

# Conduent Human Resource Services

485 Lexington Avenue  
10th Floor  
New York, NY 10017-2652  
1-212-330-1000  
[www.conduent.com/HR-SERVICES](http://www.conduent.com/HR-SERVICES)

with satellite offices in

**Atlanta**

200 Galleria Parkway N.W.  
Suite 1900  
Atlanta, GA 30339

**Boston**

101 Federal Street  
7th Floor  
Boston, MA 02110

**Denver**

5690 DTC Boulevard  
Suite 400  
Greenwood Village, CO 80111

**Houston**

TOTAL Plaza  
1201 Louisiana Street  
Suite 750  
Houston, TX 77002

**Pittsburgh**

11 Stanwix Street  
Suite 700  
Pittsburgh, PA 15222

**Secaucus**

500 Plaza Drive  
Secaucus, NJ 07094

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This brochure provides information about the qualifications and business practices of Conduent Human Resource Services. If you have any questions about the content of this brochure, please contact us at 1-212-330-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Conduent Human Resource Services also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Summary of Changes

There are changes to the primary offices where the firm conducts advisory services.

Page 1 briefly describes the change in the firm's ownership and the name under which it conducts business.

Throughout this document, changes were made to reflect the brand of the firm's new parent company.

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Buck Consultants, LLC has changed its legal name to Conduent HR Consulting, LLC and its primary business name is Conduent Human Resource Services.

Conduent Human Resource Services (“we” or “us” or “our”) is an investment adviser that is registered with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”). This registration does not imply a certain level of skill or training. This brochure explains Conduent Human Resource Services’ investment consulting services, discretionary advisory services, pre-retirement planning services, investor education and employee services, and nonqualified deferred compensation services (collectively, the “advisory business”), and provides important information about us.

## **ADVISORY BUSINESS**

Conduent Human Resource Services serves as a pension consultant whose principal business involves actuarial, employee benefits and human resources consulting as well as insourcing and co-sourcing. Conduent Human Resource Services also provides certain discretionary and non-discretionary advisory services and this section of the brochure describes our advisory business, including:

- Our ownership structure;
- The types of advisory services we provide;
- The types of accounts and products that we manage; and
- The amount of assets that we manage on both a discretionary and non-discretionary basis.

### **A. Ownership Structure**

On January 29, 2016, after a review of the company’s portfolio and capital allocation options, the firm’s former parent, Xerox Corporation, announced a separation of its Document Technology services and Business Process Outsourcing (BPO) services. It was determined that the Document Technology and BPO services serve distinct client needs, have different growth drivers, and require customized operating models and capital structures. Additionally, the company determined that these independent units would be better positioned to lead in their respective rapidly evolving markets and better capitalize on the opportunities that now exist to expand margins and increase market share as two separate entities. As such, Conduent Incorporated was established as the new parent company for all BPO lines of business, of which Conduent HR Consulting, LLC is included.

Conduent HR Consulting, LLC is organized as a Delaware limited liability company. We are an indirect, wholly-owned subsidiary of Conduent Incorporated, which is organized as a New York corporation and is a publicly owned company (Ticker Symbol: CNDT). Conduent owns 100% of the voting securities of Conduent Business Services, LLC, which is a Delaware corporation. Conduent Business Services, LLC owns 100% of the outstanding voting securities of ACS Human Resources Solutions, LLC which is a Delaware corporation. ACS Human Resources Solutions, LLC owns 100% of the voting securities of Conduent HR Consulting, LLC.

### **B. Advisory Services**

Conduent Human Resource Services provides investment consulting services, discretionary advisory services, pre-retirement planning services, investor education and employee services, and nonqualified deferred compensation services, as well as other services as described in this brochure. Our services include both discretionary and non-discretionary advisory services. The following is an explanation of the advisory services that we provide.

