

**ITEM 1 – Cover Page**

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**March 31, 2011**

This brochure provides information about the qualifications and business practices of **Dreman Value Management, L.L.C.** (the “**Adviser**”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer at 201-793-2046. The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

The Adviser is an investment adviser registered with the SEC. Please note that registration does not imply a certain level of skill or training.

Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or the Adviser’s website at <http://www.dreman.com/>.

## **ITEM 2 – Material Changes**

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the brochure disclosure document (the “**Brochure**”) that the Adviser provides to clients as required by the rules promulgated by the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). This Brochure, dated March 31, 2011, is a new document prepared in accordance with the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that our previous Brochure did not require. The previous Brochure was last updated on January 10, 2011.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. The Adviser will also reference the last date of its annual update of the Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to the new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Adviser’s year end. The Adviser may further provide other ongoing disclosure information about material changes as necessary. This information will be provided at no charge.

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#### **ITEM 4 – Advisory Business**

The Adviser consists of a team of dedicated Contrarian Value investors, led by its Founder and Chairman David Dreman, a pioneer in the field of Contrarian investment strategies and behavioral finance, and E. Clifton Hoover, Chief Investment Officer & Managing Director. The Adviser has served as investment adviser since 1997 (with predecessor firm's dating to 1977).

The Adviser is a pioneer in the field of contrarian value investing. The Adviser investment philosophy has been in place since the original firm was founded in 1977 by renowned contrarian investor David Dreman.

The Adviser believes that the markets are not perfectly efficient and that, in particular, behavioral psychology plays a considerable role in stock price movements. This belief is supported by 30+ years of research conducted by David Dreman and his research team in the area of behavioral finance. These studies show that the market overreacts to events in a predictable fashion and that it consistently misjudges the prospects for stocks, often resulting in over-exuberance for outperforming stocks and outsized negativity for underperforming stocks. These negative over-reactions create an opportunity to purchase solid stocks at a discount to the market, which, in turn, can result in substantial long-term gains. The Adviser believes that the best way to identify these undervalued or out of favor stocks is through a low P/E approach to stock valuation. Therefore, the Adviser invests in undervalued companies that it feels exhibit strong fundamentals and historic earnings growth, which its analysis indicates will persist over the long run. The Adviser concludes that combining a close understanding of behavioral finance with a low P/E approach to stock selection provides the best way to beat the market over time.

The Adviser provides investment advisory services on a discretionary basis to a number of different types of advisory clients through two operating divisions, Dreman Value Management ("DVM") and Dreman Asset Management ("DAM"). DVM provides advisory services to registered investment companies, institutions, separate accounts and high net worth individuals. DAM provides advisory services to separately managed accounts through wrap fee and model based programs.

Specifically, the Adviser manages a variety of investment types including Large Cap Value, Mid Cap Value, Small-mid Cap Value, International Value, Value Equity and Small Cap Value equity products. The Adviser offers these value-based equity investment services to a variety of clients, including sub-advisory services to several major mutual funds and advisory services to Institutional, High Net Worth, Taft-Hartley, and SMA/UMA clients. The Adviser also offers five mutual fund strategies for investors that include both domestically focused and internationally focused strategies.

The Adviser also enters into agreements with Wrap Sponsors ("Wrap Fee Agreements") to manage wrap accounts and to make investment decisions for the wrap accounts. Wrap fee arrangements in which the Adviser participates generally have minimum account size of \$100,000. The Adviser does not sponsor, organize, or administer wrap fee programs. Wrap fee portfolios are managed in the same manner as other advisory portfolios with additional attention

to rebalancing. Wrap fee portfolios are rebalanced to the benchmark portfolio (and institutional fund/portfolio managed by DVM) on a quarterly basis or as needed.

Clients with portfolios managed within a Sponsor's wrap fee platform are charged a management fee by the Sponsor. The Sponsor bills their clients and the Adviser receives a portion of that fee for its investment management services.

