

**Becker Capital Management, Inc.**  
**Form ADV - Part 2A (Firm Brochure)**  
March 31, 2016



**BECKER CAPITAL  
MANAGEMENT**

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This Firm Brochure provides information about the qualification and business practices of Becker Capital Management, Inc., an SEC registered investment advisor. If you have any questions about the contents of this Firm Brochure, please contact us at (503) 223-1720 or by email at [info@beckercap.com](mailto:info@beckercap.com). The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Registration is not meant to imply any level of skill or training.

Additional information about Becker Capital Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes**

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There have been no material changes made since Becker Capital Management, Inc.'s ("BCM", "we" or "our") last Firm Brochure dated March 31, 2015.

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## Advisory Business

### Firm Description

BCM is registered as an independent investment advisory firm with the U.S. Securities and Exchange Commission and has no affiliations or subsidiaries. BCM has provided professional investment management to individuals and institutions since 1976. We have offices located in Portland, OR and Seattle, WA.

BCM is 100% owned by its employees. 5% or more owners are Janeen S. McAninch, Patrick E. Becker, Jr., Blake R. Howells, and John M. Becker.

### Types of Advisory Services

BCM offers discretionary investment advisory services as follows:

#### Individual Clients

We work with our clients to determine the appropriate asset allocation for their taxable portfolios as well as their retirement funds. Portfolios are individually designed to meet the client's current income, risk tolerance, restrictions and long term growth needs in a tax efficient manner. We buy and sell individual value oriented stocks, bonds (both municipal and taxable), mutual funds, and ETFs for our clients. We offer financial planning services to clients, as needed.

#### Institutional Clients

We offer value equity products across market capitalization, balanced and fixed income portfolios. Portfolios are individually designed to meet the client's investment objectives and any restrictions the client may impose.

#### Mutual Fund

BCM serves as the investment advisor to a registered investment company, the Becker Value Equity Fund (BVEFX, BVEIX).

#### Wrap Fee Programs

BCM does not sponsor any wrap fee programs. However, some BCM clients have elected to hold their accounts at a broker/dealer and have entered into a wrap fee agreement with their respective custodian. The wrap fee typically includes investment advisory services, custody arrangements and the execution of client transactions. Wrap and non-wrap fee portfolios are managed in the same manner. In the case of accounts utilizing this fee arrangement, BCM receives the management fee directly from the custodian.

#### Sub-Advisory Relationship

BCM sub-advises accounts for other investment advisors and receives a portion of the management fee for these clients.

### Client Assets

As of December 31, 2015, BCM managed \$3,037,161,283 in discretionary assets.

## Fees and Compensation

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### Description

Fees are charged on a quarterly basis and are usually collected in advance, based upon the market value on the last day of the month of the prior quarter. Typically fees are billed to the client's custodial account with a copy of the invoice provided directly to the client. The client may elect to be billed directly rather than having the fees deducted from their investment portfolio. The terms of client advisory fees are disclosed both in this document, as well as in the client's specific Investment Advisory Agreement.

BCM recognizes the importance of proper valuations to ensure accurate performance reporting and fee calculation. BCM does not invest in illiquid or fair-valued assets for either our regular advisory or mutual fund clients. The majority of securities are marked to market daily and thus do not risk inaccurate asset computation.

### Investment Management Services for Individuals

The annual fee for BCM's Individual Investment Management services will be charged as a percentage of assets under management generally ranging from 0.50% to 1.0%. Graduation in fees is a function of client assets, the specific products under management, account structure, servicing requirements and any other factors deemed appropriate. BCM may negotiate advisory contracts with terms and fee arrangements differing from those in its standard form. BCM will quote an exact percentage to each client based on the asset allocation and total dollar value of account.

A minimum of \$1,000,000 of assets under management is required for this service. Minimum account size may be negotiable under certain circumstances. BCM may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

### Financial Planning and Consulting Services

For certain financial planning/consulting services agreed to with the client, BCM may charge a fixed fee, typically ranging from \$100 to \$500 an hour, depending on the nature and complexity of each client's circumstances. Typically financial planning/consulting fees are due and payable upon completion of the work.

