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**December 31, 2016**

This brochure provides information about the qualifications and business practices of Dreman Value Management, L.L.C. (the “Adviser,” “we,” “us,” or “our”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer, David Dreman, at 561-475-2220 [ComplianceGroup@Dreman.com](mailto:ComplianceGroup@Dreman.com). The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

We are an investment adviser registered with the SEC. Please note that registration does not imply a certain level of skill or training.

Additional information about us is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or on our website at [www.dreman.com](http://www.dreman.com).

## **ITEM 2 – Material Changes**

The current address of the Adviser is as follows:

1515 N. Flagler Drive  
Suite 920  
West Palm Beach, FL 33401

In June of 2016, the Adviser sold its mutual funds and is currently not advising investment company fund under the Investment Company Act.

David Dreman has assumed the role of Chief Investment Officer.

David Dreman has also assumed the Chief Compliance Officer. David Kanefsky is no longer associated with the Adviser. In addition, Dreman Value Management has hired a regulatory compliance advisory firm to assist the Adviser with some of its compliance obligations.

We will deliver to you a summary of any material changes to this brochure and subsequent brochures within 120 days of the close of our fiscal year. We will also provide ongoing disclosure about material changes as such changes may arise.

Our brochure may be requested, free of charge, by contacting the Chief Compliance Officer, David Dreman, at (561) 475-2220 or [ComplianceGroup@Dreman.com](mailto:ComplianceGroup@Dreman.com).

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#### **ITEM 4 – Advisory Business**

We are a team of dedicated contrarian value investors, led by our founder and Chairman David Dreman, a pioneer in the field of contrarian investment strategies and behavioral finance. We have served as an investment adviser since 1997 (with predecessor firms dating back to 1977).

Our investment philosophy has been in place since the original firm was founded in 1977 by Mr. Dreman. Mr. Dreman has conducted over 30 years of research on contrarian value investing and behavioral finance. This research has led to five books on the topic, including the most recent one, *Contrarian Investment Strategies: The Psychological Edge* (2012).

We believe that the markets are not perfectly efficient and that, in particular, behavioral psychology plays a considerable role in stock price movements. This belief is supported by 30+ years of research conducted by Mr. Dreman and his research team in the area of behavioral finance. These studies show that the market overreacts to events in a predictable fashion and that it consistently misjudges the prospects for stocks, often resulting in over-exuberance for outperforming stocks and outsized negativity for underperforming stocks.

These negative over-reactions create an opportunity to purchase solid stocks at a discount to the market, which, in turn, can result in substantial long-term gains. We believe that the best way to identify these undervalued or out of favor stocks is through a low price-to-earnings (“P/E”) approach to stock valuation. Therefore, we invest in undervalued companies that we feel exhibit strong fundamentals and historic earnings growth, which our analysis indicates will persist over the long run. We conclude that combining a close understanding of behavioral finance with a low P/E approach to stock selection provides the best way to beat the market over time.

We provide investment advisory services on a discretionary basis to a number of different types of clients through two operating divisions, Dreman Value Management (“DVM”) and Dreman Asset Management (“DAM”). DVM provides advisory services to institutions, separate accounts and high net worth individuals. DAM provides advisory services to separately managed accounts through wrap fee and model-based programs.

Specifically, we manage a variety of investment strategies, including: (i) Large Cap Value; (ii) International Value; and (iii) Value Equity. We offer these value-based equity investment strategies to a variety of clients, including institutions, high net worth individuals, Taft-Hartley plans, and wrap fee clients.

We enter into agreements with wrap fee sponsors (“Sponsors”) to manage wrap fee accounts and to make investment decisions for the wrap fee accounts. Wrap fee arrangements in which we participate generally have a minimum initial account size of \$100,000 (\$30,000 for accounts based on a model portfolio). We do not sponsor, organize, or administer wrap fee programs. Wrap fee accounts are managed in the same manner as our other advisory portfolios with additional attention to rebalancing. Wrap fee accounts are rebalanced to the benchmark portfolio (and to the corresponding institutional fund/portfolio managed by the Adviser) on a quarterly basis or as needed.

Clients with portfolios managed within a Sponsor's wrap fee platform are charged a management fee by the Sponsor. The Sponsor bills their clients and we receive a portion of that fee from the Sponsor for our investment management services.

