



Form ADV Part 2A Brochure

March 29, 2019

**One Stone Global LLC**

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This brochure (the “Brochure”) provides information about the qualifications and business practices of One Stone Global LLC (“OSG”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer of OSG by e-mail at [bpohl@onestoneglobal.com](mailto:bpohl@onestoneglobal.com) or by telephone at (617) 482-6400. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

OSG is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply any level of skill or training. Additional information about OSG also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGE**

OSG's last required filing was on March 30, 2018. There have no material changes that have been made since our last filing.

One Stone Global was the subject of a routine examination by the United States Securities and Exchange Commission's Office of Compliance Inspections and Examinations ("OCIE") in August 2018. In September 2018, the OCIE completed its examination and notified One Stone Global that as a result of the examination by the OCIE was that it had found no deficiencies with One Stone Global and that the OCIE had no additional comments.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes.

Consistent with SEC regulations, OSG will provide you with a summary of any material changes to this and subsequent brochures within 120 days of OSG's fiscal year-end, December 31. OSG will also provide Clients with interim disclosures about certain material changes as necessary.

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#### **ITEM 4 – ADVISORY BUSINESS**

One Stone Global LLC (“OSG”) was formed in 2015 as a minority owned asset manager. OSG’s principal owner is, indirectly, Betserai Tendai Musikavanhu. OSG provides discretionary and non-discretionary management services to institutions and certain high net worth individuals. OSG currently provides the following investment advisory services:

- Asset Allocation;
- Creation and Implementation of Portfolios Based on Public and Customized Indices or Model Portfolios (with the Assistance of Sub-Advisors);
- Sub-Advisor Selection and Monitoring; and
- Investment Product Development

OSG has \$1.169 billion of non-discretionary assets under management as of December 31, 2018

In addition, as of December 31, 2018 OSG advises its clients on implementation assets of \$175 million.

##### **Asset Allocation**

OSG’s asset allocation process includes meeting with each Client to determine the investment strategy and appropriate asset mix it believes best suits the Client’s goals and tolerance for risk. In addition, OSG reallocates and rebalances Client accounts as necessary to help ensure that investments adhere to the investment objectives and strategy of the Client account.

##### **Creation and Implementation of Portfolios Based on Public and Customized Indices or Model Portfolios**

OSG works with selected sub-advisors to construct customized indices and create and implement portfolios based on both public and customized indices for Clients based on their overall performance goals, liquidity needs, tolerance for volatility and risk.

##### **Sub-Advisor Selection and Monitoring**

OSG has certain standards of eligibility for sub-advisors (“sub-advisors”) and only selects sub-advisors who meet such eligibility requirements. In identifying and choosing sub-advisors, OSG evaluates the financial and organizational stability of the sub-advisor, historical performance results, experience, compliance infrastructure, and other factors. Information that OSG gathers regarding sub-advisors is believed to be reliable and accurate, but OSG does not independently verify the information.

Based on the selected criteria identified above, and with respect to discretionary accounts, OSG has selected and retained Old Mutual Customised Solutions (Pty) Limited (“OMCS”) as sub-advisor for passive or smart beta/enhanced indexation portfolio management.

OSG reviews performance data of all sub-advisors on a periodic basis. The evaluation may involve, among other things, investment discipline, tracking error relative to indices or model portfolios, investment performance, and trends in investment philosophies.

OSG will from time to time accompany Clients on due diligence visits to sub-advisors and visits to senior management of the companies in which their Clients invest.

OSG may terminate an agreement with a sub-advisor upon written notice to the affected Clients. In the event that OSG terminates a sub-advisor, OSG will promptly contact the affected Clients about the reallocation of the applicable account assets.

## **Investment Product Development**

If a widely recognized index that meets a Client's investment objectives for "passive" or "smart beta" management is not available, OSG has the capability to develop or create a customized index or model portfolio. After meeting with a Client to determine the investment objectives, OSG works with selected sub-advisors to conduct extensive research, test different scenarios, and analyze the results in order to create the optimal customized index for the Client's specific investment objectives.