### Institutional Portfolio Management

BCM charges a percentage of assets under management for institutional portfolio management. The maximum BCM fee for all equity and balanced products is 1.00%, and the maximum BCM fee for fixed income only products is 0.50%. BCM will quote an exact percentage to each client based on the asset allocation and total dollar value of account.

BCM typically requires a minimum account size of \$3,000,000 for institutional clients, although this is negotiable at BCM's discretion.

### Termination Provisions and Fee Reimbursement

A client agreement may be terminated at any time, by either party, for any reason, effective the business day following receipt of the written termination notice, or such later date mutually agreed upon between the parties. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Reimbursement of fees that have been paid in advance

are calculated based upon the number of days remaining in the quarter.

### Additional Expenses

Clients should recognize that all fees paid to BCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs or money market funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

Clients pay costs such as brokerage commissions, transfer taxes, trade away fees, and other fees charged by the broker for executing security trades, which are separate from the fees charged by BCM.

*[Please see "Brokerage Practices"]*

In addition, depending upon who the client selects as their custodian, the custodian will charge annual fees based upon the market value of the portfolio as well as various transaction costs, wire fees, etc.

### Investment Company Management

Prospective investors in the registered investment company managed by BCM are requested to refer to the fund's Summary and Statutory Prospectus and Statement of Additional Information (SAI) for complete information on the fund, including fees.

A copy of these materials are available at [www.beckervaluefunds.com](http://www.beckervaluefunds.com).

### Additional Compensation

Other than its advisory fees, BCM does not receive any fees from mutual funds, ETFs, investment managers, custodians or broker/dealers.

## Performance Based Fees & Side by Side Management

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BCM does not participate in performance-based fee arrangements.

## Types of Clients

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### Description

BCM provides discretionary investment management services to individuals, trusts, estates, pension and profit sharing plans, 401(k) plans, endowments & foundations, public funds, Taft-Hartley funds, corporations, pooled funds and one mutual fund.

### Account Minimums

Minimum account size differs by client type.

*[Please see "Fees and Compensation"]*

## Methods of Analysis, Investment Strategies and Risk of Loss

### Method of Analysis

- All Cap Value Equity and Large Cap Value Equity

BCM utilizes an integrated research process that includes financial statement analysis, business model viability and growth analysis and examination of peers and competitive forces. Our analysts speak not only with company management teams, but also with input providers and end users to assess the practicality of management's growth prospects. We may use Wall Street research to gauge consensus/sentiment, but use of such research is ancillary to our bottom-up research process.

### Research Process/Buy Discipline

Our team identifies potential portfolio candidates that meet four essential criteria:

- Valuation discount - To intrinsic value and to historic norms, or versus the market
- Quality of business - Creates shareholder value, strong balance sheet, sustainable competitive advantage
- Investors' attitudes - Wall Street sentiment, low end of trading range, out of favor
- Business trends - Favorable long-term trends, with any issues being cyclical or transitory, not secular

Our analysts use traditional valuation tools such as price/earnings, price/sales, price/book value, enterprise value/EBITDA and price/cash flow. Our team's experience with a wide range of markets has helped us to approach stock valuation with an overlay of common sense.

### Sell discipline

A position may be sold, if a stock meets or exceeds its valuation target, or a better idea is generated. In the event that an analyst identifies that our original investment thesis is no longer valid, a stock will be sold. If a stock falls 15% from cost, a review is triggered.

### Economic analysis, sector and security weighting decisions

As a bottom-up fundamental value manager, we focus on individual stock selection rather than macro economic data and forecasts. Sector weights are a function of this approach. Portfolios typically hold 50-65 stocks. Security weightings tend to be equal weighted with an initial position of 0.5-2% at cost and a maximum position size of 5%.

### Company research techniques

The collective experience of our team is invaluable in our research efforts. BCM prides itself on conducting proprietary research separate from Wall Street. Analysts meet with companies and attend conferences. BCM has an integrated research process in which we focus not only on the specific stock we are analyzing, but also on information gleaned from input providers, competitors and end-users.

### Databases and screening systems employed

Analysts utilize Bloomberg and FactSet to conduct high level screening to narrow the universe of stocks to potential investment candidates. Screening is valuation driven. A typical initial screen to assist in narrowing the investable universe would be price / earnings ratio in the lower third of its historic trading range. More specific sector specific screens are determined by analysts on an individual basis.

