

**FORM ADV**  
**PART 2A BROCHURE**

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This Disclosure Brochure ("Brochure") provides information about the qualifications and business practices of Promethos Capital, LLC ("Promethos Capital", "we" or "us"). If you have any questions about the contents of this Brochure, please contact us at XXX.XXX.XXXX. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Promethos Capital is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Promethos Capital also is available on the United States Securities and Exchange Commission's (the "SEC") website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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### **ITEM 3 – MATERIAL CHANGES**

This is the initial Brochure for Promethos Capital. In the future, material changes in Promethos Capital's Form ADV Part 2A made since the last update will be noted in this section.

## ITEM 4 – ADVISORY BUSINESS

Promethos Capital was established in 2019 as a limited liability company under the laws of the state of Delaware to provide investment management services. Promethos Capital is employee-owned and managed. Promethos Capital is beneficially owned by Iva Kalus-Bystricky, John Linnehan and Joseph Sylvester.

Promethos Capital provides discretionary and non-discretionary portfolio management services to institutional and individual clients. Under a **discretionary arrangement**, subject to the investment objectives, guidelines and limitations of the account, Promethos Capital is granted full power by the client to supervise and direct all of the investment of assets in the client's account, select broker-dealers to execute securities transactions and to place securities transactions in the client's account without prior consultation with the client. Under a **non-discretionary arrangement**, Promethos Capital offers buy/sell/hold recommendations and the client or the client's financial advisor is responsible for making the decision to implement the recommendations and to select the broker-dealer to execute the transaction. Non-discretionary clients include participants in certain model account and wrap fee programs and clients who have retained trading authority over the account. See Item 7. Types of Clients below for additional information.

Promethos Capital currently offers the following investment strategies:

The **Global Equity Strategy** seeks to provide long-term capital appreciation by investing globally in a diversified portfolio of quality companies that exhibit consistent growth with attractive risk/return profiles and favorable ESG characteristics. Emphasis is on investments that offer above-average growth prospects at reasonable relative valuations. The Strategy may invest in up to 20% of total assets in Emerging Markets. The Strategy seeks to deliver returns in excess of the MSCI ACWI benchmark within a risk-controlled framework.

The **Global Ex-US Equity Strategy** seeks to provide long-term capital appreciation by investing in a diversified portfolio of quality companies outside of the United States (with the exception of U. S.-listed but foreign-domiciled securities such as ADRs and U. S. -listed securities with at least 70% of their sales or operations outside the U. S.) that exhibit consistent growth with attractive risk/return profiles and favorable ESG characteristics. Emphasis is on investments that offer above-average growth prospects at reasonable relative valuations. The Strategy may invest up to 25% of total assets in Emerging Markets. The Strategy seeks to deliver returns in excess of the MSCI ACWI ex USA benchmark within a risk-controlled framework.

The **U.S. Large Cap Blend Strategy** seeks to provide long-term capital appreciation by investing in a diversified portfolio of growth and value equity securities of large cap U.S. companies. The Strategy may invest up to 10% of its assets in non-U. S. large cap companies. Large cap are companies with a market capitalization of more than \$10 billion. A growth company is one that exhibits signs of above-average growth and generally trades at prices that appear expensive in terms of metrics such as price-to-book or price-to-earnings ratios. A value company is one whose stock appears to trade for less than its intrinsic or book value.

The **Smart Beta Global Equity Strategy** seeks to provide long-term capital appreciation by investing in a global portfolio broadly diversified across issuers, market capitalizations, countries, regions, sectors and industries. The Strategy does not invest in Emerging Markets. The Strategy seeks to deliver returns in excess of the MSCI World Index within a risk-controlled framework by strategically choosing, weighting and rebalancing the companies in the index based upon objective factors.

The **Values-based Investment Strategy** The Global Equity, Global Equity Ex U.S. , Smart Beta Global Equity and U.S. Large Cap Blend Strategies can be customized to meet the investment guidelines that are consistent with client-specific beliefs and values, be they religious or secular, proactive or exclusionary.

The **Women Leadership Strategy** seeks to provide long-term capital appreciation by investing globally in a diversified portfolio of companies committed to promoting gender diversity and women to leadership positions. Promethos Capital believes that companies with more women in senior positions and leadership roles have higher returns on capital, greater innovation, increased productivity and higher employee retention and satisfaction. The companies the Strategy invests in typically must have at least 2 women on their boards, have at least 30% women in management ranks, and have adopted policies that actively encourage the hiring and promotion of women. At least 20% of portfolio companies will have a woman CEO and/or CFO. The Strategy may invest in up to 20% of total assets in Emerging Markets. The Strategy seeks to deliver returns in excess of the MSCI ACWI benchmark within a risk-controlled framework.

