



# OLD MUTUAL INVESTMENT GROUP

## CUSTOMISED SOLUTIONS

### Form ADV Part 2A Brochure

March 26, 2024

This Brochure provides information about the qualifications and business practices of Old Mutual Customised Solutions (Pty)Ltd (“Customised Solutions”). Customised Solutions is a registered investment adviser with the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, as amended (Advisers Act). Registration of an Investment Adviser does not imply any level of skill or training. 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.

If you have any questions about the contents of this Brochure, please contact Customised Solutions’ Chief compliance officer by electronic mail at [bpohl@onestoneglobal.com](mailto:bpohl@onestoneglobal.com) or by telephone at 617-482-6400. Additional information about Customised Solutions also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Change**

Customised Solutions' last annual filing was on March 31, 2023. Listed below please find a summary of the material changes that have been made since our last annual filing:

- All staff not involved in Indexation money management mandates have been moved into an affiliate company, Old Mutual Investment Group PTY LTD.
- This staff transition was effective 01.07.2023.
- Mr Tendai Musikavanhu has replaced Mr Brett Pohl as Chief Compliance Officer with effect from 23 February 2024.

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

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#### **Item 4 – Advisory Business**

Customised Solutions was established in South Africa in 2001 under the name Old Mutual Global Index Trackers and became an SEC Registered Foreign Investment Adviser in 2009. Old Mutual Global Index Trackers changed its name to Customised Solutions in May of 2015. Customised Solutions is a subsidiary within Old Mutual Investments (“OMInvest”).

Customised Solutions uses a “passive” or “tracking” strategy in attempting to replicate the performance of a specific index. Customised Solutions aims to replicate the returns of the index by investing in constituents that comprise the index and may use proxies that provide the exposure of index (which may include depository receipts and ETFs representing such securities or benchmarks). Because of the practical difficulties and expense of purchasing and holding all index constituents (such as high transaction costs, limited liquidity, custodial risk and tax requirements) Customised Solutions may replicate a large component of the index constituents and then further utilize a “sampling” approach and quantitative analytical techniques to select securities from an index that are representative in terms of market capitalization, industry weightings, return volatility, earnings valuation, yield, liquidity and other characteristics. A portfolio may also hold non-index component securities due to corporate actions (such as a merger) and anticipated changes in the index. The investment advice of Customised Solutions is limited only to “passive” or “tracking”, “enhanced index” and “smart beta” strategies.

If a listed index is not available that meets a client’s investment objectives for “passive” management, Customised Solutions has the capability to create a custom index. After meeting with a client to determine the investment objective, Customised Solutions conducts extensive research, tests different scenarios and analyzes the results in order to create the optimal custom index for the client’s specific investment objectives.

Our investment advice and portfolio decisions for client accounts are based on their 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 advisory contracts, including restrictions on certain securities or types of securities.

Customised Solutions manages \$229.5 million of assets as at December 31, 2023.

In addition to US domiciled clients, we manage \$6.97 Billion of discretionary assets for South African domiciled clients.

In addition, Customised Solutions implements models provided by others. In this capacity Customised Solutions executes on behalf of each account the purchase of, subscription for, or other acquisition of, or the sale, exchange, conveyance, transfer or other disposition of, any stocks or other securities or assets, in each case (i) consistent with the model developed for each account, (ii) within the realized tracking error guidelines established with the client, through placement of orders with such brokers, dealers or other trading venues as Customised Solutions shall select consistent with Customised Solutions seeking best execution or pursuant to the direction of the client.

As of December 31, 2023 Customised Solutions has implementation assets of \$312.4 million.

#### **Item 5 – Fees and Compensation**

All fees are subject to negotiation.

Customised Solutions' 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. Customised Solutions 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 Customised Solutions' stated fee schedules, if circumstances warrant, and Customised Solutions 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, Customised Solutions' 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 Customised Solutions 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 Customised Solutions from its investment advisory fee.

Customised Solutions' 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 Customised Solutions. 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 Customised Solutions to deduct the amount of the fees from their accounts.