- **Fixed Income**

BCM's Fixed Income philosophy focuses on identifying active, value oriented and conservative fixed income investments. BCM focuses on treasury, agency, municipal, and investment grade corporate bonds, maximizing diversification from the client's other assets. Fixed income portfolios generally have a short to intermediate duration and bonds are rarely purchased with a maturity greater than twenty years.

BCM actively manages the duration, sector allocation and credit exposure of client fixed income portfolios. BCM determines what it believes to be the optimal maturity structure and duration based upon expectations for inflation, Federal Reserve policy and historical value relationships along the yield curve. Relative sector value is taken into consideration, as well as the prospects of individual corporate credits. BCM favors conservative structure and credit exposure.

- **Balanced**

Balanced portfolios are a combination of All Cap Value Equity and Fixed Income methods of analysis.

### **Investment Strategies**

BCM currently offers the following products to its clients:

- All Cap Value Equity
- All Cap Value Equity with ETFs
- Large Cap Value Equity
- Balanced
- Balanced with ETFs
- Fixed Income

BCM and the client will agree on the product(s) in which the client will participate. BCM manages each client's account on the basis of the client's investment objectives, and any reasonable investment restrictions the client may impose. Due to the unique treatment of each client account, there may be instances where one account will not hold the same securities or perform similarly to other managed accounts.

### **RISK OF LOSS**

All investments involve risks, and we cannot guarantee that investment portfolios will achieve their investment objective. Investments are not insured or guaranteed by any governmental agency. Below are some of the specific risks of investing.

- **Market Risk.** The prices of securities may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations.
- **Value Risk.** A company may be undervalued due to market or economic conditions, temporary earnings declines, unfavorable developments affecting the company and other factors, or because it is associated with a market sector that is generally out of favor with investors. Undervalued stocks tend to be inexpensive relative to their earnings. However, these stocks can continue to be inexpensive for long periods of time and may not realize their perceived economic value. There will be market cycles where value oriented stocks will underperform growth oriented stocks.



- **Management Risk.** The advisor's value-oriented approach may fail to produce the intended results. If the advisor's perception of the value of a company is not realized in a reasonable time frame, overall performance may suffer.
- **Small and Mid-Cap Risk.** Stocks of small and mid-cap companies are more risky than stocks of larger companies. Many of these companies are young and have a limited track record. Their securities may trade less frequently and in more limited volume than those of more mature companies. As a result, small and mid-cap stocks may be significantly more volatile than larger-cap stocks. Small and mid-cap companies also may lack the managerial, financial or other resources necessary to implement their business plans or succeed in the face of competition. The prospects for a company or its industry may deteriorate because of a variety of factors, including disappointing operating results or changes in the competitive environment. It may be difficult to sell a small or mid-cap stock, and this lack of market liquidity can adversely affect the ability to realize the market price of a stock, especially during periods of rapid market decline.
- **Foreign Risk.** Foreign securities may experience more rapid and extreme changes in value than securities of U.S. companies because a limited number of companies represent a small number of industries. Foreign issuers are not subject to the same degree of regulation as U.S. issuers. Also, nationalization, expropriation or confiscatory taxation or political changes could adversely affect investments in a foreign company. ADRs do not eliminate all of the risks associated with direct investment in the securities of foreign issuers. The risks of foreign investing are of greater concern in the case of investments in companies located in emerging markets, which may exhibit greater price volatility and have less liquidity.
- **ETF Risk.** Investments in an exchange-traded fund (ETF) will indirectly bear its proportionate share of any fees and expenses payable directly by the ETF. Therefore, the portfolio will incur higher expenses, which may be duplicative, than if it did not invest in ETFs. In addition, the portfolio may be affected by losses of the ETFs and the level of risk arising from its investment practices (such as the use of leverage by the ETFs). BCM has no control over the investments and related risks taken by the ETFs in which it invests. ETFs also are subject to the following risks that do not apply to non-exchange traded funds: (i) ETF shares may trade at a market price that is above or below their net asset value; (ii) active trading market for ETF shares may not develop or be maintained; (iii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iv) trading of ETF shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.
- **Fixed Income Risks.**
  1. **Interest Rate Risk.** Changes in interest rates will affect the value of the investments in debt securities. Increases in interest rates may cause the value of the investments to decline and this decrease in value may not be offset by higher interest income from new investments. In addition, the issuers of certain types of securities, such as mortgage-backed securities, may prepay principal earlier than scheduled, forcing reinvestment in lower yielding securities. Slower than expected principal payments may also extend the average life of such securities, locking in below-market interest rates and reducing their value.
  2. **Credit Risk.** Changes in the financial strength of an issuer may affect the issuer's ability to repay principal and to make timely interest payments. The degree of risk for a particular security may be rejected in its credit rating. Junk bonds are subject to greater credit and market risk than higher rated securities.