OSG's investment advice for Client accounts is based on the specific mandates and the investment objectives of each Client. As described in Item 16, discretionary Clients may impose specific investment guidelines for their accounts, outlined in their investment advisory agreements, including restrictions on certain securities or types of securities.

## **ITEM 5 – FEES AND COMPENSATION**

All fees are subject to negotiation.

OSG's fees are generally described below and detailed in each Client's investment advisory agreement or applicable account document. Fees for investment advisory services may be negotiated with each Client on an individual basis. OSG may group multiple accounts of a Client (or group of related Clients) together for fee billing purposes. Fees may change over time and, as discussed below, different fee schedules may apply to different types of Clients, strategies and advisory arrangements. Fees may be negotiated on a basis different from OSG's stated fee schedules, if circumstances warrant, and OSG reserves the right to waive or reduce the fees charged to a particular Client in its sole and absolute discretion. In the event that additional assets are placed under management during the calendar quarter, OSG's compensation with regard to base investment advisory fees will be calculated and payable on a pro rata basis. The amount, timing, and type of fees charged, and the manner in which fees are calculated, are determined through negotiations with Clients. Accordingly, there may be differences in fees paid by certain Clients based on a variety of factors. Negotiations between OSG and Clients are influenced by such factors as the nature and extent of the investment advisory services to be rendered and the size of the managed account. Depending on the particular arrangement with a Client, fees payable to a sub-advisor may be paid directly by the Client or by OSG from its investment advisory fee.

OSG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that will be incurred by the Client, which are more fully described in the Client's investment advisory agreement or applicable account document. Clients may incur certain charges imposed by custodians and brokers such as custodial fees, odd-lot differentials, wire transfer and other fees and taxes on brokerage accounts and securities transactions. ETFs, which on occasion may be used as proxies for exposure to certain markets, have investment advisory expenses, and as such, Clients may incur another layer of investment advisory fees; one indirectly in the form of an investment advisory fee to the investment adviser of the ETF and one to OSG. Fees are generally payable in arrears on a quarterly basis, and are calculated as of the last business day of the preceding calendar quarter based on the value of the portfolio, which is generally provided by the custodian. Investment advisory fees are prorated for any billing period that is less than a complete calendar quarter. Asset-based fees may be adjusted proportionately based on the value of cash or securities added or withdrawn from the account between billing periods.

Clients can elect to be invoiced for the amount of the fees or authorize OSG to deduct the amount of the fees from their accounts.

Fees will generally be lower for larger accounts but are not expected to exceed the following:

- Africa and Frontier Markets – 71.5 basis points.
- Emerging Markets and International (EAFE, EX US) – 18.6 basis points.
- Smart Beta (RAFI/EDHEC) Emerging Markets – 40.7 basis points.
- RAFI Emerging Markets – 32.3 basis points.
- Smart Beta Emerging Markets Small Cap – 63.9 basis points.
- Africa and Frontier Market Active Tilt – 79.5 basis points.

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

OSG may charge performance based fees. OSG offers performance fee arrangements when permitted under applicable law. A performance fee arrangement is a method of compensating an investment adviser on the basis of a share of the gains or appreciation of the assets under management. The fee structure consists of a base fee and a performance fee. The base fee for equity and fixed income objectives is negotiable and the performance fee, if earned, will generally be calculated as follows:

The typical annual performance fee will be equal to 10 percent of the amount, if any, by which the fair market value (as described below) of the assets held in an OSG account exceeds an assumed amount equal to the value such assets would have held had the value of the account on its inception date been invested in the appropriate index (with dividends reinvested) for the client's particular account objective, (e.g., the MSCI Frontier Markets Index) for the Frontier Active Tilt objectives, and (e.g., the MSCI Emerging Markets Africa ex South Africa Index) for the Africa Active Tilt objective. The performance fee for a given year will be the cumulative performance fee from the account's inception date less the total amount of performance fees paid in prior years. If the cumulative performance fee is less than the total amount of performance fees paid with respect to prior years, no fee refund will be due to the client.

OSG's performance fee is contingent upon the return experienced by the client, which is computed based upon unrealized and realized appreciation of assets in the client's account. Accounts participating in a performance fee arrangement may pay OSG more compensation than accounts that do not bear a performance fee. Performance fee arrangements may not be available for all asset classes and must be approved by OSG on a case-by-case basis. Performance fee rates are negotiable. A client may negotiate the base fee rate, performance fee rate, the index used to calculate the performance fee, or the use of no index in calculating the performance fee.