The Adviser also provides investment guidance to Sponsors via "Model Portfolios" who at their discretion may use it to manage their clients' portfolios. Model portfolio arrangements generally involve regular communication regarding the status of the model as well as real-time trade instructions.

The Adviser mainly offers a variety of value based equity investment options to its clients, but also offers advice on warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, U.S. government securities, option contracts on securities, intangibles, and interests in partnerships investing in real estate. The Adviser may also invest client assets in initial public offerings and Rule 144A offerings. The Adviser may also invest in foreign governments and supranational institutions such as the European Union and its Agencies. Derivatives may also be used for hedging or risk management or for non hedging purposes to seek to enhance potential returns

The Adviser may use positions in S&P Index futures on a temporary basis in lieu of investing in individual stocks. The total market value of futures contracts and individual stock holdings will generally never represent more than 100% of the equity portfolio value. The market value of futures positions will not exceed 50% of the total portfolio value.

The Adviser also provides investment advisory services to individuals on a discretionary basis and may serve as the investment adviser or sub-adviser to various registered investment company clients. Due to the strict nature of the Adviser's investment philosophy the Adviser will not typically tailor its advisory services for individuals. Restrictions are not generally accepted but are reviewed on a case by case basis. For clients with multiple accounts with the Adviser, it may at times provide services on a non-discretionary basis to a portion of the client's account.

As of December 31, 2010, the Adviser managed \$11,313,711 on a non-discretionary basis and \$5,351,988,520 on a discretionary basis.

## **ITEM 5 – Fees and Compensation**

The Adviser provides investment advisory services covering equity and fixed income securities on a discretionary basis to a number of different types of advisory clients through DVM and DAM. DVM provides advisory services to registered investment companies, separate accounts and high net worth individuals. DAM provides advisory services to separately managed accounts through wrap fee and model based programs. The Adviser generally accepts accounts with a value of \$3 million or greater for all strategies (except Institutional Small Cap value which

is \$10 million), although the Adviser may separately negotiate with each client a minimum acceptable account size. Wrap fee arrangements in which the Adviser participates generally have minimum account size of \$100,000. The Adviser's standard fee scales are calculated and are generally charged quarterly in advance at the annual rate of:

**Large Cap Value**

1% on the first \$3 million,  
0.65% on the next \$17 million,  
0.60% on the next \$30 million,  
0.55% over \$50 million.  
Minimum account size: \$3 million

**Mid Cap Value**

0.90% on the first \$20 million,  
0.70% on the next \$30 million,  
0.65% over \$50 million  
Minimum account size: \$3 million

**Small-Mid (SMID) Cap Value**

0.95% on the first \$20 million,  
0.75% on the next \$30 million,  
0.70% over \$50 million  
Minimum account size: \$3 million

**Institutional Small Cap Value**

1% on the first \$50 million,  
0.95% on the next \$25 million,  
0.90% over \$75 million  
Minimum account size: \$10 million

**All Cap Value**

0.75% on the first \$20 million,  
0.70% on the next \$30 million,  
0.65% over \$50 million  
Minimum account size: \$3 million

**International Value**

0.85% on the first \$20 million,  
0.80% on the next \$30 million,  
0.75% over \$50 million  
Minimum account size: \$3 million

In addition to the advisory fees above, clients may pay fees for custodial services, account maintenance fees, wire fees and other fees associated with maintaining the account; however, the Adviser does not share in any portion of such fees.

Proportionate fees are charged for parts of a calendar quarter at the beginning or on the termination of a contract during which services are provided. The notice requirement for termination is normally 90 days unless otherwise agreed. Any significant cash flows on a client account during the billing period will be pro-rated for fee calculation purposes, unless otherwise agreed in client contract. In certain circumstances, the fee level is negotiable.

For sub-advisory services provided to investment advisers the Adviser receives a monthly fee from each of the investment advisors at rates specified in the sub-advisory agreements between the Adviser and such investment advisers. The sub-advisory fee varies from 0.25% per year to 0.75% per year based on certain asset levels and is computed and paid monthly on the average daily net assets under management for each of the funds.