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

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

- International Fronteir ~ 20 basis points
- Emerging Market Consumer Staples ~ 10 basis points
- Optimal Emerging Market Small Companies ~ 15 basis points

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

Customised Solutions may charge performance-based fees. Customised Solutions 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 Customised Solutions 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.

Customised Solutions' 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 Customised Solutions 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 Customised Solutions 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 Customised Solutions 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. Customised Solutions may also be perceived to have an incentive to favor accounts which it charges a performance fee over other types of client accounts. Customised Solutions 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 Customised Solutions' 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

Customised Solutions provides investment advisory services to various types of clients, including:

- Corporations
- Corporate pension and profit-sharing plans,
- Insurance Companies
- Collective Trusts
- Various global unit trust funds such as UCITS (Undertakings for Collective Investment in Transferable Securities)

- Investment Companies
- Municipal Government Entities
- Charitable Organizations

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

Customised Solutions has a mathematical and systematic approach to “indexing” or “passive” investing. Each portfolio’s investable universe is initially comprised of all the benchmark index constituents and with the use of analytical tools, Customised Solutions may significantly narrow down the overall investable universe by excluding the most illiquid stocks in the benchmark index and stocks that comprise a very small percentage of the index. In building each portfolio, Customised Solutions aims to find an optimal blend of constituents from the stocks in the benchmark universe to minimize the tracking error (how closely the portfolio follows the index to which it is benchmarked).

In constructing a portfolio Customised Solutions aims for full replication of the benchmark constituents. However, based on the factors mentioned previously, full replication cannot always be achieved, so the construction of the portfolio uses a combination of an optimization and a sampling approach. The combination of optimization and sampling normally results in excess of 95% coverage of index constituents or proxies that provide appropriate index exposure (which may include depository receipts and ETFs representing such securities) and investments that have economic characteristics that are substantially identical to the economic characteristics of the index component securities. The optimization and sampling approach used in the investment process identifies investments within the benchmark that have very similar key risk factors, performance attributes and economic characteristics and suggests optimal security weightings for the portfolio to replicate the performance of the benchmark. Customised Solutions uses 3<sup>rd</sup> party risk management software to optimize and quantify the risk of the portfolios. The process of optimizing the portfolio begins when the benchmark portfolio is updated in the risk management software on a daily basis via vendor feeds. Portfolio positions from the previous nights market close are then imported into the risk management software for a detailed comparison to the benchmark. When the comparison by the risk management software model is complete, the portfolio manager is presented with a clear and detailed view of the risk exposures inherent in the portfolio. This information allows the portfolio manager to effectively manage the tracking error of the portfolio on a daily basis, thereby identifying any areas that may lead to slippage (deviations from the benchmark).

The advantage of using the 3<sup>rd</sup> party risk management tools to optimize a portfolio is that it allows the portfolio manager to:

- Quantify the portfolio securities active weights relative to the benchmark;
- Quantify the forecasted annualized tracking error of the portfolio relative to its benchmark;
- Specify constraints such as excluding illiquid stocks, insignificant weights and market specific restrictions;
- Include proxies, composites, apply market round lots;
- Optimize the portfolio to minimize tracking error within specified constraints via this multi-factor co-variance model;
- Generate a trade list for execution by brokers; and
- Effectively manage the cash needs of the client.

The portfolio manager will effect changes to the portfolio based on any index changes, deviations from targeted tracking error and corporate events such as unbundlings, delistings or suspensions. The team of analysts continuously assesses and monitors the positions in the portfolio relative to the market and the effect any corporate actions may have on the index. To track the performance of a specific index closely, the analysts review the following data points on a daily basis:

- Anticipating adjustments to the benchmark
  - Customised Solutions relies on the benchmark's advanced corporate events tracker file which gives the analyst a forecast of the benchmark of at least 5 days. If the adjustment is significant enough to affect the tracking error the portfolio will be optimized to affect the change.
- Corporate actions
  - For all events, Customised Solutions relies on the custodian's systems to prompt and monitor announcements and make elections via our middle office Curo Fund Services. Where there are corporate events of a capital nature, all changes to the benchmark will be implemented in the portfolio. These will be announced via the index provider tracker file changes. Any changes are implemented within the window period between settlement date and settlement period
- Reinvestments of dividends or coupons
  - Customised Solutions reinvests full proceeds or either partial redemptions, specific share buy backs, capital repayments, capital reduction, special dividends or coupons, interest payments. Rights offers are sold at the first possible opportunity and full proceeds reinvested
- Taxes
  - The typical taxes are market securities tax and foreign exchange taxes. Taxes are managed as part of the costs associated with the investment region.
- Liquidity
  - Depending on the number of constituents within the index and the reason for trading, Customised Solutions blocks the most illiquid securities according to average daily trading volume and the index constituents that have the smallest weights. The screens eliminate the smallest and most illiquid stocks in an index.
- Cashflows
  - The investment team will run the cash flow through the analytical tools to determine the most appropriate trade list, the most appropriate tracking error and the shares that will have the least trade impact costs. Cash inflows and dividends received are invested as soon as practically possible to avoid cash drag on the portfolio. Customised Solutions aims to be fully invested at all times

## **Investment Strategy Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. Current and prospective clients should be aware of the common risks associated with Customised Solutions' investment strategies. The following explanations are not, and are not intended to be, a complete list of the risks associated with an investment. Fund investors should refer to appropriate governing documents and consult with their own advisors before deciding whether to invest.

### *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 is 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 US dollar change. Currency exchange rates can be volatile and are affected by factors such as general economic conditions, the actions of the US 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. Each portfolio's investable universe is initially comprised of all the Benchmark Index constituents and with the use of analytical tools; Customised Solutions may significantly narrow down the overall investable universe by excluding the most illiquid stocks in the benchmark Index. However, market liquidity may deteriorate. If a portfolio is unable to sell a deteriorating security because the market is illiquid, losses may be magnified.

#### Derivative Risk

If permitted by clients, Customised Solutions may use derivatives for various purposes. For example, we may use equity index futures to equitize the cash or cash equivalents in client accounts. We may also use synthetic and derivative instruments such as swaps, ELN's, warrants and participation certificates to gain equity exposure in some non-US 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 moves
- 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 Customised Solutions will use derivatives, and their use could result in lower returns or even losses to a client account.

#### *Business Disruption Risk*

Customised Solutions has prepared a business continuity/disaster recovery plan (BC/DR Plan). Customised Solutions 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, Customised Solutions intends to notify its clients as soon as is reasonably practicable.

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

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

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

Being a subsidiary within OMInvest, Customised Solutions is affiliated with other foreign investment advisers/managers which are owned or form part of OMInvest. Such other investment advisers/managers, are not registered with the SEC but are registered and governed by the South African Financial Sector Conduct Authority (FSCA). Customised Solutions does take advantage of shared services provided by OMInvest to its investment advisers/managers, such as trading related services, compliance and legal services, performance and operational services. All investment decisions are made independently of the other affiliated investment advisers/managers and there are policies and procedures regarding informational barriers in place to protect information.

Customised Solutions has trading for the portfolios executed largely through unaffiliated parties at the discretion of a shared trading desk. The trading desk handles equity trades for all of the investment managers within OM Invest. There is a strict separation of functions between investment decision making and investment execution.

Any potential conflict of interest is minimized because brokers are selected based upon a variety of factors which may include reputation and integrity in the marketplace, record of executing orders according to specific requirements, intra-day communication on orders placed and market developments, continuity of trading desk and efficiency in trading administration. All brokers are monitored on a regular basis.

The portfolios may invest in public securities of affiliates, such as Old Mutual Limited to the extent they comprise part of an index.

Customised Solutions and One Stone Global LLC (“OSG”) have an agreement that is material to Customised Solutions’ investment advisory business, pursuant to which (i) Customised Solutions 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 Customised Solutions. Senior executives of OSG were formerly affiliated with Customised Solutions.