3. *Change in Rating Risk.* If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return.

4. *Duration Risk.* Prices of debt securities with longer effective maturities are more sensitive to interest rate changes than those with shorter effective maturities.

- **Loss of Key Personnel.** BCM utilizes a team concept for managing client assets. There is no single individual who is responsible for a specific investment product. Therefore, the loss of any one individual would not affect the ongoing investment process.

## Disciplinary Information

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Neither BCM nor any of its employees have been involved in any regulatory investigations, sanctions, business litigation or legal proceedings at any time.

## Other Financial Industry Activities and Affiliations

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BCM provides back-office support and marketing services to certain non-affiliated investment advisers for compensation, and has instituted policies and procedures to mitigate any potential conflict of interest.

BCM is a member of a limited liability company formed for the purpose of serving as the manager of a private real estate fund not offered to the public. BCM receives compensation for serving as the Administrator to the private real estate fund, providing investor relation and other administrative and reporting services.

## Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

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### Code of Ethics

BCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to:

- Personal securities trading procedures including pre-clearance of certain trades
- Receipt and/or the giving of gifts and entertainment
- Prohibition on trading, either personally or for a client, when in possession of material non-public information (Insider trading)
- Restrictions and disclosure on political contributions
- Preapproval on private placements and participation in IPO's (initial public offerings)
- Restrictions from serving on the board of public corporations
- Confidentiality of client information

On an annual basis, all supervised persons must acknowledge that they have received and agree to act according to the Code of Ethics.

Subject to satisfying this policy, employees of BCM may trade for their own accounts in securities which are recommended to and/or purchased for BCM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of BCM 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.

Clients or prospective clients of BCM may obtain a copy of the Code of Ethics by calling our office at 503- 223-1720.

## Brokerage Practices

### Selecting Brokerage Firms

BCM's overriding objective in effecting portfolio transactions is to obtain the best combination of price and execution. In the absence of client direction to utilize a particular broker or dealer for the execution of transactions in client accounts, BCM seeks to effect each transaction at a price and commission that provides the most favorable total cost or proceeds reasonably attainable under the circumstances.

BCM may consider various factors when selecting a broker or dealer, including, but not limited to:

1. The nature of the portfolio transaction
2. The size of the transaction
3. The execution, clearing, settlement capabilities and financial status of the broker or dealer
4. The desired timing of the transactions taking into account market prices and trends
5. Under appropriate circumstances, the availability of research, research-related services, and execution-related services provided through such broker or dealer.

It is BCM's policy not to pay any broker in recognition or as compensation for the promotion and sale of any shares of a mutual fund. Further, BCM does not use client commissions to pay for investment company distribution expenses.

### Research and Soft Dollars

BCM utilizes research obtained from broker-dealers on a soft dollar commission basis. In the event any soft dollar service obtained may have mixed uses, i.e. for research and non-research purposes, a good faith and reasonable allocation of the uses will be made and soft dollar (commissions) or hard dollar payments will be made as appropriate.

In compliance with the Securities & Exchange Act of 1934, Section 28(e), BCM recognizes and adheres to the policy that commissions may only be used to obtain brokerage and research services. Furthermore, third party research paid for with soft dollars may only be utilized when the traders are reasonably assured of receiving best execution. As a matter of policy, BCM's traders will determine, in good faith, that any commissions paid to a broker-dealer in a soft dollar trading arrangement are reasonable in terms of the research services provided. For our bank domiciled accounts, all trades executed for soft dollar commission obligations are executed at our usual and customary commission rate of .02 - .04¢ per share.