The Adviser also enters into Wrap Fee Agreements to manage wrap accounts and to make investment decisions for the wrap accounts. Pursuant to the Wrap Fee Agreements, the Adviser is paid a fee rate by each Sponsor which is a portion of the Wrap Fee the Sponsor receives from its wrap account clients. The annual fee generally ranges from 0.38% to 0.80% and is based on the assets managed by the Adviser for each Sponsor. Fees are either paid in advance or in arrears by the Sponsor. Fees paid in advance are reimbursed when accounts are terminated or are deducted by the Sponsor from fees owed to the Adviser.

The Adviser also provides its Model Portfolios to Sponsors who at their discretion may use it to manage their clients' portfolios. The Adviser is paid a fee which ranges from 0.20% to 0.45% of assets managed pursuant to its Model Portfolio. The Adviser believes that this arrangement does not create any conflicts of interest.

Fees to the Adviser are due in advance. If a client chooses to terminate its account, the Adviser generally requires 90 days written notice. Any pre-paid fee for periods extending beyond those 90 days will be reimbursed to the client on a pro-rated basis.

Clients have the option to authorize their custodian to; a) deduct fees from the client's account; or b) deduct the fees from another account of the client managed by the Adviser. Alternatively, the client may choose to be billed directly by the Adviser and agree to remit payment within 30 days of receipt of the invoice. Clients are billed or fees are deducted on a quarterly basis.

## **ITEM 6 – Performance-Based Fees and Side-by-Side Management**

The Adviser is not engaged in side-by-side management of mutual funds and hedge funds.

## **ITEM 7 – Types of Clients**

As discussed above in Item 4, the Adviser provides investment advisory services covering equity and fixed income securities on a discretionary basis to a number of different types of advisory clients through two operating divisions, DVM and DAM. DVM provides advisory services to registered investment companies, separate accounts and high net worth individuals. DAM provides advisory services to separately managed accounts through wrap fee and model based programs. Clients of the Adviser also include Pension and profit sharing plans, trusts, estates,

charitable organizations, as well as other types of corporations or businesses. The Adviser also provides its Model Portfolios to Sponsors who at their discretion may use it to manage their clients' portfolios.

Specifically, the Adviser manages a variety of investment types including Large Cap Value, Mid Cap Value, Small Cap Value, International Value, Value Equity and Small Cap Value equity products. The Adviser offers these value-based equity investment services to a variety of clients, including sub-advisory services to several major mutual funds and advisory services to Institutional, High Net Worth, Taft-Hartley, and SMA/UMA clients. The Adviser also offers five mutual fund strategies for individual investors that include both domestically focused and internationally focused strategies.

The Adviser generally accepts accounts with a value of \$3 million or greater for all strategies (except Institutional Small Cap value which is \$10 million), although the Adviser may separately negotiate with each client a minimum acceptable account size. Wrap fee arrangements in which the Adviser participates generally have minimum account size of \$100,000. The Adviser does not sponsor, organize, or administer wrap fee programs. The Adviser also provides investment supervisory services to individuals on a discretionary basis and may serve as the investment adviser or sub-adviser to various registered investment company clients. A registered investment company client may impose minimum account size requirements. The Adviser may, at its discretion and upon special circumstances, accept accounts which do not satisfy these conditions.

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

The Adviser's investment process begins with quantitative screens to narrow the universe of stocks to a manageable number for fundamental analysis.

First, the Adviser identifies companies within the appropriate market capitalizations range. These companies are then grouped by sector and industry, laying the foundation for the valuation process. Once the Adviser has these homogeneous groups, it focuses on eliminating stocks with above market valuations by comparing the financial ratios such as the price-to-earnings, price-to-book, and price-to-cash flow.

At this point, the Adviser begins to differentiate the remaining stocks, each on valuation relative to itself and its industry. This methodical process provides the Adviser with a group of generally three to four stocks in each category. The team will then evaluate and select, through rigorous fundamental analysis, the best stock for each portfolio.

