

## Part 2A of Form ADV: Disclosure Brochure

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This Brochure provides information about the qualifications and business practices of Convergence Investment Partners, LLC (“Convergence,” the “Firm,” “we,” or “us”). If you have any questions about the contents of this Brochure, please contact us at (262) 240-0117. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Convergence is a registered investment adviser located in the State of Wisconsin. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information through which you determine to hire or retain an Adviser.

Additional information about Convergence also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Convergence who are registered, or are required to be registered, as investment adviser representatives of Convergence. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Convergence is 148472.

## **Item 2 – Material Changes**

This Item 2 discusses only specific material changes that were made to this Brochure since the last annual update of our Brochure March 29, 2018. It does not describe other modifications to this Brochure, such as updates to dates and numbers, stylistic changes or clarifications.

- Item 4 was revised to amend ownership information and add additional investment strategies offered by Convergence.
- Item 5 was updated to provide additional detail on the fees paid by clients.
- Item 6 was updated to clarify that side-by-side management is not applicable.
- Item 7 was updated to state the current types of clients and typical minimum portfolio size.
- Item 8 includes enhanced disclosure of the risks related to our investment strategies.
- Item 10 reflects updates to our current affiliates.
- Item 11 was updated to provide further disclosure related to the Code of Ethics.
- Item 12 updated information related to use of soft dollars and clarified disclosure related to broker-dealer selection.
- Item 14 was updated to add further disclosure around compensation.
- Item 16 was updated to enhance the disclosure related to how the Firm handles investment discretion and restrictions on accounts.
- Item 17 clarified proxy voting procedures.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure if requested based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at (262)-240-0117 or [compliance@investcip.com](mailto:compliance@investcip.com).

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#### **Item 4 – Advisory Business**

Convergence Investment Partners, LLC (“Convergence,” the “Firm,” “we” or “us”) is an investment adviser registered with the SEC since November 2008. The Firm is a limited liability company organized since August 2008. Our principal owner is Nile Capital Group, LLC (“Nile”). Our minority owners are David and Sheila Abitz Revocable Trust dated October 11, 2014 with David Abitz as trustee; Jonathan Franklin; Todd Hanson; and Justin Neuberg.

We provide investment management services to individuals, trusts, estates, charitable organizations, corporations, insurance companies, business entities and investment companies. Convergence is also engaged by other investment advisers as a subadviser to manage a portion of a client’s assets. The subadvised accounts are managed by Convergence in accordance with the goals and objectives of the client. In addition, the Firm participates in a third-party separately managed account models program through Envestnet Asset Management, Inc. (“Envestnet”) whereby the Firm provides investment model data to Envestnet for use by investment advisers who trade according to the investment models. Although we provide investment model data to Envestnet, we do not have the authority or responsibility for the implementation or use of the data and do not have discretionary responsibility for determination of which securities are bought or sold.

Prior to engaging us, the client will be required to enter into a written agreement setting forth the terms, conditions, and objectives under which we render services (the “Agreement”). Additionally, we will only implement our investment recommendations after the client has arranged for and furnished all information and authorization regarding accounts with appropriate financial institutions. Investment guidelines and restrictions must be provided to us in writing. We reserve the right to deny acceptance of a client account based upon the client limiting our discretion. Not all client investment guidelines and restrictions can be met. Our clients are advised to promptly notify us if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon our advisory services.

Our discretionary assets under management as of December 31, 2018 are \$390,534,825.

Convergence offers the following separate account strategies:

##### Core Plus Separate Account

The investment objective of the Core Plus Strategy is long term growth. The Core Plus Strategy seeks to generate a positive return over the Russell 3000® over a market cycle, by applying a proprietary dynamic model to both the long portfolio and the short portfolio.

##### Small Cap Core Plus Separate Account

The investment objective of the Small Cap Core Plus Strategy is long term growth. The Small Cap Core Plus strategy seeks to generate a positive return over the Russell 2000® by establishing long and short positions in equity securities of domestic and foreign companies.

#### Market Neutral Separate Account

The investment objective of the Market Neutral Strategy is to achieve an absolute return uncorrelated to major market stock indexes.