## **Item 11 – Code of Ethics**

As a registered investment adviser, Customised Solutions has a fiduciary duty to clients. We have 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

Customised Solutions’ Code of Ethics applies to all Customised Solutions “supervised persons,” who must avoid activities, interests and relationships that are prohibited by federal securities laws or might interfere with client interests. All Customised Solutions employees are considered supervised persons, along with other individuals who provide advice on our behalf under our supervision and control or may have access to non-public information regarding our clients’ purchases or sales of securities. These individuals include members of the shared trading desk that are responsible for Customised Solutions accounts.

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

- Place clients interests before personal interest
- Do not take personal advantage of information about trading or other activities at Customised Solutions or our affiliates
- 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 Customised Solutions, current and former clients, vendors and others

All supervised persons at Customised Solutions 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 Customised Solutions and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Customised Solutions’ clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Customised Solutions will not interfere with (i)

making decisions in the best interest of advisory 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 interest of Customised Solutions' 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, we continually monitor employee trading to reasonably prevent conflicts of interest between Customised Solutions and its clients.

It is Customised Solutions' policy that the firm will not effect any principal security transactions.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Customised Solutions' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and will either receive securities at the price of execution by the broker or receive securities at a total average price of executions for the day. Customised Solutions will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained.

Customised Solutions' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer, Tendai Musikavanhu at 347-264-2399 [tmusika@onestoneglobal.com](mailto:tmusika@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 or interest should arise, we will seek to resolve the situation in the best interest of our clients.

## **Item 12 – Brokerage Practices**

### **Broker-Dealer Selection**

Customised Solutions has trading for the portfolios executed at the discretion of shared trading desk. There is a strict separation of functions between investment decision making and investment execution.

Unless directed otherwise by clients, the trading desk has the discretion to choose broker-dealers to execute trades for client accounts and to determine the commissions paid to them. Broker-dealers are selected based primarily on the following considerations:

- Execution capability, reliability and accuracy
- Ability to find liquidity
- Familiarity with specific markets and current market conditions and events
- Commission rates
- Capital strength and stability
- Integrity, confidentiality and reliability
- Operational capabilities and technology infrastructure
- Willingness to commit capital
- Willingness to participate in our commission sharing arrangement

- Value of brokerage and research products and services provided

the trading desk maintains an “approved” list of executing broker-dealers. The trading desk and investment teams periodically review the quality of the services obtained from each broker-dealer on the list to determine any necessary changes.

We have a fiduciary duty to clients to obtain “best execution” of their securities transactions. Therefore we seek to achieve executions of transactions for clients in such a manner that our clients’ total cost or proceeds in each transaction is the most favorable under the circumstances.

Best execution consists of obtaining the most favorable qualitative execution, considering the full range of services provided by a broker-dealer, under the prevailing market conditions. Best execution is not necessarily measured by the circumstances surrounding a single transaction but may be measured over time through multiple transactions.

### **Trade Aggregation and Allocation**

Although each client account is individually managed by managers of the investment team, Customised Solutions will often buy or sell the same securities on the same day for multiple client accounts. When possible, we attempt to aggregate these transactions as a single transaction order, which may reduce transaction costs. With limited exceptions, each client will be allocated the average execution price and the average commission paid in the aggregated order. If we cannot completely fill an aggregated order, we will typically allocate the partially filled transactions to clients on a pro-rata basis.

We generally base the pro-rata allocation on each client’s order size relative to the aggregated order. Occasional exceptions may be based on factors including the following:

- Available cash in client accounts due to redemptions or subscriptions
- Compliance with client-specific guidelines and restrictions
- Customised Solutions’ risk controls
- Rules and regulations established by an exchange, market or others

In some situations, Customised Solutions may not be able to or may choose not to aggregate orders for client accounts. These situations could result from the following:

- Countries with market restrictions, as is the case in some emerging markets
- Trades in the same security that are released to a broker-dealer at different times of the day
- Trades in the same security that are released to the same broker-dealer at the same time but with different trading instructions

As a result, there may be differences among client accounts in the number of completed trade orders on a particular day.