The Adviser believes that true risk is the potential for a permanent loss of capital assuming an appropriate time horizon, while volatility which is a definition of risk used by various consultants and academics is not true risk. The Adviser attempts to mitigate true risk in three ways: (1) valuation risk: don't overpay for a stock, (2) earnings power risk: earnings power is temporarily and not structurally impacted and (3) balance sheet/financial risk: make sure that the balance sheet is strong enough weather market volatility.



Other risks related to the Adviser's methods of analysis and investment strategy include that past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Clients and potential clients should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the associated before investing. Investing in securities involves a risk of loss that clients should be prepared to bear.

The Adviser may recommend value stocks, which may remain undervalued for extended periods of time and the market may not recognize the intrinsic value of these securities.

Small-cap and mid-cap investing involves risks such as greater price volatility, business risk and less liquidity.

Investments in international markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards. Risks of foreign investing are generally intensified for investments in emerging markets.

Further details regarding the Adviser's investment strategy include:

#### Trade Order Authorization

Portfolio Management personnel are the only individuals who can initiate trader orders within portfolios for which they have assigned authority. The Lead Portfolio Manager and/or CIO of the Adviser may delegate trade order initiation authority to other Portfolio Managers at their discretion.

#### Trade Rotation Policy

When the Adviser's portfolio manager's investment decision is implemented, a trade rotation policy between *Freely Traded Accounts* and *Wrap Accounts/Wrap Model Accounts\** is followed. The rotation is based on the percentage of assets each group represents out of the total assets managed for the strategy. For example, if *Wrap Accounts/Wrap Model Accounts* represent 25% of the total assets, then *Wrap Accounts/Wrap Model Accounts* will go first in the rotation one in every four times. This rotation policy is tracked by the portfolio management team. Asset levels are reviewed periodically to determine whether the percentage of assets, and thus the trade rotation, should be modified. Rebalances to the model do not constitute an investment decision and are not included in trade rotation.

*De Minimis*: The trade rotation policy is subject to a *de minimis* exemption of 5%. When *Wrap Accounts/Wrap Model Accounts* or *Freely Traded Accounts* represent less than 5% of the total assets managed for the strategy, the trade rotation policy does not apply and the accounts are traded concurrently. The Adviser believes the *de minimis* exception does not negatively impact the accounts due to negligible market impact of concurrent trading.

*Tied Accounts* (those that opt to trade with a specific broker) always trade last and an alphabetical trade rotation is followed.

\*Within the *Wrap Accounts/Wrap Model Accounts* group, an alphabetical trade rotation is followed. The wrap manager rotates the beginning point of the trading rotation with each purchase, sale, or rebalance as directed by the portfolio managers. The Adviser believes this is an arbitrary yet fair manner because trades are systematically rotated through a list of wrap programs. This procedure ensures that all accounts are treated equitably.

#### Aggregation and Allocation of Trades

- 1) The Adviser aggregates the purchase of shares for its clients in the belief that provides a benefit to its clients by doing so. The Adviser believes that aggregation of shares is consistent with the Adviser's duty to seek best execution (which includes the duty to seek the best price) for its clients, and is consistent with the terms of the Adviser's investment advisory agreement with each client for which trades are being executed.
- 2) No client is favored over any other client in an aggregated order. Each client that participates in an aggregated order does so at the average share price for all of the Adviser's transactions in a given business day, with transaction costs shared pro- rata based on each client's participation in the transaction.
- 3) The Adviser uses the Charles River Development Investment Management System (IMS) to create order tickets. All accounts managed to similar investment guidelines are grouped, and all allocations thereon are done pro-rata.
- 4) Wrap accounts are traded on systems other than Charles River Development Investment System (IMS). The pro-rata allocation policy applies to these accounts as well.
- 5) The Adviser receives no additional compensation or remuneration of any kind as a result of its policy of aggregation.

#### **ITEM 9 – Disciplinary Information**

The Adviser has not been involved in any disciplinary actions or legal or administrative proceedings related to its business activities.