Receiving soft dollar research provides BCM a benefit as it reduces the amount paid for research, products or services. BCM recognizes that the use of soft dollars in connection with client security transactions may result in a conflict of interest based on the practice of selecting a broker who executes client transactions which provide payment for services. In placing orders for the purchase and sale of securities for its clients, BCM seeks quality execution at favorable prices through responsible broker-dealers. When BCM selects a broker-dealer that provides brokerage and research services (commonly referred to as soft dollar services), that broker-dealer may charge commissions in excess of the commissions which another broker-dealer would have charged for effecting such transaction. Nevertheless, the total commission per share is within our maximum of .04¢ per share for bank domiciled accounts.

Where a particular service or product that a broker or dealer is willing to provide has not only a "research" application, but is also useful to BCM for non-"research" purposes, BCM will allocate the cost of the product or service between its "research and execution-related" and non-"research and execution-related" assessments. Based on its judgment, BCM will allocate only the "research and execution-related" portion to payment by brokers.

Although it is not always possible to assign an exact dollar value to these services, they may, if and to the extent used, tend to reduce the expenses of BCM. The fees paid to BCM are not reduced because it receives such services. Research and execution-related services furnished by brokers and dealers with whom BCM effect transactions may be more beneficial to certain accounts advised by BCM. It is recognized that a particular account may be charged a commission paid to a firm who supplied research services not utilized by such account. However, BCM expects that each account will be advantaged overall by such practice because each is receiving the benefit of research services and the execution of such transactions based upon the recognition of the value of such research services. At a minimum, BCM assesses its commission policies, rates and allocations on an annual basis. This review considers the contributions and value of research services received from broker-dealers.

BCM's soft dollar committee reviews each of the firm's soft dollar arrangements and brokerage allocations for soft dollar research products and services on an annual basis. Broker/dealers are reviewed quarterly to ensure best execution policies are followed.

### **Directed Brokerage**

BCM does permit direction of brokerage from clients and requires that instructions be in writing. It must be expressly understood by the client that by directing brokerage, the client may be unable to achieve the most favorable execution price and may pay higher commissions. Orders to buy and sell securities in directed accounts are placed after the non-directed account orders have been placed. It should also be understood that certain stocks with less liquidity and higher volatility may make it more difficult to obtain a similar price on a directed account than the price that was received on the non-directed block trade. Therefore, the client who chooses to direct trades may not be able to take advantage of current market bids/offers, volume discounts or lower negotiated commission rates without adversely affecting the price.

If a client decides to direct where its brokerage is placed by BCM, the client should consider: (i) BCM's brokerage placement practices; (ii) a client who directs BCM to use a specific broker may pay higher commissions on some transactions than might be attainable by BCM, or may receive less favorable execution of some transactions, or both; (iii) a client who directs BCM may forgo any benefit from savings on execution costs that BCM could obtain for its clients through negotiating volume discounts on batched transactions; (iv) a client who directs BCM may not be able to participate in an allocation of shares of a new issue if those new issue shares are provided by another broker; (v) a client who directs BCM may restrict BCM from receiving research-related products and services available from other brokers; (vi) BCM may not begin to execute client securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and (vii) clients directing brokerage may not generate returns equal to clients who do not direct brokerage.

### **Schwab Advisor Services**

BCM may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, to maintain custody of clients' assets

and to effect trades for their accounts. BCM and Schwab are separate, unaffiliated entities. Schwab's commission rates applicable to BCM client accounts were negotiated based on our commitment to maintain a certain level of BCM clients' account assets custodied by Schwab. This commitment benefits our clients because the overall commission rates clients pay are lower than they would be if we had not made the commitment. In addition to commissions, Schwab charges accounts a flat dollar amount as a "prime broker" or "trade away" fee for each trade that BCM executes with a different broker/dealer. These fees are in addition to the commissions clients pay the executing broker/dealer. Because of this, in order to minimize clients' trading costs, BCM is more likely to place trades through Schwab rather than other broker/dealers.

Schwab also provides BCM with access to its institutional trading and operations services typically not available to Schwab's retail customers. Schwab services include brokerage, custody, research, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab may also make available other services and products such as conferences, consulting and publications at no additional cost to BCM.

### Order Aggregation

BCM's policy is to aggregate trades where possible and when advantageous to the clients, given our express duty to seek best execution. Clients participating in aggregated transactions receive an average share price; transaction costs are shared on a pro-rata basis. For each client account, BCM's books and records reflect the orders that are aggregated and the securities held, bought and sold for that account.