#### Dividend Growth Separate Account

The investment objective of the Dividend Growth Strategy is to seek competitive long-term returns, reduced volatility, and attractive levels of income (as measured by the Russell 1000® Index).

#### Domestic Strategic Active Tax Management Separate Account

The investment objective of the Domestic Strategic Active Tax Management Strategy is to earn superior returns in targeted, index-based portfolios by employing active tax management strategies.

#### International Strategic Active Tax Management Separate Account

The investment objective of the International Strategic Active Tax Management Strategy is to earn superior returns in targeted, index-based portfolios by employing active tax management strategies.

#### Unbiased Index Separate Account

The investment objective of the Unbiased Index Strategy is to capture a better market return by using factors other than market capitalization.

#### Large Levered Separate Account

The investment objective of the Large Levered Strategy is to produce returns lowly correlated to the stock market, aiding diversification while improving risk adjusted returns. With a targeted beta of 40-60% to the Russell 3000, the strategy seeks to produce returns that are independent of stock market behavior.

#### Small-Mid Levered Separate Account

The investment objective of the Small-Mid Levered Strategy is to produce returns lowly correlated to the stock market, aiding diversification while improving risk adjusted returns. With a targeted beta of 40-60% to the Russell 2000, the strategy seeks to produce returns that are independent of stock market behavior.

Convergence is also Adviser to three mutual funds: the Core Plus Fund, the Opportunities Fund, and the Market Neutral Fund.

## **Item 5 – Fees and Compensation**

### Separate Accounts

Investment management fees will vary based on the client but will typically be based on assets under management, ranging up to 1.00% per annum. Fee arrangements are subject to negotiation. Please see your Agreement for the fees applicable to your account.

The specific manner in which we charge fees is established in the Agreement. Fees are calculated by applying the agreed upon fee schedule to the value of a client's portfolio on the last day of the previous calendar quarter. Periods of less than one quarter will be prorated. Fees are paid quarterly in arrears, based on the value of the account(s) at the close of the applicable billing period, and such fees are generally debited by the client's custodian from the account. The custodian does not validate or check our fee or its calculation on the assets on which the fee is based. Certain clients may be offered the option of receiving a direct bill rather than having fees deducted from their portfolio.

A client may make additions to and withdrawals from the account at any time, subject to our right to terminate an account. If assets are deposited into an account after the inception of a quarter that exceed \$100,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. A client may withdraw account assets on notice to us, subject to the usual and customary securities settlement procedures.

The Agreement between Convergence and a given client can be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Our fees will be prorated through the date of termination, and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner. Upon termination of the contract, securities positions in client portfolios will generally, at the client's request, be liquidated; however, if in some instances where, for example, liquidation is impossible or impracticable, client portfolio securities may be delivered in kind to client upon termination at our discretion.

Our fees are exclusive of administration expenses, brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Custody fees will vary depending on the custodian. All brokerage charges and related transaction costs are charged to the account(s) as they occur. Clients will incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee. Clients should note that fees for comparable services may vary and lower fees for comparable services may be available from other sources.

### Mutual Funds

Convergence's annual advisory fee is 1.00% of the average daily net assets for the Core Plus Fund, Opportunities Fund and Market Neutral Fund. Please refer to the current respective Funds' prospectus for additional information regarding fees.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Because neither the Firm nor any supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee (such as an hourly or flat fee or an asset-based fee), the conflicts of interest due to such side-by-side management is not applicable.



## **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals (including high net worth individuals)
- Investment companies
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above
- Insurance companies

For separately managed accounts, the minimum portfolio size for the Core Plus, Market Neutral, Small Cap Core Plus, Large Levered and SMID Levered strategies is generally \$3,000,000. The minimum portfolio size for all other strategies is generally \$100,000. However, we will waive the minimum portfolio size requirement on an individual basis.

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

We use quantitative investment strategies. We construct broadly diversified portfolios using a proprietary scoring and ranking system which evaluates a range of fundamental and technical factors with respect to securities comprising a benchmark index. We offer a Dividend Growth Strategy, an Unbiased Index Strategy, a Domestic Strategic Active Tax Management Strategy, and an International Strategic Active Tax Management Strategy. We also offer a Core Plus Strategy, Market Neutral Strategy, a Large Levered Strategy, a SMID Levered Strategy and a Small Cap Core Plus Strategy that utilize both long and short portfolio management techniques.