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

The Adviser has arrangements with investment companies or other pooled investment vehicles as investment adviser or sub-adviser to such funds. The Adviser's arrangement as investment adviser or sub-adviser to such clients is material to its advisory business. The Adviser serves as investment adviser to Dreman High Opportunity Fund, Dreman Market Over-reaction Fund, Dreman Contrarian Mid Cap Value Fund, Dreman Contrarian Small Cap Value Fund, and Dreman Contrarian International Value Fund and serves as sub-adviser to DWS Dreman Small Cap Value Fund, DWS Dreman Small-Mid Cap Value VIP, DWS Dreman Mid Cap Value Fund,

DWS Dreman International Value Fund, American Beacon Small Cap Value Fund, Counsel US Value, Met Investors Series Trust, VC I Small Cap Special Values Fund. The Adviser believes that these relationships do not create material conflicts of interest with its clients.

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

The Adviser has adopted a code of ethics pursuant to Rule 204A-1 of the Advisers Act and an insider trading policy that is designed to reduce the risk of actual or potential conflicts of interest with dealings on behalf of clients. The code reflects the Adviser's fiduciary obligations and those of its employees, and requires that all employees comply with all applicable federal securities laws.

The following are the key principles that are embodied throughout the code:

- The Adviser's employees have a fiduciary duty to place the interests of clients first;
- The Adviser's employees should not take inappropriate advantage of their positions;
- Employees should avoid any situation that may compromise, or call into question, the exercise of their fully independent judgment in the interests of clients;
- All personal securities transactions should avoid any actual or potential conflicts of interest; and
- Independence in the investment decision-making process is paramount.

The Adviser's personal trading rules apply to all employees. In summary, the code requires pre-clearance of all equity securities or securities that derive their value from equity securities. The code requires employees to report any transactions in mutual funds where the Adviser acts as an adviser or sub-adviser to the fund. The code also covers issues such as prohibited transactions, blackout periods for transactions, and short term trading.

The code also states that no employee should accept inappropriate gifts or entertainment of material value that could influence their decision-making or make them feel beholden to a person or firm. Further, the code, prohibits the misuse of "inside" or "material non-public" information by employees of the Adviser when trading or recommending securities. The Adviser's employees shall not act upon or disclose material non-public or insider information except as may be necessary for legitimate business purposes on behalf of a client or the Adviser as appropriate.

Any breaches of these rules will be viewed as very serious and may result in disciplinary action up to and including dismissal. A copy of the Adviser's complete Code of Ethics and Insider Trading Policy is available to any client or prospective client upon request.

From time to time related persons of the Adviser may invest in the same securities (or related securities) that the Adviser and its related persons recommend to the Adviser's clients. Any potential conflict is addressed by the adoption of, and compliance with, the Adviser's code of ethics, which is specifically designed to avoid conflicts of interest, such as the foregoing scenario.

The Adviser's code of ethics, pre-clearance process and required approvals of all personal trading activities, and blackout periods are monitored on the Personal Trading Assistant (PTA) system. Any potential conflicts of interest are prevented and mitigated in scenarios where the Adviser or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that a related person buys or sells the same securities for its own account.

## **ITEM 12 – Brokerage Practices**

The Adviser may provide investment advice to some clients on a non-discretionary basis. For such clients, it is the responsibility of the clients themselves to select the brokers who will execute their transactions and to negotiate the commission rates that will be paid.

Other clients may give the Adviser discretionary authority to make investment decisions for their accounts, but may request the Adviser use a specific broker when executing transactions. Under these circumstances, the Adviser will use the brokers that have been selected by the client. In these instances, the Adviser may be unable to achieve most favorable execution of client transactions because directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because the Adviser may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. As a result, by directing brokerage, the Adviser may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

For the Adviser's majority of client accounts, the Adviser has discretionary authority to determine, without specific client consent, the brokers or dealers to be used in any securities transaction or the commission rate to be paid. For these client accounts, the Adviser will generally select brokers or dealers who provide "best execution." In seeking the best execution, the Adviser considers a number of factors, including security price, commission charged, the size of the order and difficulty of execution as well as the full range and quality of services available, such as the broker's execution capability, past performance and financial responsibility.