#### **1. Investment Consulting**

Conduent Human Resource Services furnishes investment advice through consultations limited to pension and profit sharing plans; trusts, estates, and charitable organizations; and other corporations or

business entities. Our investment consulting services include development of modeling and advising on the expected returns on asset classes, liability modeling and stochastic modeling of assets and liabilities, the setting of investment policies, asset only allocation strategies, and performance evaluation of: investment managers, investment portfolios (i.e., mutual funds, bank collective funds, and other commingled investment vehicles), and individual securities (e.g., company stock held in qualified retirement plans). Conduent Human Resource Services also assists clients in the selection of investment managers (including separate account managers), mutual funds and comingled funds for investment, stable value investments such as insurance guaranteed investment contracts (GICs) and synthetics, and portfolio hedging. Our investment consulting services are tailored to the individual needs of our clients.

## 2. Discretionary Advisory Services

Conduent Human Resource Services also provides discretionary advisory services to employee benefit plan clients. We use our proprietary modeling to formulate and recommend an investment policy. Upon client approval of the investment policy statement, we provide advice tailored to the client's investment policy statement and in compliance with the client's asset allocation guidelines without additional client consultation ("Discretionary Advisory Services"). In executing these Discretionary Advisory Services, client assets are generally invested in pooled investment vehicles such as collective funds, mutual funds, exchange-traded funds ("ETFs"), and limited partnership vehicles.

Conduent Human Resource Services strives to tailor our Discretionary Advisory Services to the individual needs of our clients. We generally permit clients to impose reasonable restrictions on their investments. We will consider a restriction reasonable if, in our judgment, the restriction does not impair, in any material or other significant manner, our ability to manage a client's assets in accordance with the investment strategy and guidelines for that client's account. We review a client's investment guidelines and discuss them with the client. We also provide our Discretionary Advisory Services consistent with:

- the terms of the relevant investment management agreement(s) applicable to the management of a client's assets;
- information provided to us regarding a client's investment objectives or guidelines, or a client's financial condition;
- reasonable investment restrictions imposed by a client;
- the investment objectives, policies and limitations of clients provided to us; and/or
- our knowledge of restrictions imposed under applicable law on the management of a client's assets.

## 3. Retirement Planning, Investor Education, and Employee Communication

Conduent Human Resource Services prepares employee communications and conducts seminars for our clients' employees covering such topics as: investor education, retirement planning and financial counseling. The employee communications and seminars involve the provision of impersonal or personalized investment advice and are generally designed in accordance with the client's employee benefit plans. Employee communications may occur in various forms of media in connection with the client's employee benefit programs and human resources programs.

## 4. Nonqualified Deferred Compensation Service

Conduent Human Resource Services also provides consulting and related services to corporations in connection with the structuring, implementation, administration, and funding of nonqualified deferred compensation plans and taxable trusts. These consulting services may include asset/liability analysis, asset allocation advice and studies, manager selection and performance review, fund selection and performance review, and performance reports.

Conduent Human Resource Services prepares and distributes materials to, and conducts seminars and meetings for, employees of sponsors of nonqualified benefit plans. These materials, seminars, and meetings are designed to provide information about investment options available to such participants

under the nonqualified benefit plans, as well as basic investment education about asset classes, investment risk and reward, and other concepts relevant to financial planning. The investment education provided by Conduent Human Resource Services in these formats is general or impersonal. No investment education is tailored or specific to an individual.

Conduent Human Resource Services also provides advice to sponsors of nonqualified benefit plans regarding the types of investment options that may be offered to participants in such plans. Such advice can include guidance concerning the desirable characteristics and appropriate industry benchmarks for such investment options.

#### C. Assets Under Management

As of December 31, 2016, Conduent Human Resource Services had \$176 million in assets under management.

### **FEES AND COMPENSATION**

This section of the brochure describes:

- The types of fees that we charge for our services;
- That our fees are negotiable;
- How we charge and collect our fees; and
- Other third party non-advisory fees and expenses you may incur.