All of our Strategies are available for traditional managed accounts. The Core Plus Strategy is also available through the Core Plus Fund. The Small Cap Core Plus Strategy is also available through the Opportunities Fund. The Market Neutral Strategy is also available through the Market Neutral Fund.

We attempt to achieve the investment objective of each strategy by utilizing a systematic ranking process for stock selection that is rooted in fundamentals. Strategy holdings and the subsequent buy and sell decisions for each strategy are based on the fundamental rankings of each stock within each respective industry group.

We use multiple sources and methods to carry out our investment advisory responsibilities for clients. In addition to the methods and sources already listed above, other sources will include, without limitation, industry trade publications, publicly available economic and market research, and electronic data and quotation services.

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. Past performance is not necessarily indicative of future results, therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. The following risks do not purport to be a complete explanation of all the risks applicable. Depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk** – Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments.
- **Equity Risk** – Stocks are susceptible to fluctuations and to the volatile increases and decreases in value as their issuer's confidence in or perceptions of the market change. Investors holding common stock of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk** – There is always a level of company or industry risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry.

- **ETF and Mutual Fund Risk** – ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. If the ETF or mutual fund fails to achieve its investment objective, the strategy’s investment in the fund may adversely affect its performance. In addition, because ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, (1) the strategy may acquire ETF shares at a discount or premium to their NAV, and (2) the strategy may incur greater expenses since ETFs are subject to brokerage and other trading costs. Since the value of ETF shares depends on the demand in the market, we may not be able to liquidate the holdings at the most optimal time, adversely affecting performance.
- **Management Risk** – Investments also vary with the success and failure of the investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.
- **Short Selling Risk** – Our investment program includes a significant amount of short selling. Short selling transactions expose you to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and up to the entire amount of the applicable spread. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein an adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- **Non-Diversification Risk** – If a strategy is “non-diversified,” its investments are not required to meet certain diversification requirements under federal law. A “non-diversified” strategy is permitted to invest a greater percentage of its assets in the securities of a single issuer than a diversified strategy. Thus, the strategy may have fewer holdings than other strategies. As a result, a decline in the value of those investments would cause the strategy’s overall value to decline to a greater degree than if the strategy held a more diversified portfolio.
- **Small- and Medium-Capitalization Companies** – Small- to medium-sized market capitalizations often provide significant profit opportunities. However, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than investments in stocks of larger companies. For example, prices of small-capitalization and even medium capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies is higher than for larger, “blue-chip” companies. In addition, due to thin

trading in some small capitalization stocks, an investment in those stocks are likely illiquid (see discussion below).

- American Depositary Receipts (“ADRs”) – Positions in ADRs are not necessarily denominated in the same currency as the common stocks into which they may be converted. ADRs are receipts typically issued by an American bank or trust company evidencing ownership of the underlying securities. Generally, ADRs, in registered form, are designed for the U.S. Securities markets. In the case of an unsponsored ADR, a portfolio is likely to bear its proportionate share of the expenses of the depository and it may have a greater difficulty in receiving shareholder communications that it would have with a sponsored ADR.
- Data Risk – Convergence relies on proprietary quantitative models (“Models”) and information and data supplied by third parties (“Data”). Models and Data are used to construct investment decisions and make risk management decisions. Success of Models may depend heavily on the accuracy and reliability of Data. Should Data be incorrect or incomplete, any decisions made in reliance thereon could expose Clients to potential risks. Also, in an unforeseen market disruption scenario, Models could produce unexpected results.
- Cybersecurity – Convergence’s information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Convergence has implemented various measures to protect the confidentiality of its internal data and to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Convergence will likely have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Convergence’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to clients. Such a failure could harm Convergence’s reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Convergence will seek to notify affected clients of any known cybersecurity incident that will likely pose substantial risk of exposing confidential personal data about such clients to unintended parties.
- Other Risks, Information and Sources of Information – Client accounts are also subject to investment style risk. A client account invested in one of our investment strategies involves the risk that the investment strategy may underperform other investment strategies or the overall market. Convergence does not offer any products or services that guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices or investment products.

