

Part 2A of Form ADV: *Firm Brochure*

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This Firm Brochure provides information about the qualifications and business practices of Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS or the Firm). For information about BHMS or the contents of this brochure, please contact Patricia Barron Andrews, Chief Compliance Officer (CCO), at the telephone number or email address provided above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or by any state securities authority.

BHMS is an investment adviser registered with the SEC. Additional information about BHMS is also available on the Firm's website provided above or on the SEC's website at www.adviserinfo.sec.gov. To search the SEC website, please use the Firm's unique identifying number, CRD number 105519. Registration with the SEC does not imply any certain level of skill or training.

Item 2 Material Changes

This Firm Brochure, dated March 29, 2019, is BHMS's disclosure document, prepared according to the SEC's requirements and rules. This amended document contains disclosures about BHMS's advisory business as well as new and updated information, including updated assets under management totals, and the following:

Item 4 – Advisory Business:

- Update of the Firm's Executive Officers.

Item 5 – Fees and Compensation:

- Addition of Concentrated Emerging Markets Equity Fee Schedule;
- Removal of Diversified Small/Mid Cap Value Equity Fee Schedule;
- Update of Short Maturity Fixed Income Fee Schedule; and
- Update of Emerging Markets Equity Commingled Fund Fee Schedule.

Additional Information:

- Client Privacy Policy added.

Part 2B – Brochure Supplement:

- Changes relating to investment professionals.

This brochure includes a variety of formatting and narrative updates from the last annual update which we do not consider a material change.

BHMS will ensure that the Firm's clients receive a summary of any material changes to this and subsequent Brochures filed within 120 days of the close of its business' fiscal year, December 31st. Furthermore, BHMS will provide its clients with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS or the Firm) is an SEC-registered investment adviser with its principal office and place of business located at 2200 Ross Avenue, 31st Floor, Dallas, Texas 75201. BHMS began conducting business in 1979. BHMS is a value-oriented investment adviser, providing investment management services to separately managed U.S and global equity and fixed income portfolios for large institutional clients, mutual funds, employee benefit plans, endowments, foundations, limited liability companies, and other institutions and individuals.

FIRM OWNERSHIP

BHMS is an indirect affiliate of BrightSphere Investment Group plc (BrightSphere), a public company listed on the New York Stock Exchange (Ticker: BSIG). Please refer to BHMS's Form ADV, Part 1, Schedules A and B, for additional information about ownership of the firm.

EXECUTIVE OFFICERS

The Executive Officers of BHMS are as follows:

- James P. Barrow, President, Founding Director;
- Ray Nixon, Jr., Executive Director, Member of the Board of Managers of BHMS;
- Cory L. Martin, Executive Director, Member of the Board of Managers of BHMS;
- Patricia B. Andrews, Chief Compliance and Risk Officer, Managing Director;
- Guang Yang, Member of the Board of Managers of BHMS, BrightSphere Executive;
- Meghan K. Driscoll, Member of the Board of Managers of BHMS, BrightSphere Executive; and
- Three rotating Managing Directors, Members of the Board of Managers of BHMS.

BHMS offers the following advisory services to its clients:

PORTFOLIO MANAGEMENT

BHMS manages advisory accounts on a discretionary and non-discretionary basis. At the inception of a relationship, an investment strategy is selected, and each client provides investment objectives, guidelines, restrictions, and the appropriate benchmark. The Firm's investment recommendations are based on its value strategies, as described below, and include advice regarding the following types of securities:

- Global equities;
- Warrants and/or rights;
- Investment grade and non-investment grade credit and/or corporate bonds;
- Municipal bonds;
- U.S. governmental bonds;
- Mortgage backed, asset backed, and commercial mortgage backed securities;
- Sovereign bonds;
- Bank loans, par loans, junior and senior secured and unsecured loans, other asset-backed loans, stressed and distressed debt, CLOs, structured debt and equity and subordinated notes, other types of securitized debt tranches, and warehouse loan facilities; and

- Interests in partnerships investing in the Firm's value strategies.

BHMS's equity portfolio managers and analysts work as a team for the purposes of generating and researching investment ideas within their investment mandates. There are three portfolio managers, fifteen portfolio manager/analysts, four client portfolio managers and fourteen analysts. Individual security holdings and their weightings in the Firm's portfolios are the result of input from both analysts and portfolio managers. BHMS on occasion buys and sells the same security at the same time for different accounts due to cash flow considerations. These trades are not crossed, but instead, are worked in the marketplace in an effort to achieve best execution for each trade. Portfolio managers have broad research responsibilities, focused on particular sectors. Analysts have specific industry assignments for more in-depth research. Client portfolio managers work in tandem with the portfolio managers and are responsible for the effective flow of all vital information to, and from, the Firm's clients.