We also provide investment guidance via "*model portfolios*" to Sponsors who, at their discretion, may use them to manage their clients' portfolios. Model portfolio arrangements generally involve regular communication regarding the status of the model as well as real-time trade instructions.

We mainly offer a variety of value-based equity investment options to our clients, but we also may offer advice on warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, U.S. government securities, option contracts on securities, intangibles, and interests in partnerships investing in real estate. We may invest client assets in initial public offerings and Rule 144A offerings. We also may invest in foreign governments and supranational institutions such as the European Union and its agencies. Derivatives may be used for hedging or risk management, or for non-hedging purposes to seek to enhance potential returns. We may use positions in Standard and Poor's 500 Index futures on a temporary basis in lieu of investing in individual stocks. The total market value of our futures contracts and individual stock holdings will generally not represent more than 100% of the equity portfolio value. The market value of our futures positions will generally not exceed 50% of the total portfolio value.

Due to the strict nature of our investment philosophy, we will not typically tailor our advisory services for particular clients. With respect to our discretion, we will accept guidelines set by clients, but will not generally accept limitations on investment authority that would significantly alter the content or performance of the investment portfolio. For clients who have multiple accounts with us, we may at times provide services on a non-discretionary basis to a portion of the client's account.

As of August 31, 2016, we managed \$226,794,626 on a discretionary basis and \$6,669,731 on a non-discretionary basis.

## **ITEM 5 – Fees and Compensation**

We provide investment advisory services on a discretionary basis to a number of different types of clients through DVM and DAM. DVM provides advisory services to registered investment companies, institutions, separate accounts and high net worth individuals. DAM provides advisory services to separately managed accounts through wrap fee and model-based programs.

We generally accept non-wrap fee accounts with a minimum initial account size of \$3 million for all strategies. A registered investment company client may impose its own minimum account size requirements. Wrap fee arrangements in which we participate generally have a minimum initial account size of \$100,000 (\$30,000 for accounts based on a model portfolio).

We may, at our discretion and upon special circumstances, accept accounts that do not satisfy these conditions, and we may separately negotiate with each client a minimum acceptable initial account size.

Our standard fee schedules are calculated and are generally charged quarterly in advance at the following annual rates:

**Large Cap Value**

1% on the first \$3 million;  
0.65% on the next \$17 million;  
0.60% on the next \$30 million; and  
0.55% over \$50 million.  
Minimum initial account size: \$3 million.

**Value Equity**

0.75% on the first \$20 million;  
0.70% on the next \$30 million; and  
0.65% over \$50 million.  
Minimum account size: \$3 million.

**International Value**

0.85% on the first \$20 million;  
0.80% on the next \$30 million; and  
0.75% over \$50 million.  
Minimum account size: \$3 million

For sub-advisory services provided to other investment advisers, we receive a monthly fee from each of the investment advisers at rates specified in the sub-advisory agreements between us and such investment advisers. The sub-advisory fee generally varies from 0.25% per year to 0.75% per year based on certain asset levels and is computed and paid monthly based on the average daily net assets under management for each of the funds.

We enter into wrap fee agreements to manage wrap fee accounts and to make investment decisions for the wrap fee accounts. Pursuant to the wrap fee agreements, we are paid a fee rate by each Sponsor which is a portion of the wrap fee that the Sponsor receives from its wrap fee account clients. The annual fee generally ranges from 0.38% to 0.80% and is based on the assets managed by us for each Sponsor. Fees are either paid in advance or in arrears by the Sponsor. Fees paid in advance are reimbursed when accounts are terminated or are deducted by the Sponsor from fees owed to us.

We also provide model portfolios to Sponsors who, at their discretion, may use them to manage their clients' portfolios. We are paid a fee which generally ranges from 0.28% to 0.45% of assets managed pursuant to our model portfolios. We believe that this arrangement does not create any conflicts of interest.

Typically, fees paid to us are due in advance. If a client chooses to terminate its account, we generally require 90 days written notice. Any pre-paid fee for periods extending beyond those 90 days will be reimbursed to the client on a pro-rated basis.