#### A. Our Fees

Conduent Human Resource Services' fees are negotiated on a per-client basis, which, depending upon the nature of the services involved, may include service-based fees, fixed fee arrangements, and/or fees based on a percentage of assets under management (where Conduent Human Resource Services has discretionary investment authority).

Where Conduent Human Resource Services holds discretionary investment authority, fees are calculated as a percentage of assets under management.

Fees will be prorated on a monthly basis when the account is under the supervision of Conduent Human Resource Services for a portion of any quarter, except that in the event services are terminated in the first three months, no proration will be made for the first three months' fees.

Conduent Human Resource Services fees for nonqualified deferred compensation plans and taxable trust services apply to services such as recordkeeping, administration, employee communication and education services and consulting. Fees for these services can be fixed fee arrangements, hourly rate arrangements, or a combination thereof. Fixed fee arrangements are generally based upon the assets or liabilities of the nonqualified deferred compensation plans, number of participants, and the volume and nature of transactions.

Fees from investment vehicles used to fund nonqualified deferred compensation plans may subsidize certain services provided by Conduent Human Resource Services on behalf of nonqualified employee benefit plans.

Please refer to "Brokerage Practices" below for a discussion of Conduent Human Resource Services' brokerage practices.

## B. Collecting Our Advisory Fees

Conduent Human Resource Services is open to discussing with any client the manner in which the client would like to be charged and pay our fees.

Conduent Human Resource Services' fees are negotiable based on asset levels and services required and generally payable monthly or quarterly in arrears. Occasionally our investment consulting clients seek to pay their fees via a retainer, and we may accommodate such requests in our sole discretion. If a client who has funded a retainer terminates the investment consulting contract such that a portion of the retainer paid has not yet been earned (based on time spent and expenses incurred by Conduent Human Resource Services through the termination of the contract), we will provide the client with a refund of the unearned portion of the retainer, unless the client's contract provides otherwise.

Conduent Human Resource Services typically invoices clients for fees incurred. However, with respect to our Discretionary Advisory Services, in some cases the terms of the client's advisory contract require the client to instruct their custodian to (a) calculate our advisory fee in accordance with the client agreement's fee schedule, (b) debit the client's account for the fee, and (c) remit the fee to us.

Because Conduent Human Resource Services' fees are negotiable, the actual fee paid by any client or group of clients may be different than the fees reflected in our basic fee schedules or otherwise described above in this brochure. Clients should refer to their agreement with us and/or their account documentation for the specific level of fees payable by the client. After we enter into an agreement with a client, we will only modify our fees as permitted under that agreement and applicable law.

## C. Other Third Party Non-Advisory Fees and Expenses You May Incur

When providing Discretionary Advisory Services, Conduent Human Resource Services may invest such accounts (Discretionary Accounts) in pooled investment vehicles (such as collective funds, mutual funds, ETFs, private equity funds, and other appropriate investment vehicles) that themselves bear advisory fees and operational expenses such as transfer agent, distribution, shareholder servicing, networking, and recordkeeping fees. Discretionary Accounts will indirectly bear these fees and expenses as an investor in such pooled investment vehicles, and as a result, you will bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle. Such fees are in addition to our own fees, and Conduent Human Resource Services does not receive any portion of these additional fees.

Investments in investment companies (e.g., mutual funds and ETFs and other pooled investment vehicles) may be subject to sales charges (e.g., front-end or contingent deferred sales charges), redemption fees and exchange fees. Investment companies and other pooled investment vehicles also generally have internal fees and expenses that will be borne by clients whose assets are invested in these investment products. These internal fees and expenses may include management fees, transfer agent fees, distribution fees, shareholder servicing fees, networking fees, recordkeeping fees, costs of registering shares, acquired funds fees and expenses, dividends on short positions and other expenses related to short positions, mailing and printing of prospectuses or other offering documents, and other administrative expenses.