### **Item 9 – Disciplinary Information**

Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.

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

Nile, the Firm's majority owner, has a relationship with a registered investment adviser by indirect minority ownership in such entity. Convergence has no business dealings with this entity and there are no referrals to or from this entity. This relationship does not create a conflict of interest with Convergence clients.

Convergence is engaged by other investment advisers as a subadviser to manage a portion of a client's assets. These relationships do not create a conflict of interest with Convergence clients.

As noted in Item 4, Convergence is the Adviser to the Core Plus Fund, the Opportunities Fund, and the Market Neutral Fund, all administered by U.S. Bancorp Fund Services. Relevant information, terms and conditions for to each fund are included in its prospectus, which each investor is required to receive prior to being accepted as an investor. Convergence and/or a Convergence mutual fund may enter into a distribution relationship with a selling agent, such as a broker-dealer, for the solicitation of investors for a Convergence mutual fund. The distribution agreements generally require either Convergence or the fund to pay a portion of the fees earned by Convergence to the distributor. The distributor may charge a separate asset-based distribution fee (i.e., sales load).

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

### Overview of Code of Ethics and Personal Trading

We have adopted a code of ethics that sets forth the standards of conduct expected of our supervised persons and requires compliance with applicable securities laws (“Code of Ethics”). In accordance with Section 204A of the Advisers Act, the Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by us or any of our supervised persons. The Code of Ethics also requires that certain of our personnel (“access persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

A conflict of interest exists to the extent Convergence and/or its related persons invest in the same securities that are recommended to clients. In order to address this conflict of interest, Convergence has implemented certain policies and procedures in its Code of Ethics, as further described herein. If an access person is aware that the Firm is purchasing/selling or considering for purchase/sale any security on behalf of a client, the access person may not directly or indirectly effect a transaction in that security prior to the client purchase/sale having been completed by the Firm, or until a decision has been made not to purchase/sell such security on behalf of a client account. This does not include transactions for accounts that are executed as part of a block trade within a managed strategy or for accounts over which the access person has no direct or indirect influence or control. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments; (iii) shares issued by money market funds; (iv) shares issued by other mutual funds that are not advised or sub-advised by the firm; (v) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds, none of which are funds advised or sub-advised by the firm; and (vi) shares issued by an exchange traded fund if structured as an open-end mutual fund.

No supervised person may trade, either personally or on behalf of others, while in the possession of material, nonpublic information, nor may any personnel of Convergence communicate material, nonpublic information to others in violation of the law. Furthermore, all access persons are required to submit information to the Chief Compliance Officer detailing all outside business activities. The Chief Compliance Officer will review and approve these activities on a case by case basis.

Our clients or prospective clients may request a copy of our Code of Ethics by contacting us at (262)-240-0117 or [compliance@investcip.com](mailto:compliance@investcip.com).

### Participation or Interest in Client Transactions

To address potential conflicts and protect and promote the interests of clients, we employ the following policies and procedures:

- If we enter into a transaction on behalf of our clients that presents either a material or nonmaterial conflict of interest, the conflict should be prominently disclosed to the client prior to the consummation of such transaction.
- Employees must comply with our policy on the handling and use of material inside information. Employees are reminded that they may not purchase or sell, or recommend the purchase or sale, of a security for any account while they are in possession of material inside information. In addition, employees may not disclose confidential information except to other employees who “need to know” that information to carry out their duties to clients.
- Unless an exception is permitted in the Code of Ethics, employees must report transactions of Reportable Securities in any employee-related account.
- Employees are required to report to the Chief Compliance Officer outside business activities. These include board/committee memberships and obligations, employment commitments, nonprofit commitments, government commitments and other outside business commitments.

We do not execute any principal or agency cross securities transactions for client accounts, nor do we execute cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is generally defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.