Proportionate fees are charged for parts of a calendar quarter at the beginning or on the termination of a contract during which services are provided. Any significant cash flows on a client account during a billing period will be pro-rated for fee calculation purposes, unless otherwise agreed.

Clients have the option to authorize their custodian to: (a) deduct our advisory fees from the client's account; or (b) deduct our advisory fees from another account of the client managed by us. Alternatively, the client may choose to be billed directly by us and agree to remit payment within 30 days of receipt of the invoice. Clients are billed or fees are deducted on a quarterly basis.

Exchange-traded funds and other registered funds in which we may invest charge internal management fees, which are disclosed in the prospectus of the pertinent fund. In such circumstances, a client is essentially paying two advisory fees (*i.e.*, one to us and one to the fund's adviser).

In addition to our advisory fees, clients may pay fees for custodial services, account maintenance fees, wire fees and other fees associated with maintaining the account; however, we do not share in any portion of such fees.

## **ITEM 6 – Performance-Based Fees and Side-by-Side Management**

We do not currently receive any performance-based fees for our advisory services, nor are we currently engaged in side-by-side management of mutual funds and hedge funds. Clients may pay varying management fees to us (as negotiated), but we do not allocate trades to any client based on the amount of fees paid to us.

## **ITEM 7 – Types of Clients**

We provide investment advisory services on a discretionary basis to a number of different types of clients through two operating divisions, DVM and DAM. DVM provides advisory services to institutions, separate accounts and high net worth individuals. DAM provides advisory services to separately managed accounts through wrap fee and model-based programs. Our clients also include pension and profit sharing plans, trusts, estates, charitable organizations, and other types of corporations or businesses. We provide model portfolios to Sponsors who, at their discretion, may use them to manage their clients' portfolios. We do not sponsor, organize, or administer wrap fee programs.

Specifically, we manage a variety of investment strategies, including: (i) Large Cap Value; (ii) International Value; and (iii) Value Equity. We offer these value-based equity investment strategies to a variety of clients, including institutions, high net worth individuals, Taft-Hartley plans, and wrap fee clients.

For clients who have multiple accounts with us, we may at times provide services on a non-discretionary basis to a portion of the client's account.

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

Our investment process begins with quantitative screens to narrow the universe of stocks to a manageable number for fundamental analysis.

First, we identify companies within the appropriate market capitalization range. These companies are then grouped by sector and industry, laying the foundation for the valuation process. Once we have these homogeneous groups, we focus on eliminating stocks with above-market valuations by comparing the financial ratios such as the price-to-earnings, price-to-book, and price-to-cash flow.

At this point, we begin to differentiate the remaining stocks, each on valuation relative to itself and its industry. This methodical process provides us with a group of generally three to four stocks in each category. The team will then evaluate and select, through rigorous fundamental analysis, the best stock for each portfolio.

We believe that true risk is the potential for a permanent loss of capital assuming an appropriate time horizon, while volatility (which is a definition of risk used by various consultants and academics) is not true risk. We attempt to mitigate true risk in three ways: (1) valuation risk:



don't overpay for a stock; (2) earnings power risk: determine whether earnings power is temporarily and not structurally impacted; and (3) balance sheet/financial risk: make sure that the balance sheet is strong enough to weather market volatility.

Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Clients and potential clients should carefully consider our investment objectives, potential risks, management fees, and other charges and expenses before investing. Investing in securities involves a risk of loss that clients should be prepared to bear.

We may recommend value stocks, which may remain undervalued for extended periods of time; and the market may not recognize the intrinsic value of these securities.

Small-cap and mid-cap investing involves risks such as: greater price volatility; business risk; and less liquidity.

Investments in international markets present special risks including: currency fluctuation; the potential for diplomatic and political instability; regulatory and liquidity risks; foreign taxation; and differences in auditing and other financial standards. Risks of foreign investing are generally intensified for investments in emerging markets.

We undertake a proactive approach to manage enterprise risks, with compliance as a critical component of our overall business and asset management strategy. Following our prudent business practices and industry leading principles, we take a robust and comprehensive approach in identifying emerging risks, such as compliance and business risks for us and for the client accounts. The Chief Compliance Officer, reporting to senior management, leads our strategic initiatives to effectively integrate governance, risk and compliance firm-wide to support our fiduciary obligation for client accounts.