Clients utilizing our Discretionary Advisory Services will not incur brokerage fees in connection with the transactions we execute through our management of their accounts. When the services of a registered broker are required, Conduent Human Resource Services directs transactions for Discretionary Accounts through our affiliated broker dealer, Buck Kwasha Securities, LLC (or "BKS"). BKS receives no compensation for executing transactions for our clients. Further, BKS performs all placement and trading services for our Discretionary Accounts, and any fees associated with such transactions will be paid solely by Conduent Human Resource Services and will not be attributed to the client. Please refer to the "Brokerage Practices" section below for a more detailed discussion of Conduent Human Resource Services' brokerage practices.

Certain clients may also incur trust fees payable directly to the trustee/custodian providing such services.

#### D. Sales Compensation

Neither Conduent Human Resource Services nor any of our employees accepts compensation for the sale of securities or other investment products to advisory clients.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Conduent does not charge any performance-based fees (i.e., fees based on a share of capital gains or capital appreciation of the assets of a client). For more detailed information on how our fees are calculated, please refer to the "Fees and Compensation" section above or in your agreement with us.

"Side by side management" refers to our simultaneous management of different types of client accounts. For example, we manage employee benefit plans for different clients at the same time. Our clients have different investment objectives, policies, strategies, limitations, and restrictions.

Side by side management gives rise to a variety of potential and actual conflicts of interest for Conduent, our employees, and our supervised persons. As a general matter, we may have conflicts in allocating our time and services among clients.

Further, Conduent is a fiduciary to our own retirement plan which may or may not invest in the same investments we recommend to our clients. Conduent Human Resource Services also may buy or sell investments for client accounts at or about the same time that we, or one of our affiliates, buys or sells the same investments for its own respective account.

We refer to Conduent Human Resource Services' retirement plan (and other accounts managed by us or our affiliate on our behalf or our affiliate's behalf) as "proprietary accounts." The practice of holding the same investments in our proprietary accounts and client accounts may give rise to a variety of potential conflicts of interest. For example:

- Conduent Human Resource Services could be seen as harming the performance of a client's account for our own benefit if we short-sell, for example, ETF shares in our own account while holding the same ETF shares long in our client account, causing the market value of the ETF shares to move lower.
- Conduent Human Resource Services could have an incentive to cause a client or clients to participate in an offering of private fund shares because we desire to participate in the offering on our own behalf and would otherwise be unable to meet the minimum purchase requirements. Likewise, we could have an incentive to cause our clients to participate in a private fund offering to increase our overall allocation of shares in that offering.
- Allocations of aggregated trades might likewise raise a potential conflict of interest as Conduent Human Resource Services may have an incentive to allocate investments that are expected to increase in value to itself. See "Brokerage Practices" for a discussion of our brokerage and allocations practices and policies.
- Further, a potential conflict of interest could be viewed as arising if a transaction in our proprietary account closely precedes a transaction in a related investment in a client account, such as when a subsequent purchase by a client account increases the value of the investment that was previously purchased for our proprietary account.

Note that while these types of transactions may present conflicts of interest for us, we manage our accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and to prevent any client or group of clients from being systematically favored or



disadvantaged. For example, we have Trade Allocation Policies which are designed and implemented to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. Please see "Brokerage Practices" below for an explanation of our Trade Allocation Policies.

## **TYPES OF CLIENTS**

Conduent Human Resource Services provides advisory services to pension and profit sharing plans; trusts, estates, endowments and charitable organizations; banking and thrift institutions; state and municipal government entities; and other corporations and business entities.