## **Item 12 – Brokerage Practices**

### Directed Brokerage

A majority of the Firm's clients direct us to trade with the broker-dealer that the client has selected. If a client directs us to effect transactions through a particular broker-dealer, we will do so. However, such an instruction will have implications to the client. The instruction may cause the client's account to incur transaction costs and commissions which may be higher than if the instruction had not been given. These costs and commissions may be higher even after the brokerage firm's rates have been discounted. The instruction may limit our ability to receive research from other broker-dealers and to consider other factors when selecting a broker-dealer. The instruction could also limit our ability to aggregate the client's order with similar orders of other clients for the purpose of sending the aggregated order to a single broker-dealer to obtain an average price upon execution. Thus, clients directing us to use a particular broker-dealer may not obtain best price or execution of their orders.

An instruction to use a specific broker-dealer also creates a potential conflict of interest for us in those instances where the client was referred by a broker-dealer representative. In such circumstances, the representative stands to benefit from providing custody and execution services while we gain fees from the accounts being referred and thus, we have an incentive to maintain accounts with that representative at the brokerage firm. Clients should carefully consider the factors described above. Other brokerage service options are available. Clients may decline to use their existing broker-dealer and, instead, select a broker-dealer (or allow us to do so) having services that may result in better price and execution.

### Other Broker-Dealer Selection

When clients do not direct us to use a specific broker-dealer, we may engage broker-dealers to be used on behalf of a client without obtaining specific client consent. In recommending a broker-dealer the Firm may consider price, execution quality, services and commissions. In executing trades for client accounts, we may at times pay commissions which may be higher than those available from other brokers, for the purpose of obtaining superior services and/or execution. We may execute such transactions so long as we determine in good faith that the commission paid was reasonable with respect to the quality and value of the research or other services provided by the broker. The determination of "reasonableness" in this context may incorporate the value of the research received from the broker-dealer pertaining to the particular transaction involved, or it may incorporate the total responsibilities of us with respect to the accounts over which we exercise investment discretion. Such research services may be used to benefit any and all of our clients, including those that may not pay commissions to the broker-dealers providing the research.

If the client requests us to arrange for the execution of securities brokerage transactions for the client's account, we will direct such transactions through broker-dealers that we reasonably believe will provide best execution. Transactions can be cleared through other broker-dealers with whom we and the financial institution(s) have entered into agreements for prime brokerage clearing services. Prime brokers may also provide the Firm with research, reporting, and analysis tools as part of their services. We periodically and systematically review our policies and

procedures regarding recommending broker-dealers to our client in light of our duty to obtain best execution.

### Special Circumstances

We manage mutual funds and separately managed accounts with similar strategies. In order to mitigate any potential conflicts of interest arising as a result, we have implemented procedures related to portfolio rebalancing. Depending on the specific strategy, we generally rebalance all of our accounts at regular intervals. In certain instances, based upon factors such as the size of a trade, liquidity of a security, client directive and/or execution strategy, we may elect to trade for an individual account outside of its strategy's scheduled rebalancing dates, in order to seek the most favorable executions possible pursuant to our fiduciary duty. Regardless of the trading strategy, it is always our objective to ensure optimal trading execution for a client or group of clients.

### Allocation

We allocate investment opportunities among our clients, where appropriate, on a basis that we deem fair and equitable to each client, generally pro rata referencing an appropriate metric or based on a pre-determined allocation methodology. However, we are not required to allocate on a pro rata basis if, in our discretion, we determine another manner would be fair and equitable on an overall basis to all applicable clients under the circumstances, taking into account relevant characteristics of each client, including, among other factors, size, the amount of available capital, investment strategy, risk profile, liquidity, overall portfolio composition, trading activity and tax and legal considerations. Moreover, we may be limited in our ability (or may be unable) to allocate certain investments due to a variety of factors, including legal, regulatory, tax, trading, or counterparty-imposed or market-driven restrictions. As a result, a client may not participate in any particular investment opportunity on an equal or pro rata basis with other clients.