BCM may aggregate purchase and sales orders of securities held in a client's account with similar orders being made simultaneously for other accounts managed by BCM, if in BCM's reasonable judgment; such aggregation will result in an overall economic benefit to the client's account taking into consideration the advantageous purchase or selling price, brokerage commission and other expenses.

Allocation participation is based on such considerations as investment objectives, restrictions, duration, availability of cash balances, the amount of existing holdings of similar securities, as well as other factors. Allocations generally are made at approximately the time of execution and before the end of the trading day.

Before entering an aggregated order, the applicable BCM portfolio manager creates a pre-allocation memorandum. Participating client accounts and allocation intentions are specified. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the pre-allocation memo. If the order is partially filled, it will generally be allocated pro-rata. If the issue is illiquid or the fill is small, the entire share amount may be allocated on a random basis to a single or a small number of accounts. In determining allocations, BCM may, on occasion, adopt a "de minimis" exception.

In order to minimize the transaction costs created by a series of small allocations, smaller accounts or accounts with a small initial allocation may receive their entire allocation before larger accounts are given their pro-rata amount. Notwithstanding the above, an order may be allocated on a basis different from that specified in the pre-allocation memo if all client accounts receive fair and equitable treatment.

It is the policy and practice of BCM to allocate "new issue" shares fairly and equitably among clients. Each BCM portfolio manager creates a pre-allocation memorandum before the issue is priced, specifying the allocation amount for each client account. Allocation of new issues is either random or pro-rata, depending

on the number of shares received. New issues are not suitable for all client accounts.

## Review of Accounts

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### Periodic Reviews

Client portfolios are assigned by mandate to a specific investment team. Portfolios are evaluated and actively managed on an asset class and individual security basis. The investment team meets formally on a weekly basis. If the investment team feels there are more attractive ideas or allocations based upon the dynamics of the individual securities and the market, changes will be made based on the most attractive alternatives at that time.

Our in-house portfolio accounting systems generate daily asset allocation details, which the portfolio managers use to keep portfolios balanced to tactical weights and cash requirements.

Portfolios are reconciled to the independent custodian information on a daily, weekly, or monthly basis depending upon the availability of the information from the custodian.

### Regular Reports

Most clients receive reports on a quarterly basis from BCM. The standard quarterly reports include:

- Written remarks prepared by the investment team
- BCM's outlook on the economy, the market, and prospects for the upcoming quarter
- An Investment Summary report including listing of assets held, their respective cost and market value information, asset allocation, sector weightings, quarterly purchases and sales, realized gains/losses, and performance results

Account performance and benchmark performance is expressed quarterly, year-to-date, and annualized, as appropriate, based on the age of portfolio.

In addition to our written quarterly reports, we typically conduct client service meetings on an annual basis, or more frequently if desired. Clients may request more frequent or detailed reports as needed.

## Client Referrals and Other Compensation

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BCM has entered into an agreement with Charles Schwab & Co., Inc. ("Schwab") to participate in the Schwab Advisor Network® ("the Service"), an advisor referral service designed to help investors find an independent investment advisor. Schwab is an independent broker-dealer and unaffiliated with BCM. BCM pays Schwab a fee to receive client referrals through this Service. BCM's participation in the Service may raise potential conflicts of interest as described below. BCM pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian.

The Participation Fee paid by BCM is a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. BCM pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to BCM quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by BCM and not by the client.



BCM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees BCM generally would pay in a single year. Thus, BCM will have an incentive to recommend that client accounts be held in custody at Schwab.

BCM does not charge clients referred through the Service, fees greater than the fees BCM charges its advisory clients who were not introduced by the Service, and who have similar portfolios under management with BCM.

## Custody

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### Investment Portfolios

All clients' accounts are held in custody by qualified independent banks or broker/dealers. We are permitted to debit advisory fees from most of our clients' accounts, and for that reason we are considered to have custody of client assets. Account statements are sent directly to clients by the custodian on at least a quarterly basis. We urge clients to carefully review both the custodian statements and the statements BCM provides to clients. If clients are not receiving statements directly from the custodian, please contact Stephanie Moyer at 503-223-1720.