Conduent Human Resource Services generally requires clients to enter into an agreement prior to providing advisory services. Conduent Human Resource Services does not require clients to establish or maintain a minimum account balance; however, we may decline to accept a potential client for any reason and in our sole discretion.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Investment Consulting**

With respect to our Investment Consulting Services, Conduent Human Resource Services seeks to provide a spectrum of services ranging from non-discretionary monitoring (through advisory recommendations) to full outsourced discretionary advice and implementation. Conduent utilizes a fundamental analysis, incorporating qualitative and quantitative elements to approach and provide traditional consulting services (such as asset allocation strategies) and/or assist clients in finding a suitable asset manager. Conduent Human Resource Services extensively uses Asset Liability Management (ALM) techniques. Effective pension financial management involves understanding, monitoring, and managing the key drivers of pension plan costs on an ongoing basis. ALM is the process of monitoring the asset and liability factors of a pension plan and adjusting strategy as necessary to manage the risks that a pension plan poses to a sponsoring entity. Conduent Human Resource Services generally provides investment recommendations as part of this process and follows an asset allocation strategy previously agreed upon by the client. Conduent Human Resource Services also uses computer readable databases, which contain business and financial statistics that are both current and historical.

ALM modeling utilizes a proprietary stochastic asset and liability forecasting model which is an extension of the required periodic actuarial valuation of a pension plan that is performed by an actuary to determine, among other things, a plan's funded status, cash funding requirements, pension expense, balance sheet position and Pension Benefit Guaranty Corporation insurance premiums. Asset liability modeling gives forward looking, asset allocation recommendations by performing future actuarial valuations with each valuation reflecting a particular economic and capital market environment, plan sponsor funding policy, and anticipated demographics of the plan sponsor and the plan. For each future valuation, key financial metrics can be calculated, summarized, and analyzed to develop a risk profile in terms of the plans' financial and demographic characteristics.

Conduent Human Resource Services generally defines risk in an asset and liability context and focuses on the risk metrics that are most meaningful to the client's organization. Conduent Human Resource Services' approach seeks to manage risk around funded status and maximize expected returns per unit of risk. We seek to achieve these goals by properly defining risk, considering additional diversification through additional asset classes, and by targeting asset classes where the plan sponsor has a competitive advantage relative to the market. Alternatively, if a plan sponsor is sensitive to cost volatility, we may utilize a strategy seeking greater exposure to fixed income investments that more closely match the growth and volatility characteristics of the underlying plan liabilities.

## B. Discretionary Advisory Services

With respect to our Discretionary Advisory Services, Conduent Human Resource Services utilizes an investment strategy focusing on funded status risk assessment. Our approach involves analyzing the client's liabilities and the risk factors associated with such liabilities (e.g., a client's pension plan liabilities and the relevant risk factors facing the client's business its pension plan). Conduent Human Resource Services then uses this strategy combined with a fundamental analysis of capital market risks to determine the appropriate investment policy and the liability hedge and investment growth products to manage the client's fund dynamically. Factors we consider in choosing between investment products may include tracking error and its attribution versus the capital market benchmarks, research of the relevant investment manager, and the expected risk/ return of the asset class.

## C. Types of Investments We Recommend/Make

Conduent Human Resource Services typically recommends (for non-discretionary accounts) and/or invests (Discretionary Accounts) in separately managed accounts, mutual funds, collective funds, exchange-traded funds, private equity funds, hedge funds and stable-value products (e.g., GICs). The material risks associated with investments in these products are set forth below.

## D. Risks

Investing involves risk of loss that you should be prepared to bear. Conduent Human Resource Services does not guarantee or represent that our investment program or advice will be successful or enhance returns. Our past results are not necessarily indicative of our future performance and our investment results may vary over time. We cannot assure you that our investments of your money will be profitable, and in fact, you could incur substantial losses. Your investments with us are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.