We are not required to ensure equality of treatment among any of our clients and, although investments may be held or proposed for investment by multiple clients, we are not required to act or make investment decisions in a consistent manner across those clients in respect of the common investment. Accordingly, we may provide investment advice or take action with respect to one client that differs from the advice given or action taken with respect to another client. There may be circumstances where we, on behalf of a client, (1) make or recommend a long or long-leaning investment at a time when another client holds a short or short-leaning position in the same investment (or vice-versa), (2) seek to hedge or offset (or recommend hedging or offsetting) exposures that we intentionally seek for other clients or that we do not similarly attempt to hedge or offset (or recommend hedging or offsetting) for other clients (or do so in a different manner, which could prove less effective), (3) execute or recommend the same or similar transactions for our clients in different markets or utilizing different asset types, and/or (4) enter into or exit (or make a recommendation therefor) a client investment whether or not the same or a similar investment is held, intended to be acquired or being liquidated by (or a recommendation therefor has been made to) another client.

### Aggregated Trades

We may seek to contemporaneously purchase or sell (or recommend the purchase or sale of) the same investment for multiple clients. In those circumstances, we may aggregate discretionary client trade orders for execution purposes where we believe aggregation is practical and in the best interest of all applicable discretionary clients. The aggregation of client trade orders does not ordinarily adversely affect commissions charged and execution prices, and in many cases results in reduced cost and more efficient and favorable execution. All discretionary clients participating in an aggregated transaction generally receive the average execution price and a proportionate share of any transaction costs. An aggregated order will be allocated among the relevant clients, even if only partially filled. Although the aggregation of trade orders is expected to benefit clients overall, aggregation may, in any circumstance, disadvantage a particular client. There may be circumstances where we determine not to aggregate discretionary client trade orders which otherwise could have been aggregated or where aggregation is not feasible.

### Soft Dollars

We may accept research or other products or services (other than execution) from a broker-dealer or a third party in connection with client securities transactions. Such research, products, or services can be classified as “soft dollar benefits.” In effect, commissions paid by clients generate the soft dollars that are used to pay for these services. The research products and services we receive include some or all of the following: order entry software, securities research, account access capabilities, economic analysis and forecasts, and financial market analysis and forecasts. If we use soft dollars to obtain research or other products or services, we receive a benefit because we do not have to pay for the research, products or services directly with hard dollars. Additionally, we may have an incentive to select or recommend a broker-dealer based on the Firm’s interest in receiving the research or other products or services, rather than on a client’s interest in receiving most favorable execution. Note that the research products and services that we receive are used to service all of our accounts. Accounts that do not generate any commissions used to acquire research products and services may benefit from those that do. For example, accounts that direct Convergence to use a particular broker-dealer or do not generate commissions may benefit from research products and services purchased with commissions of other accounts.

Certain research and brokerage products and services might also be used for functions that are not research or brokerage related. In such cases, the research or brokerage service or product may have a mixed use. Where a product or service has a mixed use, we will make a reasonable allocation of the cost of the product or service according to its use, and will pay for the non-research and brokerage function in cash using the Firm’s own funds (not client commissions). We will use various methodologies to determine this allocation, including but not limited to the percentage of time the product or service is used for investment decision-making or the percentage of the function that is investment decision-making or research-oriented, as the case may be, but under all circumstances, the mixed use allocation will be made in good faith and consistent with Section 28(e) of the Exchange Act.

Convergence participates in client commission arrangements (“CCAs”) under which we effect transactions through a broker-dealer and request that the broker-dealer allocate a portion of the

commissions or commission credits to another firm that aggregates these client monies and, with our oversight and approval, pays service providers of qualified research and brokerage. The CCAs, as well as the research provided in connection with such arrangements, are intended to comply with Section 28(e) of the Exchange Act.

The Firm believes participating in a CCA enables us to efficiently consolidate payments for qualified research and brokerage services through one or more channels. Using the accumulated client commissions, Convergence can then obtain qualified research and brokerage services provided by firms and vendors of its choice. Such arrangements also help to provide us with the continued receipt of research services while facilitating best execution in the trading process. In all cases, we believe such research and brokerage services are important to our investment decision-making.