## Investment Discretion

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### Discretionary Authority for Trading

BCM receives discretionary authority from each client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account. When selecting securities and determining amounts, BCM observes the investment policies, limitations and restrictions of the applicable client.

With respect to the mutual fund it manages, BCM's 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.

## Voting Client Securities

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### Proxy Voting

BCM generally exercises proxy voting authority for its clients. Clients may request that we follow their instructions on various proxy issues. If a client has specifically indicated to BCM that the client will retain the responsibility for voting proxies, the account's custodian will provide the proxy records directly to the client. The client can solicit BCM for advice on how to vote their proxies.

BCM votes clients' proxies using ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions, Inc. BCM's general policy is to vote clients' proxies in accordance with the recommendations of Glass, Lewis & Co., LLC ("Glass Lewis"). Glass Lewis is a neutral third party that issues recommendations based on its own internal guidelines and research, and retains a record of all of its

recommendations.

Votes are reviewed to ensure that proxies are voted only in the best economic interests of BCM's clients. BCM will identify any conflicts that potentially exist between the interests of the firm and those of the client. The relationship between the firm and the issuer is reviewed to determine if the firm or any of its employees have a financial, business or personal relationship with the issuer. In the event a material conflict of interest exists, BCM will determine whether it's appropriate to disclose the conflict to affected clients. All records on the resolution of such conflicts will be maintained.

Clients may request a copy of BCM's complete proxy voting policy and/or records of how securities have been voted by calling 503-223-1720.

### **Class Action Suits**

To assist our clients in participating in the potential recovery of claims in class action suits, BCM has retained the services of Chicago Clearing Corporation ("CCC"). CCC provides class action litigation monitoring and claim filing services. CCC charges a contingency fee of 20%, which is subtracted from the settlement check issued to the client. Broker domiciled accounts are automatically included in this service, but can opt-out by providing notice to BCM. Bank domiciled accounts will also be included in this service if that particular bank does not file on behalf of their clients. If a client opts-out, BCM and CCC will not monitor any class action from which that client may be entitled to receive settlement amounts.

## **Financial Information**

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### **Financial Condition**

BCM does not have any debt or other financial obligations that are likely to impair our ability to meet contractual and fiduciary commitments to clients.



## Privacy Policy

The Securities and Exchange Commission adopted Regulation S-P in June 2000. This regulation deals with notification to individuals regarding the privacy of their personal information. These regulations require all financial services companies to disclose at least annually the types of personal information collected from their clients. Firms are also required to disclose whether any information is shared with third parties.

### Becker Capital Management, Inc. Client Privacy Notice

We consider our relationship with our clients one of our most important assets. We strive to maintain your trust and confidence in our firm. We are committed to protecting your personal information.

Becker Capital Management, Inc. serves as the investment advisor to an investment company registered under the Investment Company Act of 1940 ("Fund"), and as such maintains shareholder information for the Fund. It is the policy of Becker Capital Management, Inc. to adopt the Fund Privacy Policy, which shall be incorporated by reference into this policy.

### Information We Gather

- In the course of our business relationship, we receive from you, your name, address, telephone number, email address, date of birth, and social security or tax payer identification number.
- In our discussions with you, we also gather information necessary to make informed portfolio management decisions regarding asset allocation, income needs, tax ramifications, etc.

### Information We Share

- In transactions for your account, we provide the necessary identifying information that is used to execute transactions with brokers, convey trade settlement instructions and information to the financial institution that serves as your custodian, and with our proxy voting service.

### How We Protect Your Personal Information

Becker Capital Management, Inc. will internally safeguard your nonpublic personal information by restricting access to only those employees who provide services to you or those who need access to your information to service your account. In addition, we maintain physical, electronic and procedural safeguards to guard your nonpublic personal information.

Becker Capital Management, Inc. will not disclose any information about you unless:

- We receive your prior consent
- We have been advised that your accountant, attorney or consultant is requesting the information on your behalf
- We are legally required to provide the information to a governmental agency
- We are dealing directly with your custodial representative

We do not disclose any nonpublic information about our clients or former clients to anyone, except as discussed above.

*This statement is for your information only; no action is required by you. If you have any questions or require any further information, please do not hesitate to call Stephanie Moyer at 503-223-1720.*