The Chief Investment Officer and the Chief Compliance Officer provide strategic leadership and tactical direction to our approach in managing enterprise risks. Our compliance program provides an overarching foundation across the firm to fulfill our fiduciary responsibilities to our clients and to ensure compliance with regulatory requirements for the client accounts.

We have designated the Chief Compliance Officer to administer our compliance policies and procedures for us and for all client accounts. The Chief Compliance Officer reviews periodically, but no less frequently than annually, our compliance policies and procedures to ensure that they are updated to reflect any new regulatory developments or any new business lines, and that they continue to provide adequate procedures reasonably designed to prevent violations of the applicable federal and state securities laws. A comprehensive compliance program is in place across all client accounts to monitor business activities and ensure compliance with all applicable laws and regulations governing each type of client account.

## **ITEM 9 – Disciplinary Information**

To the best of our knowledge, neither we nor any of our officers and employees has been involved in any disciplinary actions or legal or administrative proceedings that are material to our business activities.

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

We may have arrangements with investment companies or other pooled investment vehicles as investment adviser or sub-adviser to such funds. Our service as investment adviser or sub-adviser to such clients is material to our advisory business.

We believe that these relationships do not create material conflicts of interest with our clients.

### **Other Activities**

We and our officers and employees will devote as much of our time to our clients as we deem necessary and appropriate. We and our officers and employees are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with our existing client accounts and/or may involve substantial time and resources. These activities could be viewed as creating a conflict of interest in that our time and effort and that of our officers and employees may not be devoted exclusively to the business of any particular client account, but may be allocated between the business of the client accounts, the management of money for other advisees, and other business activities.

### **Broker-Dealer Registration**

We are not registered as a broker-dealer and we do not have any application pending to register with the SEC as a broker-dealer.

### **Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration**

We are not registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing, and we do not have any application pending to register with respect to any of the foregoing.

### **Material Relationships and Conflicts of Interests with Industry Participants**

Our relationships with our clients and other industry participants are material to our advisory business and may raise actual, apparent or potential conflicts of interest. Prospective investors should carefully consider the risks involved in an investment with us, including, but not limited to, those discussed below. Prospective investors should consult their own legal, tax and financial advisers as to all of these risks and as to an investment with us generally.

- *Multiple Client Accounts.* We provide investment advisory services to multiple client accounts, including mutual funds, institutions, high net worth individuals, and wrap fee programs. In addition, we expect to act as the investment manager to other investment vehicles and accounts in the future. There is no limit on the number or types of vehicles or accounts that we may manage or advise. Further, we and our personnel may have investments in certain of our client accounts. As a result of the foregoing, we may have conflicts of interest in (i) allocating the time and resources of our personnel between and among client accounts, (ii) allocating investment opportunities between and among client accounts, and (iii) effecting transactions between client accounts, including clients in which we or our personnel may have different financial interests.
- *Broker-Dealers and Other Service Providers.* While we select our brokers, counterparties and service providers in accordance with our fiduciary obligations to our clients, such parties may also invest in funds or other accounts managed by us.
- *Solicitors.* Solicitors that we may engage to obtain clients for us are subject to a conflict of interest because they will be compensated by us in connection with their solicitation activities. For a more detailed discussion of our engagement of solicitors, please see Item 14, “*Client Referrals and Other Compensation.*”

*How We Address Conflicts of Interest.* To address actual, apparent or potential conflicts of interests in our material relationships, we have adopted certain policies and procedures, including a Code of Ethics and Insider Trading Policy (together, the “*Code of Ethics*”). For a more detailed discussion of the Code of Ethics, please see Item 11, “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.*”

Each officer or employee has an affirmative obligation to conduct our business in an honest and ethical manner, which includes the proper handling of actual, apparent, or potential conflicts of interest between personal and business relationships. This obligation requires full disclosure of any actual, apparent or potential conflicts of interest.

As a fiduciary, we have an affirmative duty of care, loyalty, honesty, and good faith to act in the best interest of our clients. Among other things, we have an obligation to execute and allocate client trade orders in a timely and efficient manner, *i.e.*, to: (i) seek best execution for all trades; (ii) trade securities in a manner that is fair and equitable to all clients; and (iii) exercise diligence and care throughout the trading process.