The value of any research products and services provided by the broker to the Adviser is also a factor in selecting brokers. Clients may pay brokerage commissions higher than that obtainable elsewhere from other brokers in return for these research products and services provided to the Adviser. Such higher commissions would be paid in accordance with Section 28(e) of the Securities Exchange Act of 1934, which requires the Adviser to determine in good faith that the commission paid is reasonable in relation to the value of the research provided. This determination may be based either in terms of the particular transaction involved or the overall responsibilities of the Adviser with respect to all accounts over which it exercises discretion. Accordingly, the research that is obtained normally benefits many, if not all of the Adviser's accounts, rather than just the one(s) for which the order is being executed. Not all research may be used by the Adviser in connection with the account that paid commissions to the broker providing research.

The main soft dollar benefit that the Adviser receives is research data. The Adviser receives written research data from brokers relative to economic and individual security analysis. The

Adviser also expects to enter into “soft-dollar” arrangements with certain brokers whereby such brokers partially pay for the Adviser’s use of various data services for investment decision-making purposes in accordance with Section 28(e) of the Securities Exchange Act of 1934. In addition to the payments for non-proprietary data services, brokers may provide the Adviser with proprietary research reports prepared by employees of the broker who are sell-side analysts. The Adviser is unable to determine the value of the proprietary research reports since brokers do not ascribe a specific value to their own sell-side reports. Soft dollar payments to third-party vendors will be made in exchange for the Adviser employing the broker to execute client transactions. The research products and services and on-line data services provided or paid for by brokers are to be used by the Adviser in servicing all of its clients’ accounts. In addition, assuming a broker provides the best price and best execution, the Adviser may direct client transactions to such broker in return for research used by the Adviser in conducting its advisory business. When the Adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for the research, products or services. As a result, the Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients’ interest in receiving most favorable execution.

When the Adviser uses soft dollars, the Adviser seeks to allocate soft dollar benefits to all client accounts on a pro-rata basis. Within the last fiscal year, the Adviser used soft dollars for research services to benefit all client accounts in accordance to the safe harbor requirements in section 28(e) of the Securities Exchange Act of 1934.

In addition, under some circumstances, a client may direct the Adviser to utilize a particular broker-dealer to execute some or all of its transactions for the client’s account. Under such circumstances, the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. The Adviser will not seek better execution services or prices from other broker-dealers or be able to aggregate the client’s transactions, for execution through other broker-dealers with orders for other accounts advised or managed by the Adviser. As a result, the Adviser may not obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transactions costs, or receive less favorable net prices on transactions for the account that would otherwise be the case. Such arrangements may cost clients more money because the client may pay higher brokerage commissions because the Adviser may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

The Adviser aggregates the purchase of shares for its clients in the belief that provides a benefit to its clients by doing so. The Adviser believes that aggregation of shares is consistent with the Adviser’s duty to seek best execution (which includes the duty to seek the best price) for its clients, and is consistent with the terms of the Adviser’s investment advisory agreement with each client for which trades are being executed. No client is favored over any other client in an aggregated order. Each client that participates in an aggregated order does so at the average share price for all of the Adviser’s transactions in a given business day, with transaction costs shared pro- rata based on each client’s participation in the transaction. The Adviser uses the Charles River system to create order tickets. All accounts managed to similar investment guidelines are grouped, and all allocations thereon are done pro-rata. Wrap accounts are traded on systems

other than Charles River. The pro-rata allocation policy applies to these accounts as well. The Adviser receives no additional compensation or remuneration of any kind as a result of its policy of aggregation.

In the event that a client is referred to the Adviser by a broker-dealer, the Adviser has a potential conflict between the client's interest in obtaining best execution and the adviser receiving future referrals from the broker-dealer.