The **Climate Change Strategy** seeks to provide long-term capital appreciation by investing globally in a diversified portfolio of companies dedicated to policies, products and services that mitigate climate change and ecological damage. Companies are evaluated on several factors, including their GreenHouse Gas Emissions, waste recycling and minimization policies, and contribution to a hydrocarbon-free economy. The Strategy will not invest in any companies involved in the extraction, processing or sale of hydrocarbons. The Strategy may invest in up to 20% of total assets in Emerging Markets. The Strategy seeks to deliver returns in excess of the MSCI ACWI Low Carbon Target Index within a risk-controlled framework.

By including ESG criteria in the screening as well fundamental evaluation of securities considered for all Promethos portfolios, all Promethos Capital's Strategies, including the Global Equity, Global Equity Ex U.S., Smart Beta Global Equity and U.S. Large Cap Blend Strategies are consistent with the principles and criteria associated with socially responsible investing, also known as environmental, social and governance ("ESG") investing.

See *Item 8. Methods of Analysis, Investment Strategies and Risk of Loss* below for additional information.

Promethos Capital also provides discretionary and non-discretionary portfolio management services for model-based programs and wrap programs as more fully described below.

### *Model-Based Programs*

Promethos Capital offers institutional model-based programs in which we provide the program sponsor or overlay manager a strategy through model portfolios and may be responsible for certain trading and other functions. In many instances, the model-based program sponsor or overlay manager generally exercises investment discretion and often brokerage discretion. Promethos Capital is not responsible for overseeing the client relationship, the model-based program sponsor or overlay manager is.

### *Wrap-Fee Programs*

Promethos Capital does not sponsor wrap fee programs. Rather, Promethos Capital provides portfolio management services as sub-adviser to a wrap fee program sponsored by financial intermediaries such as broker-dealers or other financial services companies. Clients participating in a wrap fee program are generally assisted by the sponsor in selecting a particular strategy for their account (or a portion thereof). Wrap fee accounts in a particular strategy may be managed differently than non-wrap fee accounts. Promethos Capital is compensated by the sponsor of the wrap fee program. In general, wrap fee clients will have both an agreement with the plan sponsor and an advisory agreement with Promethos Capital which will outline Promethos Capital's investment management fee.

Directed Brokerage. In a typical wrap fee program, all brokerage transactions are directed to the broker-dealer administering the program. Also, clients may instruct Promethos Capital to place all brokerage transaction in the account with a particular broker-dealer. See Item 12. Brokerage Practices below for additional information.

Promethos Capital commenced operations on February 22, 2019. As of that date, Promethos Capital had no discretionary or non-discretionary assets under management.

## **ITEM 5 – FEES AND COMPENSATION**

Promethos Capital typically assesses investment management fees quarterly in arrears, but may assess them on a more frequent basis. Fee rates are stated in each client investment advisory agreement. Investment management fees are not automatically deducted from client portfolios. Fees are based on the average daily net assets of the client account during the billing cycle. Fees for portfolios that are managed for less than the full period are pro-rated. Fees and account minimums are negotiable for each strategy based on factors that include the size of the mandate, investment guidelines, servicing requirements, and the current or project overall relationship with Promethos Capital. As a result, management fees and account minimums will generally vary from client to client.

### *General Fee Schedule Information*

The fee for portfolio management services provided by Promethos Capital to clients is based upon the total average daily market value of the account during the billing cycle. Fees and minimums are negotiable. The fee is computed according to the following schedule:

Global Equity Global Equity Ex U.S. and Thematic Strategies

<u>Assets Under Management</u>	<u>Management Fee</u>
First \$100 million	0.70% annually
Balance over \$100 million	Negotiable

U.S. Large Cap Strategies

<u>Assets Under Management</u>	<u>Management Fee</u>
First \$100 million	0.485% annually
Balance over \$100 million	Negotiable

Index Strategies

<u>Assets Under Management</u>	<u>Management Fee</u>
First \$100 million	0.435% annually
Next \$150 million	0.385% annually
Next \$250 million	0.385% annually
Balance over \$500 million	0.275% annually

The minimum institutional separately managed account size is \$10 million.