Compliance with this duty may be achieved by avoiding conflicts of interest or, when impracticable to do so, by fully disclosing all material facts concerning any conflict that does arise with respect to any client and following appropriate procedures designed to minimize any such conflict. Our officers and employees must try to avoid situations that have even the appearance of conflict or impropriety.

Our officers and employees are prohibited from trading, either personally or on behalf of others, while in possession of material, nonpublic information where it would be unlawful to do so. Our officers and employees are required to comply with the provisions of the Code of Ethics.

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

We have adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “*Advisers Act*”) and Rule 17j-1 under the Investment Company Act of 1940 (the “*Investment Company Act*”) that is designed to reduce the risk of actual, apparent or potential conflicts of interest when dealing on behalf of our clients. The Code of Ethics reflects our fiduciary obligations and those of our officers and employees, and requires that all officers and employees comply with all applicable federal and state securities laws. Conflicts of interest involving us or our officers and employees are reviewed on an annual basis (*i.e.*, when officers and employees complete a compliance questionnaire) and on a quarterly basis (*i.e.*, when certifications are made that officers and employees either have no conflicts, or that any such conflicts have been disclosed to the Chief Compliance Officer).

Following are the key principles that are embodied throughout the Code of Ethics:

- Our officers and employees have a fiduciary duty to place the interests of clients first.
- Our officers and employees should not take inappropriate advantage of their positions.
- Our officers and employees should avoid any situation that may compromise, or call into question, the exercise of their fully independent judgment in the interests of clients.
- All personal securities transactions should avoid any actual or potential conflicts of interest.
- Independence in the investment decision-making process is paramount.

Our personal trading rules apply to all officers and employees. In summary, the Code of Ethics requires preclearance of all equity and corporate fixed income securities, or securities that derive their value from such securities. The Code of Ethics requires employees to preclear any transactions in mutual funds where we act as an adviser or sub-adviser to the fund. The Code of Ethics also covers issues such as prohibited transactions, blackout periods for transactions, and holding periods. The preclearance process and required approvals of personal trading activities are monitored by the Chief Compliance Officer or his designee.

The Code of Ethics states that no officer or employee should accept inappropriate gifts or entertainment of material value that could influence their decision-making or make them feel beholden to a person or firm. Further, the Code of Ethics prohibits the misuse of “*inside*” or “*material non-public*” information by our officers and employees when trading or recommending securities. Our officers and employees shall not act upon or disclose material non-public information except as may be necessary for legitimate business purposes on behalf of us or a client and as allowed by law.

Any breaches of these rules will be viewed as very serious and may result in disciplinary action up to and including dismissal. A copy of the Code of Ethics is available to any client or prospective client upon request.

From time to time, our officers and employees (and certain related persons) may invest in the same securities (or related securities) that we recommend to our clients. Any potential conflicts of interest are prevented or mitigated in scenarios where we recommend securities to clients, or buy or sell securities for our client accounts, at or about the same time that an officer or employee (or a related person) buys or sells the same securities for their own account.

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

From time to time, we may recommend that a client purchase a security while simultaneously recommending that another client sell the same security, and when appropriate, will cause the purchase and sale of the security to occur between the two accounts, in accordance with applicable law. The use of such “cross” transactions often increases the probability of completing a transaction at a better price by possibly avoiding an unfavorable price movement that may be created through entrance into the market with a purchase or sell order. We may have a potentially conflicting division of responsibilities to both parties of a cross transaction. To the extent that any cross trades occur, the trades will be effected through an unaffiliated broker-dealer. We do not take any commissions or fees in connection with effecting trades between client accounts.

We generally do not act as a principal in connection with effecting securities transactions. In some circumstances, however, we may effect a transaction between a fund that we advise and another of our client accounts, in which we, or a person that controls us, owns greater than 25% of such fund or account that we manage. To the extent that we engage (or are deemed to engage) in principal securities transactions, any such transactions will comply with applicable law. Policies and controls have been implemented to require compliance approval for any cross or principal transactions prior to trading.