Occasionally the Adviser may use a "step out" transaction. A "step out" transaction is one in which the Adviser instructs the executing broker to "step out" the client's order to another broker who will clear, settle and confirm the transaction and charge the client a commission rate that it has negotiated by the Adviser. The executing broker does not receive a commission for the trade.

### **ITEM 13 – Review of Accounts**

The Chief Investment Officer chairs the Adviser's Investment Committee which provides strategic leadership and tactical direction to the Adviser with overall responsibilities for the client accounts. All client accounts are monitored on a continuous basis and reviewed at least quarterly by the Adviser. The Adviser requires that all accounts be reviewed to ensure continuous compliance with investment strategy and client investment objectives, investment management guidelines and specific client investment restrictions including rebalancing of portfolio holdings to conform to the respective model portfolios.

The Adviser undertakes a proactive approach to manage enterprise risks with compliance as a critical component of its overall business and asset management strategy. Following the Adviser's prudent business practices and industry leading principles, the Adviser takes a robust and comprehensive approach in identifying emerging risks, such as compliance and business risks for the Adviser and the client accounts. The Chief Compliance Officer, reporting to the Executive Committee and Board of Trustees for Dreman Mutual Funds leads the Adviser's strategic initiatives to effectively integrate governance, risk and compliance firm-wide to support the Adviser's fiduciary obligation for client accounts.

The Governance, Risk & Compliance Policy Committee ("GRCo") is co-chaired by the Chief Investment Officer and the Chief Compliance Officer to provide strategic leadership and tactical direction to the Adviser's approach to managing enterprise risks, with compliance as a critical component of the Adviser's overall business and asset management strategy. The Adviser's committee structure, including compliance and business alignment from each major business line, GRC methodologies and standards, and compliance program are an over-arching foundation across the firm to fulfill the Adviser's fiduciary responsibilities to their clients and to ensure compliance with regulatory requirements for the client accounts.

The Adviser has designated the Chief Compliance Officer to administer its compliance policies and procedures for the Adviser and all client accounts. The CCO reviews periodically, but no less frequently than annually, the Adviser's compliance policies and procedures to ensure that they are updated with any new regulatory developments, any new business lines, and that they

continue to provide adequate procedures reasonably designed to prevent violations of the federal or state securities laws over the client accounts. The compliance program is in place across all client accounts to monitor business activities and ensure compliance with all applicable laws and regulations governing each type of the client accounts.

The Adviser's portfolio management, trading, operations, marketing and compliance personnel take affirmative steps on an continuous basis to ensure that client accounts and trades in client accounts are in compliance with the Advisers Act, the Investment Company Act of 1940, as amended, and all applicable laws and regulations governing each type of client account. Accordingly, the Adviser's portfolio management, trading, operations, marketing and compliance personnel engage in the in reviews and monitoring activities with respect to each client account:

Clients are provided at least quarterly with a report that includes a performance report showing absolute portfolio performance and the selected benchmark or index performance, a summary report showing sector weights and the value of investments in that sector, a detailed portfolio appraisal which shows all portfolio holding, cost basis and end-of-quarter market values, a transaction report listing buys and sells made during the period for the account and an invoice which shows a detail computation and the amount of the fee owed to the Adviser. The Adviser does not provide reports to wrap program clients as the wrap sponsor provides wrap account clients with such reports. Clients may receive more frequent and/or detailed reports upon request and discussion with the Adviser.

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

No one who is not a client provides an economic benefit to the Adviser for providing investment advice or other advisory services to its clients.