### **Item 13 – Review of Accounts**

Our portfolio management team regularly reviews and periodically adjusts the quantitative models we employ. Our portfolio management team regularly reviews each account's portfolio based on, among other factors, the account's investment objective, client guidelines, market conditions, and changes in the client's financial status, as communicated by the client. Portfolio managers, research analysts and traders contribute to this review process, as appropriate. Portfolio transactions are reconciled with the client's custodian daily.

Clients receive detailed portfolio and transaction reports from their designated custodian or broker at least quarterly. The level of services and reporting provided to clients by Convergence varies depending on the type of account, account size and other factors.

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

As of date of this filing we have not entered into any referral arrangements. In the event that we enter into referral agreements in the future whereby we pay a solicitor/introducer a referral fee, we will ensure that arrangements meet the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from our investment management fee, and will not result in any additional charge to the client. If the client is introduced to us by an unaffiliated solicitor, the client will be given, prior to or at the time of entering into any advisory contract with the client, (1) a copy of our written disclosure statement which meets the requirements of Rule 204-3 of the Advisers Act and (2) a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of ours shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of our written disclosure statement at the time of the solicitation.

From time to time, we may receive indirect compensation from service providers or third-party vendors in the form of gifts and/or entertainment. When received, these occasions are evaluated to ensure they are reasonable in value and customary in nature to ensure their occurrence does not present any conflicts of interest.

## **Item 15 – Custody**

It is Convergence's policy not to maintain physical custody of client funds or securities. Any funds or securities received at our offices are to be given to the Chief Compliance Officer, or designee, to be returned to sender. While Convergence does not maintain physical custody of client funds and securities, Convergence is deemed to have custody of client funds and securities under Rule 206(4)-2 due to its ability to deduct investment management fees directly from client custodial accounts. At all times, the custodial bank maintains actual custody of those assets. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Some clients receive statements from Convergence. We urge these clients to carefully review such statements and compare such official custodial records to information that we provide to them. Our information may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

We receive discretionary authority from the client in the Agreement at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Clients may impose reasonable restrictions, limitations or other requirements with respect to their individual accounts. Any limitations on our discretionary authority to manage accounts on behalf of clients would be initiated and imposed by the client. Examples of common guideline restrictions include limitations prohibiting the purchase or sale of a particular security or type of security. Specific client investment restrictions may limit our ability to manage those assets like other similarly managed portfolios. This may impact the performance of the account relative to other accounts and the benchmark.

For mutual funds, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to us in writing. We reserve the right to deny acceptance of a client account based upon the client limiting our discretion. Not all client investment guidelines and restrictions can be met.



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

Convergence will vote client proxies, where such responsibility has been properly delegated to and assumed by the Firm. It is the Firm's policy to vote proxies in what the Firm believes to be the best interest of clients.

The Firm has retained a third-party vendor, Broadridge Financial Solutions ("Broadridge"), to vote and maintain records of all client proxies where the responsibility for voting has been properly delegated and assumed by the Firm. Absent special circumstances, proxies are voted using Broadridge's ProxyEdge platform, which automatically votes proposals for which voting decisions have been pre-determined based on a set of guidelines developed by a third-party vendor, Broadridge Proxy Policies and Insights ("PPI").

In circumstances where a proxy voting proposal is not going to be voted according to PPI guidelines and the Firm receives such notification, the Firm will generally manually vote with management.

On occasion, the Firm may determine not to vote a particular proxy. This may be done, for example where: (1) the cost of voting the proxy outweighs the potential benefit derived from voting; (2) a proxy is received with respect to securities that have been sold before the date of the shareholder meeting and are no longer held in a client account; (3) despite reasonable efforts, the Firm receives proxy materials without sufficient time to reach an informed voting decision and/or vote the proxies; (4) the terms of the security or any related agreement or applicable law preclude the Firm from voting; or (5) the terms of an agreement reserve voting authority to the client or another party.

A client may retain the right and obligation to vote any proxies or may wish to take action relating to specified securities. In these circumstances, the client may vote assuming the client provides prior written notice to the Firm.

The Firm will monitor for conflicts of interest. The Firm's policy is to vote proxies presenting conflicts of interest as it would vote any other proxy, according to the PPI guidelines, in order to avoid a vote being the product of the conflict of interest.

