, Trilogy's clients will either retain proxy voting authority or delegate it to Trilogy. If a client has delegated such authority to Trilogy (whether in the client's investment management agreement with Trilogy or otherwise), Trilogy will vote proxies for that client. If a particular client for whom Trilogy has investment discretion has not explicitly delegated proxy voting authority to Trilogy, Trilogy will not vote such client's proxies, and the client will retain the voting authority for its account. In such a case, the client will receive proxy solicitations from its custodian, and the client may contact Trilogy with any questions about a particular solicitation using the contact information on the Cover Page of this Brochure. If a client wishes to delegate proxy voting authority to Trilogy, it must generally delegate all such authority to Trilogy, which will generally not accept a partial delegation or any limitations upon our ability to vote securities that have been so delegated.

Where clients have delegated proxy voting authority to Trilogy, Trilogy has implemented proxy voting policies and procedures intended to protect the value of shareholder investments and designed to reasonably ensure that Trilogy votes proxies in the best interest of clients. In voting proxies, Trilogy seeks to both maximize the long-term value of our clients' assets and to cast votes that Trilogy believe to be fair and in the best interest of the affected clients. However, certain proxies may not be voted in order to avoid limitations on liquidity that may be imposed by the issuer around the time of the vote such as those proxies that require share blocking.

### **Voting Agent**

Trilogy has contracted with Institutional Shareholder Services, Inc., an independent third-party provider of proxy voting and corporate governance services, ("proxy agent") which specializes in providing a variety of services related to proxy voting. Specifically, this proxy agent has been retained to conduct proxy research, execute proxy votes, and keep various records necessary for tracking proxy voting materials and proxy voting actions taken for the appropriate client account.

Trilogy has adopted ISS's Sustainability Proxy Voting Guidelines as its own and, as such, proxies (for those client accounts over which Trilogy has proxy voting authority) are typically voted according to those policy guidelines. In addition to the ISS Sustainability Proxy Voting Guidelines, Trilogy has adopted certain customized policies and has instructed ISS to vote proxies of its clients for U.S. reporting issuers (issuers that file their proxy materials with the SEC on Form DEF 14A) in accordance with the customized policy. Pursuant to Trilogy's customized policies ISS will vote proxies of U.S. reporting issuers: (1) against nominees to the Board of Directors that do not meet certain criteria regarding independence or diversity of board membership; (2) against the company's "Say-On-Pay" Proposals in certain instances; and (3) for shareholder proposals that seek to enhance certain environmental, social or governance practices.

Notwithstanding the appointment of ISS, there may be some instances where Trilogy deviates from these guidelines. A copy of Trilogy's Proxy Voting Policies will be provided upon request.

### *Conflicts of Interest*

As noted, Trilogy has an agreement with the proxy agent and has adopted the proxy agent's proxy voting guidelines. The adoption of these guidelines, which are pre-determined, was intended to reduce any potential conflicts of interest Trilogy may have that could affect the outcome of a vote. By adopting the proxy agent's proxy voting guidelines, Trilogy has essentially limited the discretion that Trilogy would have otherwise had to determine how to vote proxies in cases where Trilogy has a material conflict of interest.

Notwithstanding the appointment of the proxy agent, there may be some instances where Trilogy deviates from the proxy agent's guidelines. Specifically, there may be a situation where the proxy agent itself may have a material conflict of interest with respect to a proxy vote that it is voting on Trilogy's clients' behalf. In those situations, the proxy agent is obligated to fully or partially abstain from voting the proxy. In addition, Trilogy's investment personnel may determine that a vote different from the one provided for by the proxy agent's guidelines would be in the best interest of its clients. In these cases, Trilogy's investment personnel will provide the voting recommendation after a review of the vote(s) involved. In both of the preceding circumstances, Trilogy will work to ensure that prior to a vote being made, conflicts of interest are identified and material conflicts are properly addressed such that the proxy may be voted in the best interest of clients.

For a copy of Trilogy's Proxy Voting Policies and Procedures or to obtain information on how proxies were voted, please contact Trilogy using the contact information on the Cover Page of this Brochure.

## **Item 18 – Financial Information**

Trilogy has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State Registered Investment Advisers**

This item is not applicable.

## **Other Information**

Trilogy relies on the use of technology, including proprietary and third-party software and data, to run many aspects of its business.

Trilogy seeks to use controls that are reasonably designed to assure that technology systems are functional and that the third party systems suppliers are reputable and competent. Trilogy monitors for systems defects and has processes to escalate issues for prompt resolution. Our technology systems rely on a broad spectrum of data to operate effectively.

Trilogy devotes resources to development and support of technology systems and to data development, acquisition and maintenance. Despite its efforts, Trilogy may encounter systems issues and some of the data that we use may be inaccurate. System or technology issues may go undetected for long periods of time, or avoid detection altogether. These issues could cause trading errors in client accounts or may affect the investment performance of client accounts. We believe that we have taken reasonable steps to mitigate these risks, but do not believe that we can eliminate them altogether.

Cyber-attacks such as hacking, viruses or other forms of sabotage could also adversely affect our ability to manage accounts or conduct other business. Additionally, service providers that we rely upon may be vulnerable to cyber-attacks which may disrupt their provision of services to us. While we have developed various backup systems and contingency plans, we cannot be assured that they will be adequate in all circumstances.



## **Personal Privacy**

What kind of information does Trilogy collect from its clients?

When a client engages Trilogy to manage its assets, Trilogy will collect the following non-public information:

- *Information provided by the client.* This could include client name, address, telephone number, social security or tax identification number, client, bank or brokerage account number, and other information required to facilitate the management of client assets.
- *Information about client transactions entered by Trilogy on behalf of the client, transactions with Trilogy affiliates and transactions with the entities Trilogy has hired to provide services to the client.* This would include information about the shares bought and sold for the client account, and the deposits and withdrawals made by the client. From time to time Trilogy may hire a service provider such as a broker-dealer or a proxy service who will then in turn also have information about the transactions conducted through them on behalf of the client. Trilogy will also have access to the information generated when the service provider conducts those services relating to transactions in the client account.

### **What information does Trilogy disclose and to whom does Trilogy disclose it?**

Trilogy does not disclose any non-public personal information about our clients or former clients to anyone, other than our affiliates or service providers or governmental or regulatory bodies who need to know such information and as otherwise permitted by law. If a client would like to find out what the law permits, please read the privacy rules adopted by the Securities and Exchange Commission in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its web site, [www.sec.gov](http://www.sec.gov).

### **What does Trilogy do to protect client's personal information?**

Trilogy restricts access to non-public personal information about its clients to the people who need to know that information in order to perform their jobs, comply with law, rules or regulations or to provide services related to the management of the client account with Trilogy. To ensure that Trilogy is complying with the laws governing the securities business, Trilogy maintains physical, electronic, and procedural safeguards to keep client personal information confidential.