#### **ITEM 12 – Brokerage Practices**

We may provide investment advice to some clients on a non-discretionary basis. For such clients, it is the responsibility of the clients themselves to select the brokers who will execute their transactions and to negotiate the commission rates that will be paid.

Other clients may give us discretionary authority to make investment decisions for their accounts, but may request that we use a specific broker when executing transactions. Under these circumstances, the client is responsible for negotiating the terms and arrangements for the account with that broker. We will not seek better execution services or prices from other brokers or be able to aggregate the client’s transactions for execution through other brokers with orders for other accounts advised or managed by us. As a result, we may not obtain best execution on behalf of the client, who may pay materially higher commissions, greater spreads or other transactions costs, or receive less favorable net prices on transactions for their account than would otherwise be the case.

For the majority of our clients, we have discretionary authority to determine, without specific client consent, the securities to be purchased or sold, the brokers to be used and the commission rates to be paid. For these clients, we will generally select brokers who provide “*best execution*.” In seeking the best execution, we consider a number of factors, including: security price; commission charged; the size of the order and difficulty of execution; and the full range and quality of services available (such as the broker’s execution capability, past performance and financial responsibility).

#### Trade Order Authorization

Portfolio management personnel are the only individuals who can initiate trade orders within portfolios for which they have assigned authority. The lead Portfolio Manager and/or the Chief Investment Officer may delegate trade order initiation authority to other Portfolio Managers at their discretion.

#### Aggregation and Allocation of Trades

When practicable, we may aggregate the purchase or sale of shares for our clients in the belief that it provides a benefit to our clients by us doing so. We believe that aggregation of shares is consistent with our duty to seek best execution (which includes the duty to seek the best price) for our clients, and is consistent with the terms of our engagement with each client.

The aggregation and allocation of trade orders must be conducted in such a manner as to promote the fair and equitable treatment of investments across client portfolios. No client is favored over any other client in an aggregated order. Each client that participates in an aggregated order does so at the average share price for all of our transactions in that security on a given business day, with transaction costs shared pro-rata based on each client’s participation.

All client accounts managed with similar investment guidelines are grouped, and all allocations to a group are made on a pro-rata basis. Each Portfolio Manager should attempt to aggregate multiple orders for the purchase or sale of the same security placed at or around the same time. Trades are aggregated electronically to participating client accounts within each strategy, and allocate the execution among all participating clients on a pro-rata basis (except in cases of client restrictions). Particular attention is paid to clients with restrictions that can affect industry weightings or exclusions; in those cases, cost, market, and position size are selected by the Portfolio Manager.

Wrap fee accounts are traded on systems other than Charles River IMS. The pro-rata allocation policy applies to these wrap fee accounts as well.

We receive no additional compensation or remuneration of any kind as a result of our policy of aggregation.

#### Trade Rotation Policy

When a Portfolio Manager’s investment decision is implemented, a trade rotation policy between (i) freely traded client accounts, *i.e.*, those client accounts that do not mandate that we trade with

any particular broker (“*freely traded accounts*”), and (ii) wrap fee accounts<sup>1</sup> is followed. The rotation is based on the percentage of assets each group represents out of the total assets managed for the strategy. For example, if wrap fee accounts represent 25% of the total assets, then wrap fee accounts will go first in the rotation one in every four times. This rotation policy is tracked by the portfolio management team.

Asset levels are reviewed periodically to determine whether the percentage of assets, and thus the trade rotation, should be modified. Rebalances to the model do not constitute an investment decision and are not subject to trade rotation.

*De Minimis*: The trade rotation policy is subject to a de minimis exemption of 5%. When wrap fee accounts or freely traded accounts represent less than 5% of the total assets managed for a particular strategy, the trade rotation policy does not apply and the accounts are traded concurrently. We believe that the de minimis exception does not negatively impact the accounts due to the negligible market impact of concurrent trading.

Tied accounts, *i.e.* those client accounts that direct that trades be made with a specific broker (“*tied accounts*”), always trade last, and an alphabetical trade rotation among those tied accounts is followed.

#### Selection of Brokers

All trade orders given for a client account are placed through our Trading Desk. The Trading Desk, taking into consideration a number of factors categorized as (a) transaction specific or (b) broker specific, and other factors, and working with an understanding of the currently available trading markets, makes brokerage decisions in such a manner that each portfolio’s transactions are deemed most favorable under the circumstances.