Our investments in pooled investment vehicles and separate accounts are subject to the following general risks:

- Mutual Fund Risk. Mutual funds face risks based on the investments they hold. For example, a bond fund will face interest rate and income risks. Mutual funds also face manager risk, which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of its stated objectives.
- Collective Fund Risk. Collective funds are not registered under the Investment Company Act of 1940 (1940 Act) and therefore are not subject to certain diversification and investment restrictions that are imposed by the 1940 Act and the tax laws applicable to mutual funds.
- Private Equity Fund and Hedge Fund Risk. Investments in hedge funds and private equity funds are subject to liquidity constraints and high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are ideal essential prior to investment. Hedge funds and private equity funds are subject to fewer regulatory restrictions than mutual funds, and therefore, can entail risks that are difficult to capture using standard risk measurements.
- Exchange Traded Fund Risk. An investment in an exchange-traded fund (ETF) generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange traded) that has the same investment objectives, strategies, and policies. The price of an ETF can fluctuate up or down, and you could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs may be subject to the following risks that do not apply to conventional funds: (i) the market price of an ETF's shares may trade above or below their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the

activation of market-wide “circuit breakers” (which are tied to large decreases in stock prices) halts stock trading generally.

- Separately Managed Account Risk. Separately managed accounts are structured to complement the client’s risk profile, as reflected in the client’s investment policy statement. The capital market risks of the asset class are inherent in the management of the account (i.e., a separately managed bond account will have standard bond-related risks like interest rate risk and credit risk, while a separately managed equity account will have standard equity-related risks such as fundamental company risk and sector level risk). All accounts are subject to broad market forces such as inflation and fiscal and monetary policies. Performance tracking error versus the benchmark due to specific manager risks and style drift are among other risk factors presented.

Note that each individual mutual fund, collective fund, private equity fund, hedge fund, ETF, and managed account presents risks specific to that product’s specific investment program. For a detailed discussion of a fund’s particular risks, please refer to that fund’s prospectus or other offering document.

#### **DISCIPLINARY INFORMATION**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Conduent Human Resource Services or the integrity of our management. We have not been subject to any legal or disciplinary event that would require disclosure under applicable SEC rules.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

This section of our brochure describes the activities and relationships that Conduent Human Resource Services and our management engage in or have with other financial industry participants.

Conduent Human Resource Services provides investment advisory services as described above in “Advisory Business.” Conduent Human Resource Services also engages in the insurance brokerage business and provides actuarial and consulting services for employer sponsored benefit plans.

##### **A. Affiliated Broker-Dealers and Investment Advisers**

Conduent Human Resource Services is affiliated through common ownership with Buck Kwasha Securities LLC, a registered broker-dealer (“BKS”). Conduent Human Resource Services is also affiliated through common ownership with Conduent HR Solutions, LLC, a registered investment adviser. These registrations do not imply a certain level of skill or training.

BKS’s clients include institutional employee benefit plans, retirement plans and other benefit plans. BKS sells variable life insurance or annuities and acts as an introducing broker for equity trades. BKS’s employees are registered representatives of BKS and are salaried employees. Conduent HR Solutions provides recordkeeping, administration, and employee education/communication services for qualified and non-qualified defined contribution, defined benefit, and health and welfare plans.

Conduent Human Resource Services has broker selection policies in place that require that our selection of a broker-dealer be consistent with our duties of best execution and subject to any client and regulatory proscriptions. Please see “Brokerage Practices” for additional information on Conduent Human Resource Services’ broker selection process. Conduent Human Resource Services executes trades that require a registered broker, through our affiliate, BKS. Clients of Conduent Human Resource Services will not incur any brokerage fees for trades executed through BKS. When selecting investment companies/mutual funds as investments for our discretionary services clients, we seek to purchase for our clients the investment company/mutual fund share class with the lowest expense structure. In the event that we do

select for a client an investment company/mutual fund that pays BKS 12b-1 fees, BKS disgorges those fees by refunding them to the client for whom the shares were purchased.

**B. Pension Consultant and Insurance Company Business**

In connection with our health and welfare practice, Conduent Human Resource Services also provides actuarial and consulting services for employer sponsored benefit plans. We take insurance commissions with respect to these activities.