Promethos Capital's fees are exclusive of brokerage commissions, transaction fees, transfer and other taxes, and other trading costs, which are paid by the client. Clients typically incur certain charges imposed by their custodian or prime broker. These fees are exclusive of, and in addition to, Promethos Capital's investment management fee and Promethos Capital does not receive any portion of these commissions, fees, or costs. For additional information, see *Item 12 Brokerage Practices* below.

In limited instances, Promethos Capital may charge a fixed fee as opposed to an asset-based fee. Fixed fees for portfolio management services are negotiated and agreed upon based on client type, asset class, pre-existing relationship, portfolio complexity and account size.

For Clients subject to ERISA and the Internal Revenue Code, Promethos Capital's receipt of compensation and fees is subject to the restrictions imposed by ERISA and the Internal Revenue Code and any applicable exemptions thereto. Pursuant to Department of Labor Rule 408(b)(2), as a fiduciary and service provider to ERISA clients, investment advisers are required to make disclosures about their receipt of direct and indirect compensation. All direct compensation is in the form of advisory fees which are detailed in the investment management agreement with the client. Our general fee structure is outlined above. Indirect compensation, as defined in Rule 408(b)(c) includes items such as our receipt of soft dollars. To the extent permissible under Section 28(e) of the Exchange Act, an investment adviser may use soft dollars. Soft dollars is discussed more fully in *Item 12 Brokerage Practices* below.

## **ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Promethos Capital does not currently have accounts that use performance-based fees or other fees based on a share of capital gains or capital appreciation of the client account, but may do

so in the future.

## **ITEM 7 – TYPES OF CLIENTS**

Promethos Capital offers discretionary and non-discretionary portfolio management services to individuals, investment companies (mutual funds, including variable annuity funds), corporations or other business entities, private and governmental retirement, pension and profit sharing plans, charitable organizations, trusts and estates, endowments, foundations and non-profit entities, banks and trust companies.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### Investment Strategies

Promethos offers a wide array of investment strategies ranging from broad-based equity strategies to thematically focused equity investment strategies. The strategies are offered on both a discretionary and non-discretionary basis. With the exception of model portfolios, Promethos may accept client-imposed restrictions or offer tailored investment solutions. See discussion in *Item 4 Advisory Business* above for the investment strategies Promethos currently offers.

### Methods of Analysis

The methods of analysis and research used by Promethos may vary depending on client type (client type/affiliation vs. private accounts vs. private/mutual funds) and strategy (U. S. global equity vs. domestic equity vs. global equity ex U.S. vs. blend vs. values-based). Generally, the investment process utilizes a combination of quantitative and fundamental disciplines to construct high conviction portfolios known as the QuantViction Investment Process. The QuantViction Investment Process is more fully described below. The portfolios are governed by a disciplined, rules-based buy/sell process to ensure portfolios adapt to changing market backdrop and opportunity sets.

The “fundamental” investment analysis involves assessing a potential investment based on revenue, earnings, cash flow, regional and sector competitive dynamics, and other financial and economic indicators. The “quantitative” investment analysis involves collecting, comparing, and statistically analyzing large amounts of data at the individual investment and market level, and weighting and processing this data using complex algorithms to rank individual securities.

Promethos Capital’s QuantViction Investment Process starts with quantitative ranking of an investment universe of more than 3000 potential investment candidates from all regions and sectors to select the top 30% buy and bottom 30% sell candidates. Universe securities are screened using multi-factor scores that incorporate fundamentals, ESG and market-based factors that include: Valuation, Earnings Quality, Capital Deployment, and Market Reaction. Individual securities are ranked relative to their sector and regional peers as well as to their overall product-specific universe. The multi-factor models employ a dynamic factor-weighting algorithm based on an assessment of the current market state and the influence it may have on other factors.



A vital component of process is the Promethos risk model used to quantify and manage risk in the portfolios. Risk exposures include aggregate risk parameters (such as sector, region, and factor exposures, along with standard deviation and beta) as well as individual stock exposures, as measured by contribution to tracking error and value at risk.

Finally, the results of the QuantViction Investment Process are evaluated by the portfolio manager and other investment professionals. The seasoned judgement of the portfolio managers helps to contextualize, interpret and validate model rankings to construct the portfolio.

### Risk of Loss

Historical results are not indicative of future results. Because of the inherent risk of loss associated with investing, Promethos Capital is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. You should be prepared to bear investment loss including loss of original principal.