BHMS's fixed income portfolios are managed in a team approach, with investment strategy decisions resulting from a consensus of its fixed income professionals; there are two portfolio managers, five portfolio manager/analysts, two client portfolio managers and seven analysts. All seven portfolio managers are generalists, but each also has specific responsibilities for strategic focus on particular aspects of the marketplace and the portfolio structure strategy. Fixed income research responsibilities are divided among the team members, each specializing in areas in which they have particular expertise and interest. Individual bond selection decisions are made across all portfolios having similar investment objectives. Client portfolio managers, working with the portfolio manager/analysts, are responsible for the effective flow of all vital information to, and from, the Firm's clients.

Pursuant to Rule 206(4)-2, BHMS is deemed to have custody of the private funds (i.e. commingled funds) under its management due to its related person, BrightSphere Fund Management Company (BSFM), serving as Managing Member of the private funds. BHMS does not maintain physical custody or possession of these funds or securities of any client.

AMOUNT OF MANAGED ASSETS

As of December 31, 2018, BHMS actively managed client assets on a discretionary basis and non-discretionary basis in the following amounts:

Asset Type	U.S. Dollar Amount
Discretionary	\$ 68,158,170,214
Non-Discretionary	\$ 3,780,000,275
Total Firm	\$ 71,938,170,489

CLASS ACTION CLAIMS

As stated in the latest investment management agreement(s) between BHMS and its clients, BHMS does not file class action settlement claims on behalf of its clients. BHMS considers the decision to participate in class action litigation to be a legal matter requiring legal advice and BHMS does not render legal advice to its clients. Accordingly, BHMS does not have the discretion necessary, nor can it assume the responsibility to make decisions regarding participation in class action litigation involving securities in BHMS's clients' portfolios.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES (DIRECT COMPENSATION)

The annualized fee for portfolio management services is charged as a percentage of assets under management. The representative fee schedules by investment strategy are provided below. Fees are generally payable monthly or quarterly, based on the market value of assets, according to the following schedules:

Equity Strategies

All Cap Value Equity Accounts are charged an annual rate of:

0.65 of 1% on the first \$20,000,000;
0.50 of 1% on the next \$30,000,000;
0.35 of 1% on the next \$50,000,000;
0.25 of 1% on the next \$900,000,000; and
0.20 of 1% on assets over \$1,000,000,000.

Diversified Large Cap Value Equity Accounts are charged an annual rate of:

0.75 of 1% on the first \$15,000,000;
0.55 of 1% on the next \$10,000,000;
0.45 of 1% on the next \$75,000,000;
0.35 of 1% on the next \$100,000,000;
0.25 of 1% on the next \$800,000,000; and
0.15 of 1% on assets over \$1,000,000,000.

Diversified Small Cap Value Equity Accounts are charged an annual rate of:

0.80 of 1% on the first \$50,000,000;
0.75 of 1% on the next \$50,000,000;
0.70 of 1% on the next \$100,000,000;
0.60 of 1% on the next \$200,000,000; and
0.50 of 1% on assets over \$400,000,000.

Emerging Markets Equity and Concentrated Emerging Markets Equity Accounts are charged an annual rate of:

0.95 of 1% on the first \$50,000,000;
0.90 of 1% on the next \$50,000,000;
0.80 of 1% on the next \$200,000,000;
0.70 of 1% on the next \$200,000,000; and
0.65 of 1% on assets over 500,000,000.

Large Cap Value Equity, Dividend Focused Value Equity, and U.S. ESG Value Equity Accounts are charged an annual rate of:

0.75 of 1% on the first \$10,000,000;
0.50 of 1% on the next \$15,000,000;
0.25 of 1% on the next \$175,000,000;
0.20 of 1% on the next \$600,000,000; and
0.15 of 1% on assets over \$800,000,000.

Mid Cap Value Equity Accounts are charged an annual rate of:

0.80 of 1% on the first \$10,000,000;
0.60 of 1% on the next \$15,000,000;
0.50 of 1% on the next \$25,000,000;
0.40 of 1% on the next \$50,000,000;
0.35 of 1% on the next \$600,000,000; and
0.30 of 1% on assets over \$700,000,000.