Transaction specific factors include: best price; commission rate; trade settlement (and settlement risk); volume; and willingness to commit capital.

Broker specific factors include: inventory; merchandise; market access/familiarity; order flow; transaction size; anonymity; special skills; information flow; and technology infrastructure and operational capabilities.

#### Best Execution Committee

We maintain a Best Execution Committee, which meets quarterly to consider various trading matters. The person designated as Secretary at each meeting will preserve minutes of the meeting.

#### Soft Dollar Arrangements

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<sup>1</sup> Within the wrap fee accounts group, an alphabetical trade rotation is followed. The wrap manager rotates the beginning point of the trading rotation with each purchase, sale or rebalance, as directed by the Portfolio Manager. We believe this is an arbitrary yet fair manner because trades are systematically rotated through a list of wrap programs. This procedure ensures that all client accounts are treated equitably over time.

We do not currently engage in any formal “*soft dollar*” arrangements (*i.e.*, the use of brokerage of a fund or other account managed by an adviser to obtain various research services that are paid for by the broker in consideration for receiving the client’s transactions). If we decide to engage in formal soft dollar arrangements in the future, we will comply with Section 28(e) of the Securities Exchange Act of 1934 and all applicable laws and regulations.

#### Step-out Transactions

Occasionally we may use a “*step-out*” transaction, *i.e.*, one in which we instruct the executing broker to “*step out*” the client’s order to another broker who will clear, settle and confirm the transaction and charge the client a commission rate that has been negotiated with us. The executing broker does not receive a commission for the trade.

#### Client Referrals From Brokers

In the event that a client is referred to us by a broker, we have a potential conflict between the client’s interest in obtaining best execution and our receiving future referrals from the broker. In selecting or recommending brokers, we do not consider whether we, or any of our affiliates, receive client or investor referrals from a broker or other third party.

### **ITEM 13 – Review of Accounts**

The Chief Investment Officer provides us with strategic leadership and tactical direction, and they have overall responsibility for the client accounts. All client accounts are monitored on a continuous basis and reviewed at least quarterly. We require that all accounts be reviewed to ensure continuous compliance with our investment strategies and each client’s investment objectives, investment management guidelines and specific investment restrictions. This may result in the rebalancing of portfolio holdings to conform to the respective model portfolios.

Our portfolio management, trading, operations, marketing and compliance personnel take affirmative steps on a continuous basis to ensure that client accounts are in compliance with the Advisers Act, the Investment Company Act, and all applicable laws and regulations governing each type of client account. Such personnel engage in periodic reviews and monitoring activities with respect to each client account.

#### Reporting

Clients are provided at least quarterly with the following: (i) a performance report showing absolute portfolio performance and the selected benchmark or index performance; (ii) a summary report showing sector weights and the value of investments in that sector; (iii) a detailed portfolio appraisal which shows all portfolio holdings, cost basis and end-of-quarter market values; (iv) a transaction report listing purchases and sales made during the period for the account; and (v) an invoice that shows a detailed computation and the amount of the fee owed to us. We do not provide any reports to wrap fee program clients, as each Sponsor provides its



wrap fee account clients with such reports. Clients may receive more frequent and/or detailed reports upon request and discussion with us.

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

No one who is not a client of ours provides an economic benefit to us for providing investment advice or other advisory services to our clients.

We may compensate certain retained solicitors for client referrals. Any such solicitor is required to enter into an agreement with us in compliance with Rule 206(4)-3 under the Advisers Act.