*General Investment Risk.* Investing in securities involves risk of loss that clients should be prepared to bear. Any investment in securities and other assets carries certain market risks. Investments may decline in value for any number of reasons over which Promethos Capital has no control, including changes in the overall market for equity and debt securities and other assets and company-specific factors such as the company's management, its products or services, sources of supply, technological changes within the company's industry, the availability of additional capital and labor, general economic conditions, political conditions, and other factors. The value of investments made by Promethos Capital will fluctuate, and there is no assurance that a client's portfolio will achieve its investment objective.

As described below, in addition to the risks generally associated with investing there are risks associated with the markets and securities in which we invest and the investment strategies and techniques we employ:

*Market/Equity Securities Risk:* Either the stock market as a whole or the value of an individual company goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

*Issuer Risk:* When investing in stock positions, there is a level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may decline.

*Foreign Securities Risk:* Investing in foreign securities typically involves risks in addition to investing in U.S. securities, and include risks associated with: (i) internal and external political and economic developments – e.g., the political, economic and social policies and structures of some foreign countries may be less stable and more volatile than those in the U.S. or some foreign countries may be subject to trading restrictions or economic sanctions;

(ii) trading practices – e.g., government supervision and regulation of foreign securities and currency markets, trading systems and brokers may be less than in the U.S.; (iii) availability of information – e.g., foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; (iv) limited markets – e.g., the securities of certain foreign issuers may be less liquid (harder to sell) and more volatile; and (v) currency exchange rate fluctuations and policies such as currency controls and devaluations.

*Emerging Markets:* Investing in emerging market securities pose risks in addition to the risks of investing in foreign securities in general. These include increased political or social instability, economies based on only a few industries, unstable currencies, runaway inflation, highly volatile and less liquid securities markets, unpredictable shifts in policies relating to foreign investments that include expropriation, nationalization and confiscatory tax policies, and the lack of protection for investors against parties that fail to complete transactions.

*Currency Risk:* The risks associated with investing in securities that are denominated in one or more foreign currencies include fluctuations in exchange rates between the U.S. dollar and the relevant local currencies that may directly affect the value of the portfolio's investments and the ultimate rate of return realized by clients; and foreign currencies may be subject to controls in the currency exchange rates and the convertibility of the foreign currency into U.S. dollars.

*Hedging risk:* Clients may request that we employ hedging techniques. Hedging is a strategy for reducing exposure to investment risk one investment by taking an offsetting position in another investment. The values of the offsetting investments should be inversely correlated. We may use forward contracts, options and futures on currency and indices, financial futures contracts, and options on such futures contracts as well as inverse Exchange Traded Funds and similar investments. Likewise, we may use these financial instruments to provide exposure to the market or security in which the assets would otherwise be invested.

*ETF Risk:* An ETF is a registered investment company that seeks to track the performance of a particular market index or basket of securities. Investing in an ETF generally offers instant exposure to an index or a broad range of issuers, markets, sectors, geographic regions, or industries. When investing in ETFs, shareholders bear their proportionate share of the ETF's expenses. An investment in an ETF exposes a client to the risks of the underlying securities in which the ETF invests. Also, although ETFs seek to provide investment results that correspond generally to the price and yield performance of a particular market index, the price movement of an ETF may fail to track the underlying index.

*Liquidity and valuation risk:* From time to time, a strategy may hold one or more securities for which there are no or few buyers and sellers or which are subject to limitations on transfer. We may have difficulty disposing of those securities at values we consider fair, especially during periods of reduced market liquidity.

*Cyber Security Risks.* Recent events have highlighted the ongoing cybersecurity risks to which companies are subject. Promethos Capital and the companies in which it invests

must rely on their own or third-party service providers' digital and network technologies (collectively, "cyber networks") to conduct their businesses. Such cyber networks might in some circumstances be at risk of cyberattacks that seek unauthorized access to digital systems for purposes such as extorting payments from the victims of the cyberattack, misappropriating sensitive information, corrupting data, or causing operational disruption.

Cyber-attacks might be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access a Promethos Capital client's accounts or other accounts. Promethos Capital and its service providers maintain an information technology security policy and certain technical and physical safeguards intended to protect the confidentiality of its internal data. Nevertheless, cyber incidents could occur, and might in some circumstances result in unauthorized access to sensitive information about Promethos Capital or its clients. The companies in which we invest are often targets of cyber-attacks that may have a negative impact on the value of the company.

*Management Risk:* Your investment results vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.

*Limited Operating History:* Prometheus Capital has a limited operating history for prospective clients to evaluate prior to making an investment. There can be no assurance that any client account will achieve results comparable to those that the investment professionals have achieved in the past.