When trades are not aggregated, they do not typically receive the same average execution price. In these situations, we seek to have broker-dealers generate separate orders equitably.

When we are unable to aggregate trades, accounts may have higher market impact costs. We seek to reduce these costs by monitoring stock liquidity and limiting trade volumes.

### **Soft Dollars**

Customised Solutions does not participate in traditional 3<sup>rd</sup> party soft dollar arrangements. Customised Solutions does receive proprietary research services from brokers.

The services that we receive under soft dollar arrangements include, but are not limited to, the following:

- Proprietary research created or developed by broker-dealers covering the following:
  - Securities, issuers, industries, sectors, countries and regions
  - Economic factors and trends
  - Market, political and economic commentaries
- Pre-and post-trade analytics

Brokers who trade with Customised Solutions are paid a gross commission that takes into account all the considerations previously listed in Item 12 under the broker-dealer selection section.

All clients pay the same commission rates.

The allocation of trades to brokers is reviewed throughout the year to ensure that no individual broker is being favored due to the research it may provide. The monitoring of the allocation of trades reduces the incentive to use a particular broker that provides additional research.

Customised Solutions does not allocate the relative costs or benefits of the products and services obtained through soft dollar arrangements to individual client accounts. We believe that the products and services in aggregate benefit our clients as a whole.

### **Cross Transactions**

Customised Solutions may execute agency cross transactions in client accounts. All the broker-dealers are monitored to ensure that best execution is provided to our clients. Customised Solutions will also not cross trades between client accounts when such transactions are prohibited. An agency cross transaction is 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 13 – Review of Accounts**

#### *Portfolio Manager Review*

Customised Solutions uses a team approach to investment management, with portfolio managers and analysts working collaboratively and sharing responsibility for investment decisions. One or more senior portfolio managers review the trade recommendations generated by our investment process for each discretionary client account prior to execution by our trading desk. Although individual senior portfolio managers have been assigned to specific client accounts to facilitate the trade review, any senior portfolio manager on the investment team is qualified to conduct the trade review.

Each review consists of the following: a comparison between the portfolio holdings and the benchmark holdings; a comparison of the portfolio security weighting and the benchmark constituent weighting; a forecast 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.

#### *Compliance Review*

With respect to monitoring investment guidelines of client mandates, the Compliance team utilizes an integrated order management system to monitor compliance to client restrictions. The compliance team codes the mandates investment guidelines, as applicable, into the integrated order management system, and monitors the output of the rules via the system. Monitoring is conducted on both a pre- and post-trade basis, as far as practically possible. Pre-trade monitoring prevents trading into a position that is in conflict with the mandate's investment guidelines and post-trade monitoring alerts the compliance team to breaches evident at end of data, including inadvertent breaches such as market fluctuations.

The Compliance team takes up breaches with the relevant portfolio manager, logs all breaches noted, and tracks breaches to resolution. Where breaches are not resolved as required, breaches are noted as an error and escalated accordingly. Compliance breaches are noted to the Customised Solutions' Board and also reported to the Chief Compliance Officer.

#### Client Reporting

Customised Solutions' clients generally receive monthly reports with the following information about their accounts:

- Investment Portfolio Summary
- Investment Portfolio Detail
- Equivalent Exposure
- Trial Balance
- Transactions Summary
- Transactions Detail
- Analysis of Income
- Cash Account Detail Statement
- Cash Account Summary Statement
- Income Account
- Asset Allocation
- Sensitivity Analysis
- Maturity Profile
- Transactions Detail - Asset Currency
- Income Account - Asset Currency
- Cash Account Summary Statement - Asset Currency
- Cash Account Detail Statement - Asset Currency

This information, which is derived from Customised Solutions' 3<sup>rd</sup> party back-office vendor (CURO Fund Services) system, should not be considered the official record of a client account. We consider the client's custodian the official record keeper for each account. As described in Item 15, clients should receive account statements from their custodians on a regular basis.