Any performance fee that OSG charges is intended to comply with Rule 205-3 requirements under the Investment Advisers Act of 1940 (the "Adviser's Act"). The fee arrangement described above may be perceived as providing an incentive for OSG to seek to maximize the investment return by making investments that are subject to greater risk, or are more speculative than would be the case if OSG's compensation were not based upon the investment return. OSG may also be perceived to have an incentive to favor accounts which it charges a performance fee over other types of client accounts. OSG seeks to mitigate the potential conflicts of interest which may arise from managing accounts that bear a performance fee by monitoring and diligently enforcing its policies and procedures, including those related to investment allocation, and Rule 205-3 as stated above.

Performance Fee – Account Valuation Methodology:

Fair market value for purposes of computing OSG's compensation, if any, is determined by valuing the assets as follows:

- (1) Cash and cash equivalents shall be valued at face amount.
- (2) Notes, bonds and other debt instruments' current market value shall be determined on the basis of market quotations, or, if such quotations are not readily available, market value will be determined based on coupon, maturity, rating, liquidity, industry factors, company factors, and management.
- (3) Common stock and other equity securities shall have a value equal to their respective closing prices as quoted by primary exchange that common stock or equity security is traded on, on the last business day preceding the day on which fair market value is being determined.
- (4) Interest and dividends shall be accrued to the last business day preceding the day on which fair market value is being determined.

#### **ITEM 7 – TYPES OF CLIENTS**

OSG provides investment advisory services to various types of Clients, including separately managed accounts that are established for institutional investors and certain other qualified investors. Beneficial owners of separately managed accounts may include:

- Corporations.
- Corporate Pension and Profit-Sharing Plans.
- Insurance Companies.
- Collective Trusts.
- Investment Companies.
- Municipal Government Entities.
- Charitable Organizations.
- Certain High Net Worth Individuals.

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

##### **Passive/Smart Beta/Enhanced Investing**

OSG has a mathematical and systematic approach to “passive” or “smart beta/enhanced” investing, using sub-advisory relationships, ETFs and/or customized indices to construct Client portfolios that match a Client's needs and risk tolerances. Each portfolio's investable universe is initially comprised of all the benchmark index constituents, and with the use of analytical tools, the sub-advisor may significantly narrow down the overall investable universe by excluding the most illiquid stocks in the benchmark index and the stocks that comprise a very small percentage of the index.

##### **Active Tilt**

Is a quantitative actively tilted strategy, applied to the Frontier and African Markets. The process generates scores from two key variables (with a third fine tuning lever) and combines them in determining a final score that is used to tilt the market capitalization on an asset/country allocation, while keeping the stocks within the country cost-effectively passive. Applying this to the country level within the Frontier and Africa Markets, using passive building blocks optimizes the cost of portfolio implementation.

## **Investment Strategy Risks**

Current and prospective Clients should be aware of the material risks associated with the strategies that OSG will be implemented through sub-advisors. The following explanations are not, and are not intended to be, a complete list of the risks associated with an investment.

### *Use of Sub-advisors*

OSG invests assets of the Clients through sub-advisors. The success of Clients depends upon the ability of OSG and the sub-advisors to develop and implement investment strategies that achieve the Clients' investment objectives. While OSG attempts to mitigate risks associated with investing with a sub-advisor, including by conducting due diligence on, and ongoing monitoring of, the sub-advisor and adjusting allocations to the sub-advisor (or withdrawing such allocations), OSG may be limited with respect to its ability to monitor sub-advisors, including their adherence to their respective trading and risk guidelines (if such guidelines exist), or with respect to fraud or potential fraud, misrepresentation, operational failures, material strategy alteration or poor judgment.

### *General Risks*

Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance of sub-advisors selected or recommended is not a guarantee of future results. The risk parameters or comparative index selections provided for Client accounts are guidelines only – the selected risk parameters may be exceeded and index comparisons may outperform Client accounts. Benchmarks are selected by OSG and are intended to be an accurate comparison to the performance of Client accounts. However, account performance may not correspond directly to the selected benchmark, which may be more or less volatile than the actual portfolio.