The Adviser compensates certain retained solicitors for client referrals. Any such solicitor is required to enter into an agreement with the Adviser in compliance with Rule 206(4)-3 of the Advisers Act. Solicitors are compensated as follows:

- If the Adviser enters into an investment management or similar agreement with a prospective client and the Adviser determines that the solicitor has provided meaningful assistance in procuring such management agreement, then the solicitor will receive compensation based on the revenues realized by the Adviser under the management agreement with the new client. The solicitor will be entitled to receive compensation with respect to the new client as follows: (i) 25% of the revenues realized by the Adviser during the first fiscal year of the management agreement; (ii) 15% of the revenues realized by the Adviser during the second fiscal year of the management agreement; and (iii) 10% of the revenues realized by the Adviser for the duration of the management agreement.
- In the event that a new client increases the amount of the assets managed by the Adviser under the management agreement to an amount in excess of the assets managed by the Adviser under such management agreement at the end of the first

year thereunder (the “Increased Amount”) and the Adviser determines that the solicitor has provided meaningful assistance in procuring the Increased Amount, then the solicitor will be entitled to the compensation as set forth above on the Increased Amount for one year periods beginning on the date such increase occurred. The Increased Amount shall not include an increase in the assets managed under the management agreement resulting from trading profits or income earned from, or capital appreciation of, the assets already managed by the Adviser thereunder.

- The Adviser will not reimburse the solicitor for any fees or other expenses incurred by the solicitor in connection with providing the solicitation or any other services under the solicitation agreement, all of which shall be borne solely by the solicitor.

### **ITEM 15 - Custody**

The Adviser does not custody assets and requires its clients to provide their own qualified custodian.

### **ITEM 16 – Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to a number of different types of advisory clients.

With respect to the Adviser’s discretion, the Adviser will accept guidelines set by clients, but will not generally accept limitations on investment authority that would significantly alter the content or performance of the investment portfolio. Investment discretion is discussed and agreed upon in the investment management agreement signed by the Adviser and each client. Each agreement generally states that, “the Manager shall have full discretionary authority to manage the Account by acquiring, holding, or disposing of any or all securities as it, without consultation or confirmation, may determine to be appropriate in accordance with the Manager’s investment strategy. The Manager shall exercise its authority with respect to the Account solely in the interest of the Client.”

### **ITEM 17 – Voting Client Securities**

The Adviser recognizes that proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. Where the Adviser has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with its Proxy Voting Policies and Procedures. The Adviser’s proxy policies are administered by its Chief Compliance Officer who has the responsibility to ensure that the Adviser votes proxies for accounts in which it has been designated by the client to vote proxies and also maintain a record of all proxy voting.

Unless specifically directed by the client, the Adviser generally will vote proxies in the best interest of each particular client, which may result in different voting results for proxies for the same issuer. The Portfolio Manager and Chief Investment Officer will identify any conflicts that exist between the interests of the Adviser and its clients. The Chief Compliance Officer will



examine the relationship between the Adviser and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of the Adviser or an affiliate of the Adviser or has some other relationship with Adviser or is a client of the Adviser. If a material conflict exists, the Adviser will determine whether voting in accordance with its Proxy Voting Policy is in the best interest of the client.

The Adviser will also determine whether it is appropriate to disclose the conflict to the affected clients and, except in the case of clients that are subject to The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), give the clients the opportunity to vote their proxies themselves. In the case of ERISA clients, if the client's agreement reserves to the ERISA client the authority to vote proxies when the Adviser determines it has a material conflict that affects its best judgment as an ERISA fiduciary, The Adviser will give the ERISA client the opportunity to vote the proxies themselves.

If a client would like to obtain information on how the Adviser voted proxies for their account they may contact the Adviser's Compliance Department, via e-mail at COMPLIANCEGROUP@DREMAN.COM or telephone at 201-793-2000. A client may also receive a copy of the Adviser's Proxy Voting Policy and Procedures upon request. The Chief Compliance Officer will maintain files relating to the Adviser's proxy voting procedures. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept in the offices of the Adviser.

If the Adviser does not have discretion to vote proxies on behalf of a client, the proxies will be received by the client directly from the custodian of their assets, or will be handled otherwise agreed between client and custodian.

A client may instruct the Adviser to vote a particular proxy or how to vote all proxies for securities held in its account with the Adviser. If a client would like to exercise this right, they may call 201-793-2000 and speak to the VP of Operations to facilitate this/these request(s).

#### **ITEM 18 – Financial Information**

Not applicable.

#### **ITEM 19 – Requirements for State-Registered Advisers**

Not applicable.