**C. Other Relationships**

Conduent Human Resource Services, our parent company Conduent Incorporated, and several of our affiliates have significant financial and business relationships with a number of financial institutions around the world because these financial institutions purchase products and/or services from us and/or our affiliates. When a financial institution is our client, it could be perceived as presenting a conflict of interest for us. However, in reality, the fact that a financial institution is / is not our client is not a factor considered when we determine whether or not to recommend that financial institution's advisory service and/or investment products to our clients. Note that we provide our Discretionary Advisory Services consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly.

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN  
CLIENT TRANSACTIONS AND PERSONAL TRADING**

Conduent Human Resource Services has established a Code of Ethics which is designed to ensure that Conduent Human Resource Services maintains high ethical standards in conducting our business. The Code of Ethics is structured to preclude activities which may lead to, or give the appearance of, conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. Conduent Human Resource Services will provide a copy of our Code of Ethics to any client or prospective client upon request.

Although the Code of Ethics permits investment personnel to trade in securities, including those that could be recommended to clients, it does contain significant safeguards designed to protect clients from abuses in this area such as requirements to obtain prior approval for, and to report, particular transactions such as initial public offerings and private or limited offerings. Among other policies, the Code of Ethics contains restrictions on insider trading, misuse of client information, serving on boards of directors of publicly traded companies by investment personnel, and receiving/giving gifts and entertainment.

The Code of Ethics is designed to reinforce Conduent Human Resource Services' reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The Code of Ethics sets forth procedures and limitations that govern the personal securities transactions of employees in accounts held in their own names as well as accounts in which they have indirect ownership interests. Conduent Human Resource Services, and our related persons and employees, may, under certain circumstances and consistent with the Code of Ethics, purchase or sell for their own accounts securities that Conduent Human Resource Services also recommends to clients. The Code of Ethics is designed to assure that that any personal securities transactions, activities, and interests of Conduent Human Resource Services' employees will not interfere with (i) making decisions in the best interests of our clients and (ii) implementing such decisions while avoiding any actual or potential conflict of interest or any abuses of an employee's position of trust and responsibility. Trading by employees is monitored on an ongoing basis and our Code of Ethics and related Compliance procedures are designed to reasonably prevent conflicts of interest between our employees and our clients.

"Principal transactions" are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any client. A

principal transaction may also be deemed to have occurred if a security is crossed between an affiliated pooled investment vehicle and another client account. Conduent Human Resource Services does not engage in principal transactions. Conduent Human Resource Services also does not effect securities transactions/trades between client accounts.

## **BROKERAGE PRACTICES**

### **A. Research and Other Soft Dollar Benefits**

Conduent Human Resource Services does not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions.

### **B. Brokerage for Client Referrals**

Conduent Human Resource Services does not direct securities transactions to any broker-dealer in exchange for referral of clients.

### **C. Directed Brokerage**

Conduent Human Resource Services exclusively executes transactions for Discretionary Accounts through our affiliated broker-dealer, BKS, when a registered broker is required. We obtain client consent to use BKS for brokerage, and our clients do not compensate BKS for executing transactions. By executing transactions through BKS, we may not be able to achieve the most favorable execution of client transactions, and it could cost our clients more money if BKS does not obtain pricing as favorable as pricing that might be achieved by another broker dealer.

### **D. Trade Aggregation and Allocation**

Conduent Human Resource Services has adopted written policies (Trade Allocation Policies) for the allocation of equity and fixed income securities transactions among our Discretionary Accounts. The Trade Allocation Policies are premised on our general practice of aggregating the transactions executed on behalf of our clients. We may, but are not obligated to, aggregate transactions and will do so only when we believe that such aggregation is consistent with our duty to seek best execution for our clients. The type of client account, client instructions (e.g., directed brokerage/trading), the investment strategies applicable to client accounts, system capabilities and constraints, and other factors may result in transactions for certain client accounts not being aggregated. If a client transaction is not aggregated, the client may pay higher brokerage commissions, may receive a less favorable price, or incur other costs, which also may affect the performance of the client's account.