### *Risks of Investing in Foreign Markets*

Investing in foreign securities typically involves more risk than investing in U.S. securities, and include risks associated with: political and economic developments – the political, economic and social structures of some foreign countries may be less stable and more volatile than the U.S. trading practices – government supervision and regulation of foreign security and currency markets, trading systems and brokers may be less sophisticated than the U.S.; availability of information – foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; limited markets – certain foreign issuers may be less liquid and more volatile; and currency exchange rate fluctuations and policies. The risks of foreign investments are typically greater in less developed countries and emerging/frontier markets.

The risks in investing in developing/emerging markets are subject to all the risks of foreign investing generally, and may have heightened risks due to the lack of established legal, political, business and social frameworks to support securities markets, including delays in settling portfolio securities transactions, currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation.

Frontier market countries generally have smaller economies and even less developed capital markets than emerging market countries, and, as a result the risks of investing are magnified in frontier markets. The magnification of risks are the result of: potential for extreme price volatility and illiquidity in frontier markets; government ownership or control of parts of private sector and of certain companies; trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which frontier market countries trade; and the relatively new and unsettled securities laws in many frontier market countries; political instability, etc.

### *Market Risk*



The market prices of securities fluctuate, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates or currency rates, lack of liquidity in the markets, or adverse investor sentiment. Market prices of securities also may be impacted by events or conditions that affect particular sectors or issuers.

#### Security Risk

The value of a security can fluctuate more or perform differently than the market as a whole, often due to disappointing earnings reports by the issuer, unsuccessful products or services, loss of major customers, major litigation against the issuer, or changes in government regulations affecting the issuer or the competitive environment. Accounts may experience substantial or complete losses on individual securities.

#### Counterparty and Settlement Risk

If the issuer of a security held in a Client account or counterparty to a financial contract defaults or is downgraded, or is perceived to be less creditworthy, or if the value of the assets underlying a security declines, the value of an investment will typically decline. Accounts are subject to the credit risk of parties with whom they trade and may bear the risk of settlement default. In addition, market practices in relation to the settlement of transactions and the custody of assets could result in increased risks.

#### Currency Risk

The value of investments in securities denominated in foreign currencies increases or decreases as the rates of exchange between those currencies and the U.S. dollar change. Currency exchange rates can be volatile and are affected by factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls, and speculation. Investors may incur currency conversion costs, and Client accounts that require any cash in their accounts to be exchanged back to their local currencies may incur significant exchange rate risk.

#### Liquidity Risk

Some securities may be difficult to sell, or be illiquid, particularly during times of market turmoil. Illiquid securities may also be difficult to value. If a portfolio is unable to sell a deteriorating security because the market is illiquid, losses may be magnified.

#### Risk of Investing in ETFs

##### Index-Related Risk

There is no guarantee that an ETF will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the ETF's ability to adjust its exposure to the required levels in order to track the underlying index. Errors in the construction of the underlying index in accordance with its methodology may occur from time to time and may not be identified and/or corrected by the index provider for a period of time, which may have an adverse impact on the ETF and its investors.

##### Management Risk

As an ETF may not fully replicate its underlying index, it is subject to the risk that its investment adviser's investment strategy may not produce the intended results.

##### Derivative Risk

If permitted by Clients, OSG and its sub-advisors may use derivatives for various purposes. For example, OSG may use equity index futures to equitize the cash or cash equivalents in Client accounts. OSG may also use synthetic and derivative instruments such as swaps, equity-linked notes, warrants and participation certificates to gain equity exposure in some non-U.S. markets that would otherwise be inaccessible. This

lack of accessibility may be due to trading restrictions, or limits on foreign institutional investors. In addition, the custodian for a Client account may not have a local agent bank in a particular market, necessitating the use of derivatives to gain exposure to certain markets. Risks associated with derivatives include the following:

- A derivative may not be well correlated with the security, index or currency to which it relates.
- Derivatives used for risk management may not have the intended effects and may result in missed opportunities or losses.
- An account may be unable to sell a derivative due to an illiquid secondary market.
- A counterparty may be unwilling or unable to meet its obligations.
- Contractual terms related to default may be interpreted differently by various parties.
- Returns may be dramatically impacted by interest rate movements.
- Derivatives transactions could expose investors to the effects of leverage, which could increase their market exposure and magnify any losses.