*Promethos Capital's Trading Practices Risk:* Promethos Capital offers its services to different types of clients including model portfolios and overlay managers. Recommendations provided to model portfolios or overlay managers may be the same or similar to recommendations made by Promethos Capital to its other clients. If Promethos Capital has commenced trading before model portfolio sponsor or overlay manager has received or had the opportunity to act on Promethos Capital's recommendations, the sponsor's or overlay manager's clients may receive prices that are less favorable than the prices obtained by Promethos Capital for its own discretionary clients. Conversely, if the sponsor or overlay manager initiates trading before or at the same time Promethos Capital is also trading for its discretionary clients, Promethos Capital's discretionary clients may receive less favorable prices than the otherwise might have absent the sponsor's or overlay manager's trading activity. Promethos Capital cannot control a sponsor's or overlay manager's execution of transactions, and therefore we cannot control the market impact of such transactions to the same extent that we would for our discretionary accounts.

## **ITEM 9 – DISCIPLINARY INFORMATION**

There are no legal or disciplinary events relating to Promethos Capital or its officers or employees that are material to a client's or prospective client's evaluation of Promethos Capital's advisory business or the integrity of its management.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Promethos Capital nor its officers or employees are registered as a (i) broker/dealer or as representatives of a broker/dealer or (ii) Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor or representative thereof.

Promethos Capital may, from time to time, engage sub-advisers or third-party managers to manage a strategy when it determines that it is in the clients' best interests. When doing so, the fees of the sub-adviser or third party manager will be paid by Promethos from the fees it receives from the client. The arrangement, including the fees paid to the sub-adviser or third-party manager, will be disclosed and subject to approval by the client.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### *Code of Ethics and Personal Trading*

Promethos Capital has developed and implemented a Code of Ethics (the "Code"), which sets forth standards of conduct that are expected of Promethos Capital's employees and addresses conflicts that may arise from personal trading. The Code requires that Promethos Capital and its employees comply with applicable Federal securities laws and meet their fiduciary obligations to its clients and adhere to sound business ethics and principles. Each of Promethos Capital's employees must acknowledge receipt of the Code, their understanding of the provisions contained in the Code, and their agreement to abide by the principles, policies and procedures set forth in the Code, upon commencement of employment, annually and following any amendments to the Code.

Promethos Capital's Code addresses, among other things:

- Identification and handling of material non-public information;
- Prevention of insider trading; and
- Reporting and pre-clearance of:
  - personal securities transactions and holdings;
  - political contributions; and
  - outside business activities.

Promethos Capital has adopted employee personal trade reporting and monitoring procedures. Promethos Capital's Code and personal trading policies prohibit Promethos Capital employees from buying and selling the same securities that are recommended for Client accounts. In addition, Promethos Capital's Code requires, among other things, that employees:

- Act in an ethical manner with the public, clients, and prospective clients;
- Place the interests of all clients above their own personal interests;
- Never take inappropriate advantage of their position;
- Attempt to avoid actual or potential conflicts of interest; and
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.

### *Outside Business Activities*

Employees are required to disclose all outside business activities. In the event an outside business activity presents a conflict of interest with clients, Promethos Capital will restrict these outside business activities as is appropriate under the circumstances.

### *Gifts and Entertainment Policy and Political Contributions Policy*

Promethos Capital's employees are required to report all gifts given or received in excess of de minimis amounts and to seek pre-clearance to provide any gifts or entertainment. Promethos Capital's gift and entertainment policy is intended to help employees make appropriate decisions that are consistent with the best interests of our clients. Our employees are not permitted to solicit gifts, and extravagant or excessive entertaining is also prohibited.

Promethos Capital and its employees are required to pre-clear and report all political contributions, direct or indirect, to incumbents or, candidates for elective office of a government entity, or foreign official.

A copy of Promethos Capital's Code of Ethics is available upon request by contacting -----, Chief Compliance Officer, at XXX-XXX-XXXX.

## **ITEM 12 – BROKERAGE PRACTICES**

### *Selection of Brokers and Dealers.*

For discretionary accounts, portfolio transactions will be executed by brokers selected solely by Promethos Capital in its absolute discretion and we will negotiate commissions depending on the complexity of the trade, the market environment, and the liquidity of a given stock. When selecting broker-dealers for clients' portfolio transactions, Promethos Capital seeks to obtain the best combination of net price and execution – "best execution". We consider several factors to help ensure that trades are placed in the clients' best interest. The lowest brokerage trading fee, while an important factor, is not the sole determining factor but is only one factor to consider when striving to fulfill Promethos Capital's obligation to achieve best execution.