To the extent that Conduent Human Resource Services aggregates such transactions, the Trade Allocation Policies state that Conduent Human Resource Services and our related persons must do so in a manner:

- consistent with the duty to seek best execution of client orders;
- that treats all clients fairly; and
- is consistent with a client's advisory agreement.

Generally, aggregated transactions are averaged as to price and transactions costs and will be allocated among participating accounts pro rata. Additionally, we may consider the following when determining whether and how to allocate transactions:

- cash flow changes;
- clients with specialized investment objectives or restrictions emphasizing investment in a specific category of securities;

- desire for “round lots;”
- clients’ asset size; and
- clients’ current securities holdings.

Upon request, we will provide a client with aggregate allocation information relating to such client's transactions. We will also furnish a copy of the Trade Allocation Policies upon request.

## **REVIEW OF ACCOUNTS**

### **A. Account Reviews**

In connection with its Discretionary Advisory Services, Conduent Human Resource Services assigns an account manager(s) to each account. The account's account manager reviews the account on a periodic or continuous basis. The required frequency of such reviews is set forth in the client's agreed-upon investment policy statement (and is dictated by the types of holdings in the client's account).

### **B. Reports to Clients**

Clients may receive monthly reports concerning performance, current holdings, transaction activity and/or other reports as reasonably requested by the clients. Our reporting obligations are generally set forth in the investment management agreement with each client.

In addition to the above reports, Conduent Human Resource Services generally will provide our clients with reasonable, periodic access to our investment personnel through conference calls or other reasonably agreed upon means to discuss their accounts or Conduent Human Resource Services' services and any questions regarding their accounts or the our services.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Conduent Human Resource Services does not accept economic benefits from non-clients for providing advisory services to our clients. Further, we currently do not compensate, directly or indirectly, anyone other than our supervised persons, for referring clients to us.

Please see “Other Financial Industry Activities and Affiliations” for additional disclosures regarding affiliated brokers.

## **CUSTODY**

Conduent Human Resource Services does not have “Custody” of client assets for purposes of Rule 206(4)-2 of the Advisers Act.

## **INVESTMENT DISCRETION**

As described above in “Advisory Business – Discretionary Advisory Services,” Conduent Human Resource Services provides Discretionary Advisory Services to employee benefit plans. Before assuming this authority, clients must grant this discretionary authority to Conduent Human Resource Services in writing via a contract, power of attorney, and/or through an appointment to provide investment management services. In all cases, however, Conduent Human Resource Services works to tailor our Discretionary Advisory Services to the individual needs of our clients.

Clients must deliver their investment guidelines and restrictions to Conduent Human Resource Services in writing, and we will adhere to such guidelines and restrictions when making investment decisions. Such guidelines may include reasonable restrictions on making certain investments or types of investments. We will consider a restriction reasonable if in our judgment, the restriction does not impair, in any material or other significant manner, our ability to manage a client's assets in accordance with the investment strategy and guidelines for that client's account. Conduent Human Resource Services' investment discretion is exercised in a manner consistent with the Discretionary Account's stated investment objectives, policies, guidelines, and restrictions/limitations. Examples of restrictions or limitations include prohibitions on investing in companies affiliated with the client; prohibitions on investing in Conduent Human Resource Services or our affiliates; and prohibitions against engaging in certain investment-related techniques such as soft dollars.

#### **VOTING CLIENT SECURITIES**

Conduent Human Resource Services does not accept authority to vote proxies on behalf of its clients. Conduent Human Resource Services may offer assistance as to proxy matters upon a client's request, but the client always retains the proxy voting responsibility.

#### **FINANCIAL INFORMATION**

Conduent Human Resource Services is required in this section to provide you with certain disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual commitments to clients and have not been the subject of bankruptcy proceedings.