There is no guarantee that OSG or its sub-advisors will use derivatives, and their use could result in lower returns or even losses to a Client account.

#### *Business Disruption Risk*

OSG has prepared a business continuity/disaster recovery plan (“BC/DR Plan”). OSG has successfully performed BC/DR Plan testing of its mission-critical systems and applications. These procedures are regularly reviewed and enhanced. In the event of a material business disruption, OSG intends to notify Clients as soon as is reasonably practicable.

OSG will review the BC/DR plans of its sub-advisors no less than annually to ensure that they are prepared in case of a material business disruption.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

OSG has not been subject to any legal or disciplinary events that would result in the loss of its integrity or impact its ability to perform its asset management responsibilities as a registered investment adviser.

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

OSG and Old Mutual Customised Solutions (Pty) Limited (“OMCS”) have an agreement that is material to OSG’s investment advisory business, pursuant to which (i) OMCS provides portfolio management and trading services relating to certain of the strategies that OSG recommends to Clients and (ii) OSG provides U.S. regulatory compliance services to OMCS. Senior executives of OSG were formerly affiliated with OMCS. Brett Pohl, Chief Operating Officer and Chief Compliance Officer of OSG, also serves as Chief Compliance Officer of OMCS.

#### **ITEM 11 – CODE OF ETHICS**

As a registered investment adviser, OSG has a fiduciary duty to Clients. OSG has therefore established a Code of Ethics and other written policies and procedures that address, among other things, the following areas:

- Personal securities trading.
- Insider trading and the use and communication of material, non-public information.
- Confidentiality of Client information.

- Offering and receiving gifts and entertainment.
- Participation in outside business activities.
- Political contributions.
- Other potential conflicts of interest.

OSG's Code of Ethics applies to all OSG "supervised persons," who must avoid activities, relationships, and conflicts that are prohibited by federal securities laws or might interfere with Client interests. All OSG employees are considered supervised persons, along with other individuals who provide advice on behalf of OSG under its supervision and control, or may have access to non-public information regarding Clients' purchases or sales of securities.

All supervised persons must comply with the following basic elements of fiduciary duty:

- Must place the Clients' interests before personal interest.
- Do not take personal advantage of information about trading or other activities at OSG.
- Do not pursue investment opportunities that rightfully belong to Client accounts.
- Do not unduly influence Client accounts to engage in activities calculated to create personal benefit.
- Disclose personal interests.
- Protect confidential information related to OSG, current and former Clients, vendors and others.

All supervised persons at OSG must formally acknowledge the terms of the Code of Ethics annually, or as amended.

Subject to satisfying this policy and applicable laws, officers, directors and employees of OSG may trade for their own accounts in securities which are recommended to and/or purchased for OSG's Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of OSG will not interfere with (i) making decisions in the best interests of Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interests of OSG's Clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to Client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee.

Under the Code of Ethics, OSG continually monitors employee trading to reasonably prevent conflicts of interest between OSG and its Clients.

It is OSG's policy that the firm or any of its sub-advisor's will not affect any principal security transactions.

OSG's Clients or prospective Clients may request a copy of the Code of Ethics by contacting Brett Pohl, Chief Compliance Officer of OSG, at (617) 482-6400 or [bpohl@onestoneglobal.com](mailto:bpohl@onestoneglobal.com)

Despite the measures outlined above, Clients should be aware that no set of policies and procedures can anticipate or relieve all potential conflicts of interest. If an unanticipated conflict of interest should arise, OSG will seek to resolve the situation in the best interest of its Clients.

## **ITEM 12 – BROKERAGE PRACTICES**

## **Broker-Dealer Selection**

OSG relies on the discretion of the sub-advisor in selecting the broker dealers with which to trade. OSG will monitor best execution on a quarterly basis with the best execution analysis being presented to OSG by each sub-advisor.