The Firm's proxy voting policy and the PPI guidelines are available for client review. Clients may also request information at any time regarding how the Firm voted client securities. Clients can request this information by phone at (262)-240-0117 or by email at [compliance@investcip.com](mailto:compliance@investcip.com).

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.

# CONVERGENCE INVESTMENT PARTNERS, LLC PRIVACY POLICY

| FACTS  |   | WHAT DOES CONVERGENCE INVESTMENT PARTNERS, LLC DO WITH YOUR PERSONAL INFORMATION?  |                             |
|--|---|--|-----------------------------|
| WHY?   | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.  |  |                             |
| What?  | <p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <p>■ Name; ■ Social Security number; ■ Address; ■ Assets; ■ Income; ■ Account Balances; ■ Account Transactions; ■ Transaction History; ■ Transaction or Loss History; ■ Investment Experience; ■ Risk Tolerance; ■ Retirement Assets; ■ Checking Account Information; ■ Employment Information; ■ Wire Transfer Instructions.</p> <p>If you decide at some point to either terminate our services or become an inactive customer, we will continue to adhere to our privacy policy, as may be amended from time to time.</p> |  |                             |
| How?   | All financial companies need to share clients’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients’ personal information; the reasons Convergence Investment Partners, LLC (“Convergence”) chooses to share; and whether you can limit this sharing.   |  |                             |
| Reasons we can share your personal information   |   | Does Convergence Investment Partners, LLC share?   | Can you limit this sharing? |
| For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus |   | Yes. Convergence may share personal information described above for business purposes with a non-affiliated third party if the entity is under contract to perform transaction processing or servicing on behalf of Convergence and otherwise as permitted by law. Any such contract entered by Convergence will include provisions designed to ensure that the third party will uphold and maintain privacy standards when handling personal information. Convergence may also disclose personal information to regulatory authorities as required by applicable law. | No.                         |
| For our marketing purposes—to offer our products and services to you   |   | No.  | We don’t share.             |
| For joint marketing with other financial companies   |   | No.  | We don’t share.             |
| For our affiliates’ everyday business purposes—information about your transactions and experiences   |   | Yes. Convergence shares personal information with affiliates as permitted by law.  | No.                         |
| For our affiliates’ everyday business purposes—information about your creditworthiness   |   | No.  | We don’t share.             |
| For nonaffiliates to market to you   |   | No.  | We don’t share.             |
| QUESTIONS?   | Call (262)-240-0117 or email <a href="mailto:compliance@investcip.com">compliance@investcip.com</a>   |  |                             |

| <b>Who is providing this notice?</b>  | Convergence Investment Partners, LLC  |
|---|---|
| <b>How does Convergence Investment Partners, LLC protect my personal information?</b> | <p>To protect your nonpublic personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>Convergence limits access to personal information to individuals who need to know that information in order to service your account.</p>  |
| <b>How does Convergence Investment Partners, LLC collect my personal information?</b> | <p>We collect your personal information, for example, when you</p> <p>Complete account paperwork; ■ Seek advice about your investments; ■ Direct us to buy securities; ■ Direct us to sell your securities; ■ Enter into an investment advisory contract; ■ Give us your contact information.</p> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>   |
| <b>Why can't I limit all sharing?</b>   | <p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>■ sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p> |

| <b>Affiliates</b>      | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <p>■ Convergence may share personal information described above for business purposes as permitted by law with our affiliates. Our affiliates include financial companies such as investment advisers. Convergence does not share nonpublic information with affiliates so that they can market their services or products to you.</p>   |
|------------------------|---|
| <b>Non-affiliates</b>  | <p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <p>■ Convergence may share personal information described above for business purposes with non-affiliated third parties performing transaction processing or servicing on behalf of Convergence and otherwise as permitted by law. Such companies may include broker-dealers, banks, investment advisers, mutual fund companies and insurance companies. Convergence may also share personal information with parties who provide technical support for our hardware and software systems and our legal and accounting professionals. Convergence does not share with non-affiliates so that they can market their services or products to you.</p> |
| <b>Joint marketing</b> | <p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <p>■ Convergence does not jointly market with nonaffiliated financial companies.</p>  |