Portfolio transactions generally will be effected through brokers on securities exchanges, directly with the issuer, through an underwriter, market maker or other dealer, electronic communication networks ("ECN"), algorithmic, dark pool or crossing networks.

In determining which broker-dealer generally provides the best available price and most favorable execution, Promethos Capital evaluates many factors, including:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Brokerage fees
- Liquidity of the securities traded
- Willingness to commit capital
- Percentage of trades executed in specific asset class
- Ability to place trades in difficult market environments
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Broker-dealer's facilities and recordkeeping capabilities

- Broker-dealer's financial condition

When instructed by the client or the client's financial intermediary, Promethos Capital will execute transactions through the designated broker or the primary custodian's trading desk. In such cases, Promethos Capital may not be able to obtain best price or execution through the designated broker or the primary custodian's trading desk.

When Promethos Capital provides model portfolios to clients, their financial intermediaries or their platforms, Promethos Capital is not responsible for placing trades for Client accounts. Promethos Capital will only notify the client, financial intermediary or platform of any changes to the model portfolio after the model portfolio changes have been made in Promethos Capital discretionary client accounts.

### *Soft Dollars*

Promethos Capital may select a broker that provides it with brokerage and/or research products or services in accordance with Section 28(e) of the Securities Exchange Act ("Soft Dollars"). Soft Dollars is the term used to describe the use of client commissions for payment of research and services offered by a third party or a broker to an adviser. Promethos Capital uses Soft Dollars, the types of research and brokerage services are purchased with Soft Dollars include:

- fundamental company, security and industry analysis;
- quantitative research;
- economic data and forecasts;
- on-line research services;
- risk control systems;
- attendance at quantitative and fundamental research seminars;
- analysis of financial and market conditions;
- quotation services;
- valuation tools;
- statistical services;
- execution clearing and settlement services;
- electronic communication of trading/settlement instructions; and
- trading software to route orders and algorithmic trading software.

When Promethos Capital uses Soft Dollars to obtain research and services that Promethos Capital would otherwise have to pay for at its own expense, there is an incentive for Promethos Capital to place a greater volume of transactions or pay higher commissions than would otherwise be the case. This additional cost is paid by the client. Promethos Capital uses the benefits of such research and services for all of its clients, not just the clients whose transactions generate the commissions which pay for the research and brokerage services.

Where Promethos Capital receives a benefit from a service that is not considered "research" or "brokerage" under Section 28(e), Promethos Capital calculates a "soft dollar allocation" the purpose of which is to calculate the cost of a service that may not be paid for with client commissions. In such instances, Promethos Capital will determine the portion of such

brokerage and research not used in the investment decision-making process and will pay for such portion out of its own funds.

#### *Trade Allocation and Aggregation*

Promethos Capital will aggregate contemporaneous buy or sell orders for client accounts if we have determined, on the basis of each account, that the aggregated trading process is in the best interest of each client participating in the order; consistent with our duty to seek best execution; and is consistent with the terms of our investment advisory agreement with each such client. We will not favor one client over another.

Situations may occur where a client could be disadvantaged because of the investment activities conducted by Promethos Capital for another client as a result of, among other things: (i) legal restrictions on the combined size of positions that may be taken for all client accounts managed by Promethos Capital, thereby limiting the size of a particular client's position; (ii) the difficulty in liquidating an investment for more than one client where the market cannot absorb the sale of the combined positions; and (iii) contractual or legal restrictions limiting the ability of Promethos Capital to cause its clients to transact in a particular security.

There may be instances when Promethos Capital cannot complete an aggregated trade the same day. In that case, Promethos Capital will generally allocate executed trades pro-rata across client portfolios. There may be some variations in the allocations based on account size and security price. The remaining portion of the trade will be executed the following business day(s) at Promethos Capital discretion.

When Promethos Capital determines that it would be appropriate for one or more Clients to participate in the same investment opportunity, Promethos Capital may aggregate Clients' trades. Each Client participant in the aggregated trade receives average execution and pays average commissions. Executed aggregated orders will generally be allocated pro rata based upon the original orders or indications of interest submitted. Allocations may be adjusted in excess of or below the amounts which would have been determined pro rata if a client has a unique investment objective and the security being acquired meets that investment objective, or if the allocation would be too small to establish a meaningful position for a client. Allocation revisions must be approved by senior management and the Chief Compliance Officer.