Solicitors are compensated as follows:

- If we enter into an investment management agreement or similar agreement (an “IMA”) with a prospective client and we determine that the solicitor has provided meaningful assistance in procuring such IMA, then the solicitor will receive compensation based on the revenues realized by us under the IMA with the new client. The solicitor will generally be entitled to receive compensation with respect to the new client as follows: (i) 25% of the revenues realized by us during the first fiscal year of the IMA; (ii) 15% of the revenues realized by us during the second fiscal year of the IMA; and (iii) 10% of the revenues realized by us for the duration of the IMA.
- In the event that a new client increases the amount of the assets managed by us under an IMA to an amount in excess of the assets managed by us under such IMA at the end of the first year thereunder (the “Increased Amount”) and we determine that the solicitor has provided meaningful assistance in procuring the Increased Amount, then the solicitor will be entitled to the compensation set forth above on the Increased Amount for one year periods beginning on the date such increase occurred. The Increased Amount shall not include an increase in the assets managed under the IMA resulting from trading profits or income earned from, or capital appreciation of, the assets already managed by us thereunder.
- We will not reimburse the solicitor for any fees or other expenses incurred by the solicitor in connection with providing the solicitation or any other services under the solicitation agreement, all of which shall be borne solely by the solicitor.

Solicitors that may refer potential clients or investors to us are subject to a conflict of interest because they will be compensated by us in connection with their solicitation activities.

#### **ITEM 15 – Custody**

We do not maintain custody of client assets, and we require our clients to provide their own “*qualified custodian*” (which includes banks, broker-dealers, futures commission merchants, and certain foreign financial institutions).

The qualified custodian must send account statements to its clients at least quarterly, and clients should review these statements carefully.

#### **ITEM 16 – Investment Discretion**

We provide investment advisory services on a discretionary basis to a number of different types of clients. With respect to our discretion, we will accept guidelines set by clients, but will not generally accept limitations on investment authority that would significantly alter the content or performance of the investment portfolio. Investment discretion is discussed and agreed upon in the IMA signed by us and each client.

Our standard IMA states that, *“the Manager shall have full discretionary authority to manage the Account by acquiring, holding, or disposing of any or all securities as it, without consultation or confirmation, may determine to be appropriate in accordance with the Manager’s investment strategy. The Manager shall exercise its authority with respect to the Account solely in the interest of the Client.”*

#### **ITEM 17 – Voting Client Securities**

We recognize that proxy voting is an important right of shareholders, and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. Where we have discretion to vote the proxies of our clients, we will vote those proxies in the best interest of our clients and in accordance with our proxy voting policy and procedures. Our proxy voting policy and procedures are administered by the Chief Compliance Officer, who has the responsibility to ensure that we: (i) vote proxies for accounts in which we have been designated by the client to vote proxies, and (ii) maintain a record of all proxy voting.

Unless specifically directed by a client, we generally will vote proxies in the best interest of each particular client, which may result in different voting results for proxies for the same issuer. The relevant Portfolio Manager and the Chief Investment Officer will identify any conflicts that exist between the interests of us and our clients. The Chief Compliance Officer will examine the relationship between us and the issuer of each security (and any of the issuer’s affiliates) to determine if the issuer or an affiliate is a client of our or has some other relationship with us. If a material conflict exists, we will determine whether voting in accordance with our proxy voting policy and procedures is in the best interest of the client.

We will also determine whether it is appropriate to disclose the conflict to the affected clients and, except in the case of clients that are subject to The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), give the clients the opportunity to vote their proxies themselves. In the case of ERISA clients, if the client’s IMA reserves to them the authority to vote proxies when we determine that we have a material conflict, we will give the ERISA client the opportunity to vote the proxies themselves.

If a client would like to obtain information on how we voted proxies for their account, they may contact our Compliance Department, via e-mail at [ComplianceGroup@Dreman.com](mailto:ComplianceGroup@Dreman.com) or by

telephone at 561-475-2220. A client may also receive a copy of our proxy voting policy and procedures upon request.

The Chief Compliance Officer will maintain files relating to our proxy voting policy and procedures. Proxy voting records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept in our offices. If we do not have discretion to vote proxies on behalf of a client, the proxies will be received by the client directly from the custodian of their assets, or will be handled as otherwise agreed between the client and its custodian.

A client may instruct us to vote a particular proxy, or how to vote all proxies for securities held in its account with us. If a client would like to exercise this right, they may call 561-475-2219 and speak to the Operations Manager to facilitate this/these request(s).

## **ITEM 18 – Financial Information**

### **Balance Sheet**

We are not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

### **Contractual Commitments to Clients**

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients.

### **Bankruptcy Petitions**

We have never been the subject of a bankruptcy petition.

## **ITEM 19 – Requirements for State-Registered Advisers**

Not applicable.