In addition to these reports, Customised Solutions has the ability to provide the following information, typically on a quarterly basis:

- Asset Allocation - Base
- Equivalent Exposure - Base
- Fund Summary - Base
- Investment Portfolio Summary - Base
- Investment Portfolio Detail - Base
- Maturity Profile - Base
- Transactions Summary - Base
- Trial Balance - Base
- Top Ten Equity Holdings - Base

- Top Ten Purchases and Sales - Base
- Fund Summary - Asset
- Investment Portfolio Detail - Asset
- Investment Portfolio Summary - Asset
- Transactions Summary - Asset

We also provide annual proxy voting summary reports to clients for whom we exercise voting responsibility, providing more frequent reports upon request.

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

Customised Solutions directly markets the firm's services.

Customised Solutions may compensate certain employees for soliciting prospects to become clients. These fees typically involve payment by the Adviser of a portion of its investment management fee

#### **Item 15 – Custody**

Customised Solutions does not act as a custodian for any of its U.S. based client accounts. Instead, each client contracts with a qualified custodian of their choice to take possession of the assets in their account. The custodian is also responsible for settling transactions, accepting instructions from Customised Solutions, where power of authority exists, regarding the account assets and informing us of additions and withdrawals from the account. Customised Solutions' clients are responsible for the acts of their custodians and for direct account expenses, such as custodial fees and brokerage expenses.

Customised Solutions typically provides investment statements to clients on a monthly basis. The statements that Customised Solutions creates for clients are intended for informational purposes only and may vary from the official custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Clients should receive at minimum, quarterly statements from the qualified custodian that holds and maintains client's investment assets. Customised Solutions urges you to carefully review the statements provided by the qualified custodian as those statements represent the official custodial records of the portfolio.

#### **Item 16 – Investment Discretion**

The powers and duties of Customised Solutions are to be expressly outlined in the executed Investment Management Agreement signed by Customised Solutions and the client. Customised Solutions usually receives discretionary authority from the client at the outset of an advisory relationship, including the following decisions:

- 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
- Commissions paid to broker-dealers

Occasionally, some of our clients may impose certain restrictions on our discretionary authority, including one or more of the following constraints:



- Holding of securities of certain issuers
- Types of investments held
- Markets in which we may invest
- Broker-dealers used for trade executions
- 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 clients for which it advises.

Investment guidelines and restrictions must be provided to Customised Solutions in writing.

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

Unless otherwise instructed by the client, Customised Solutions makes proxy voting decisions for securities held in client accounts. We use Broadridge as our proxy voting agent. Broadridge obtains proxy ballots, votes proxies and provides recordkeeping and reporting services on behalf of those clients that have provided Customised Solutions with the authority to vote proxies. We have a fiduciary responsibility to vote proxies in our clients' best interests. Customised Solutions' operations and compliance personnel are responsible for managing the relationship with Broadridge and for ensuring that we are meeting our proxy voting obligations.

Customised Solutions typically votes proxies pursuant to standing instructions with Broadridge that casts votes recommended by management.

Under rare circumstances, Customised Solutions' portfolio managers may believe that it will be in the best interests of its clients to vote against the recommendations of management. In these cases, if there is no material conflict of interest, we will override the standing instruction.

Customised Solutions may not vote in certain situations such as when the cost of doing so is prohibitive or when it could restrict the ability to freely trade a security.

Conflict of interest procedures exist to prevent investment personnel exercising voting discretion in their self-interest.

Broadridge maintains complete records of all votes cast on behalf of each of our client accounts and provides us with periodic, customized reports for each client account for which we vote proxies. Clients for whom we exercise voting responsibility receive proxy voting summary reports from was at least annually. In addition, they may contact Customised Solutions' CCO at 617-482-6400 or bpohl@onestoneglobal.com for a copy of our proxy voting policies and procedures, a summary of our proxy voting guidelines, or information about how we voted their securities.

### **Item 18 – Financial Information**

Customised Solutions is not aware of any financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to clients. We have not been the subject of a bankruptcy petition at any time.