Promethos Capital may buy, sell or hold a security for one client and not for another. Factors we may consider in managing a client's portfolio include client objectives and restrictions, available cash, sector weightings, applicable regulations (such as FINRA's initial public offering restricted persons rules), desired position weighting and other relevant factors.

#### *Client-Directed Brokerage Arrangements*

A client, wrap or model program sponsor or custodian may designate a particular brokerage firm for all or a portion of client's executions at a rate agreed to between the client and broker. In other cases, a client may instruct Promethos Capital to use a financial intermediary with which they have a relationship. Clients are free to choose or change broker-dealers at their discretion.

A client who designates use of a particular broker-dealer, such as their program sponsor, custodian or financial intermediary, for all or a specific portion of its trades should understand

that it may lose the possible advantage which may be available to other clients who have not made such a designation. Some of the issues that should be considered by clients directing the use of particular brokers or dealers:

- We may or may not be able to negotiate commission rates on the client's behalf and, as a result, the client may pay higher commissions;
- The client may lose the possible advantage that our clients with non-directed brokerage accounts derive from our aggregation of orders for multiple clients as a single "batched" transaction;
- The client may be deprived of the benefits of research-related products and services available from other brokers; and
- We generally process directed brokerage trades after trades for which we have full brokerage discretion.

Promethos Capital has adopted a trade rotation protocol that specifies the order of execution and subsequent allocation of trades. The protocol is designed so that client accounts are executed based on the executing broker-dealer based a simple rotation basis.

#### *Wrap-Fee Model Account Executions*

Wrap fee program accounts, in which participants agree with their program's sponsor that their trades will be executed by a sponsor-designated broker, are a type of directed-brokerage account. Certain other clients do not grant us either investment discretion or trading discretion. The model portfolio accounts of our model clients are a type of non-discretionary account.

#### *Trade Errors*

Promethos Capital seeks to detect trade errors prior to settlement and to correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, we will seek to recover any losses associated with the error from the third party. However, there is no guarantee that we will be able to do so. In the event a client incurs a loss as a result of a trade error solely as a result of Promethos Capital's bad faith, gross negligence, or willful misconduct, the error will be corrected by us as soon as practicable and in a manner so that the client incurs no loss. Trade errors that result in losses to clients other than by breach of the standard of care stated in the previous sentence by Promethos Capital will be borne by the relevant client.

#### *Cross Trades*

From time to time, Promethos Capital may effect "cross" transactions between client accounts in which one client will purchase securities held by another client. These transactions are entered into only when Promethos Capital deems the transaction to be in the best interests of both clients and at a price that is determined to be fair to both parties by reference to independent market indicators (or as otherwise prescribed by law). Promethos Capital does not receive any compensation in connection with such "cross" transactions.



## **ITEM 13 – REVIEW OF ACCOUNTS**

Where Promethos Capital has available the underlying account data, it reviews client accounts on at least a quarterly basis and often does so more frequently. Promethos Capital generally does not have available the underlying account data for model portfolio users.

Clients generally receive quarterly statements from Promethos Capital regarding their accounts. Statements typically include account valuation, market commentary, realized and unrealized gains and losses, transaction summaries, performance for a stated period, asset allocation and holdings. While holdings information is provided by Promethos Capital, clients should be aware that the statement which the client receives from his or her custodian is the official record of holdings. Clients should review and compare the statements provided Promethos Capital and the custodian carefully.

Clients may, by specific request, receive gain/loss information and contribution and withdrawal activity from us. Performance statements provided by Promethos Capital are an estimate of performance based on the information provided by client and/or the custodian and should not be relied upon by client as an accurate or complete record of holdings or performance. We calculate performance using our portfolio accounting system that complies with industry standards.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time Promethos Capital may enter into agreements with third party marketing firms to solicit Promethos Capital clients. Promethos Capital has developed and implemented policies and procedures regarding the use and compensation of solicitors. In general, we would intend to compensate these firms by paying out a percentage of our annual investment fees paid to us by our clients. The actual percentage paid out by us is at our discretion. All solicitation arrangements will be conducted in compliance with Rule 206(4)-3 under the Advisers Act, including providing the client with a Disclosure Statement which describes the key terms of the solicitation arrangement.

Promethos Capital does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients.

Promethos Capital may send corporate gifts and/or pay for meals and entertainment such as golfing and tickets to sporting events for clients and prospective clients and individuals of firms that do business with Promethos Capital. The giving and receipt of gifts and other benefits are subject to limitations under Promethos Capital's Code of Ethics.