## **Trade Aggregation and Allocation**

OSG will rely on the policies and procedures for trade allocation and aggregation of each sub-advisor.

## **Soft Dollars**

OSG will rely on the policies and procedures for soft dollars of each sub-advisor.

## **Cross Transactions**

OSG will rely on the policies and procedures for cross transactions of each sub-advisor.

## **ITEM 13 – REVIEW OF ACCOUNTS**

One or more senior executives are responsible for reviewing Client accounts, including the performance of the sub-advisor, on an ongoing basis. A senior executive will contact each Client at least annually and be available for consultation with the Client to discuss its accounts as well as its investment objectives and financial condition.

Each review consists of the following: a comparison between the portfolio holdings and the index holdings; a comparison of the portfolio security weighting and the index constituent weighting; a forecasted annual tracking error review; a review of any proposed corporate actions for impact on the portfolio; any proposed cash movements in the portfolio; any proposed changes in index; and suggested investment opportunities.

OSG reviews the performance of Client accounts on a semi-annual basis. Upon request of the Client, OSG will send Client a written report of the review.

OSG also provides annual proxy voting summary reports to Clients for whom it exercises voting responsibility, and will provide more frequent reports upon request.

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

OSG directly markets the firm's services. OSG may, however, compensate certain employees for soliciting prospects to become Clients. These fees typically involve payment by OSG of a portion of its investment advisory fee.

OSG utilizes third party relationships. Solicitors that refer OSG to new clients may be paid fees that are generally based on a percentage of the investment advisory fees paid to OSG by those clients, in accordance with written solicitation agreements. These fees will be paid directly by OSG and not by its clients, who are not assessed any additional charges. Any solicitation arrangement OSG enters into will comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended. This shall include providing a written disclosure statement to the prospective client at the time of the referral regarding the terms of the solicitation arrangement, that the referral fee will be paid by OSG and not impact the fee charged the client for portfolio management and a copy of OSG's brochure (Form ADV, Part 2). Upon entering into an advisory contract with OSG, clients referred by unaffiliated

solicitors are required to provide signed and dated acknowledgements that they received the requisite disclosure statement and brochure.

#### **ITEM 15 – CUSTODY**

At the present, OSG does not have custody with regard to Client assets. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the Client's investment assets. OSG takes steps to ensure that the Client's qualified custodian sends periodic account statements to the Client, no less frequently than quarterly, showing all transactions in the account, including fees paid to OSG.

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

The powers and duties of OSG are to be expressly outlined in the investment advisory agreement entered into by OSG and the Client. OSG usually receives discretionary authority from the Client at the outset of an advisory relationship, including the following decisions:

- Design and implementation of asset allocation strategies of Client portfolios
- The ability to select a sub-advisor;
- The selection of the identity and amount of securities to be bought or sold;
- Prices at which to transact;
- Broker-dealers selected for trade executions; and
- Commissions paid to broker-dealers.

Occasionally, Clients may impose certain restrictions on OSG's discretionary authority, including one or more of the following:

- Holding of securities of certain issuers; or
- Types of investments held; or
- Markets in which OSG may invest; or
- Broker-dealers used for trade executions; and/or
- Other investment restrictions.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment policies, limitations and restrictions of the Client.

Investment guidelines and restrictions must be provided by Clients to OSG in writing.

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

Unless otherwise instructed by the Client, OSG makes proxy voting decisions for securities held in Client accounts through the selected sub-advisor. OSG has a fiduciary responsibility to vote proxies in Clients' best interests. OSG is responsible for managing the relationship with its sub-advisors, ensuring that OSG is meeting its proxy voting obligations.

Clients for whom OSG exercises voting responsibility will receive proxy voting summary reports at least annually. In addition, they may contact the Chief Compliance Officer of OSG at (617) 482-6400 or [bpohl@onestoneglobal.com](mailto:bpohl@onestoneglobal.com) for a copy of OSG's proxy voting policies and procedures, a summary of OSG's proxy voting guidelines, or information about how OSG voted their securities.

## **ITEM 18 – FINANCIAL INFORMATION**

OSG is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients. OSG has not been the subject of a bankruptcy petition at any time.