As more fully discussed in Item 12 "Soft Dollars" above, Promethos Capital has entered into arrangements by which certain brokers will provide investment research and related products and services to Promethos Capital in exchange for executing client brokerage transactions through that particular broker. The use of Soft Dollars saves Promethos Capital the expense of paying for such research and services itself and may create a potential conflict of interest between Promethos Capital and its clients. The conflict of interest may be deemed to exist

because Promethos Capital' decision to use a particular broker may in part be based on the broker's ability and/or willingness to provide certain products and services, not merely on the broker's ability to provide the best trade execution for the best price.

Please see *Item 12 Brokerage Practices* above for a full discussion of Soft Dollar practices and the types of research and services paid for with Soft Dollars.

#### **ITEM 15 – CUSTODY**

Promethos Capital does not offer custody services. Client assets are maintained with a qualified custodian such as a bank or broker-dealer that holds, maintains control of and is responsible for safeguarding the client's assets. Custodians are selected by the client although suggestions may be made by Promethos Capital if requested by the client. Clients are responsible for all fees and expenses of the custodian. The custodian holds the securities, collects the payments, and maintains the official books and records of the account. The custodian will provide the client and Promethos Capital with holdings and transaction reports on at least a quarterly basis. Our team reconciles portfolio activity to the custodian's statements. Promethos Capital provides clients with account statements in addition to those provided to clients by the custodian. Our statements may vary from custodial statements based on reporting dates (e.g., trade date vs. settlement date), accounting procedures, and/or valuation methodologies. Promethos Capital's client statements reflect transactions on a trade date basis. Clients should carefully review and compare the account statements they receive from Promethos Capital with those they receive from their custodian.

#### **ITEM 16 – INVESTMENT DISCRETION**

Promethos Capital will exercise investment discretion in a manner consistent with the client's investment objectives. Except for non-discretionary accounts, we have discretionary authority over our client's portfolios. Promethos Capital will select which securities are to be bought, sold or held, select broker-dealers to effect trades for a client and negotiate commission rates. With respect to non-discretionary accounts such as some wrap fee accounts and model portfolio clients, Promethos Capital provides investment recommendations and/or model portfolios on a non-discretionary basis, the client or the client's program sponsor of financial intermediary makes the final decision whether to implement Promethos Capital's investment recommendations and to select the broker-dealer to execute the trades.

Promethos Capital's discretionary authority regarding investments may, however, be subject to certain limitations, e.g. restrictions or prohibitions placed by the Client on transactions in certain types of securities or industries. Any such limitations are agreed to in advance with each Client.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Promethos Capital has implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Advisers Act. This Rule generally requires Promethos Capital to (i) adopt policies and procedures reasonably designed to ensure that proxies with respect to Client securities where Promethos Capital has voting discretion are voted in the best interest of the client; (ii) to disclose how information may be obtained on how Promethos Capital votes proxies; and (iii) to maintain records relating to how Promethos Capital voted proxies.

In some cases, the client will retain proxy voting authority. In cases where the Client has issued proxy guidelines, Promethos Capital will vote proxies consistent with the guidelines. Where Promethos Capital has proxy voting authority, Promethos Capital's policy is to vote proxies in the best interest of each Client without regard to other Clients. If Promethos Capital determines that it has, or may be deemed to have, a conflict of interest when voting a proxy, it will address such conflict on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. At times, Promethos Capital may elect not to vote a proxy where it determines the costs outweigh the expected benefits to clients.

Clients may request a copy of the firm's proxy voting policies and procedures or a record of how their proxies were voted by contacting ----- by phone at XXX-XXX-XXXX or by email at -----@PromethosCapital.com.

## **ITEM 18 – FINANCIAL INFORMATION**

Promethos does not have any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. In addition, the Company has not been the subject of a bankruptcy proceeding.

## **ITEM 19 – ADDITIONAL INFORMATION**

Promethos Capital has implemented a "Business Continuity and Disaster Recovery Plan" ("BC/DRP Plan") that addresses the critical components of communications, access to data, and trading. The BC/DRP Plan includes business continuity with fail-over communication services, remote access capability, and redundant data storage. Promethos Capital's Director of Information Technology is responsible for operation of the BC/DRP Plan, including evaluating and testing the plan. The BC/DRP Plan is designed to enable Promethos to resume operations and recover client and firm records in the event of a significant business disruption, such as a natural disaster or terrorist attack.

The Cybersecurity Policy adopted by Promethos Capital complements the BC/DRP Plan. The Cybersecurity Policy seeks to protect against unauthorized intrusions into our network systems and resources or to access to Client information.