Non-U.S. Value, Global Value, All Country World ex-U.S. Value, and Concentrated All Country Value Equity Accounts are charged an annual rate of:

0.75 of 1% on the first \$25,000,000;
0.70 of 1% on the next \$25,000,000;
0.60 of 1% on the next \$50,000,000;
0.50 of 1% on the next \$200,000,000;
0.45 of 1% on the next \$200,000,000; and
0.40 of 1% on assets over \$500,000,000.

Small Cap Value Equity Accounts are charged an annual rate of:

0.70 of 1% on the first \$50,000,000;
0.65 of 1% on the next \$50,000,000;
0.60 of 1% on the next \$100,000,000;
0.55 of 1% on the next \$200,000,000; and
0.50 of 1% on assets over \$400,000,000.

Equity Commingled Funds

Diversified Large Cap Value Equity Commingled Fund Accounts are charged an annual rate of:

0.75 of 1% on the first \$15,000,000;
0.55 of 1% on the next \$10,000,000;
0.45 of 1% on the next \$75,000,000;
0.35 of 1% on the next \$100,000,000;
0.25 of 1% on the next \$800,000,000; and
0.15 of 1% on assets over \$1,000,000,000.

Emerging Markets Equity Commingled Fund Accounts are charged an annual rate of:

0.75 of 1% on all assets, with a max expense ratio to the client of 0.10 of 1%, for a total fee of up to 0.85 of 1% on all assets.

Large Cap Value Equity Commingled Fund Accounts are charged an annual rate of:

0.75 of 1% on the first \$10,000,000;
0.50 of 1% on the next \$15,000,000;
0.25 of 1% on the next \$175,000,000;
0.20 of 1% on the next \$600,000,000;
0.15 of 1% on the next \$200,000,000; and
0.125 of 1% on assets over \$1,000,000,000.

Fixed Income Strategies

Bank Loan Accounts are charged an annual rate of:

0.50 of 1% on all assets.

Core Fixed Income Accounts are charged an annual rate of:

0.300 of 1% on the first \$50,000,000;
0.200 of 1% on the next \$100,000,000;
0.150 of 1% on the next \$150,000,000,
0.125 of 1% on the next \$700,000,000; and
0.100 of 1% on assets over \$1,000,000,000.

Core Plus, Investment Grade Credit, Enhanced Intermediate Credit, Intermediate Credit, and Long Credit Fixed Income Accounts are charged an annual rate of:

0.375 of 1% on the first \$20,000,000;
0.250 of 1% on the next \$30,000,000;
0.200 of 1% on the next \$100,000,000;
0.150 of 1% on the next \$150,000,000; and
0.125 of 1% on assets over \$300,000,000.

Extended Duration Fixed Income Accounts are charged an annual rate of:

0.150 of 1% on the first \$1,000,000,000;
0.120 of 1% on the next \$1,000,000,000; and
0.100 of 1% on assets over \$2,000,000,000.

High Yield Fixed Income Accounts are charged an annual rate of:

0.50 of 1% on the first \$20,000,000; and
0.40 of 1% on assets over \$20,000,000.

Intermediate Maturity Fixed Income Accounts are charged an annual rate of:

0.300 of 1% on the first \$50,000,000;
0.150 of 1% on the next \$250,000,000,
0.125 of 1% on the next \$700,000,000; and
0.100 of 1% on assets over \$1,000,000,000.

Long Government Credit Fixed Income Accounts are charged an annual rate of:

0.375 of 1% on the first \$20,000,000;
0.250 of 1% on the next \$30,000,000;
0.200 of 1% on the next \$100,000,000;
0.150 of 1% on the next \$150,000,000;
0.125 of 1% on the next \$700,000,000; and
0.100 of 1% on assets over \$1,000,000,000.

Municipal/U.S. Government Only and TIPS Fixed Income Accounts are charged an annual rate of:

0.250 of 1% on the first \$20,000,000; and
0.150 of 1% on assets over \$20,000,000.

Short Maturity Fixed Income Accounts are charged an annual rate of:

0.250 of 1% on the first \$40,000,000;
0.150 of 1% on the next \$40,000,000;
0.100 of 1% on assets over \$80,000,000.

Fixed Income Commingled Funds

Bank Loan Commingled Fund Accounts are charged an annual rate of:

0.50 of 1% on all assets.

Core Fixed Income Commingled Fund Accounts are charged an annual rate of:

0.375 of 1% on the first \$20,000,000;
0.25 of 1% on the next \$30,000,000;
0.20 of 1% on the next \$100,000,000; and
0.15 of 1% on assets over \$150,000,000.

High Yield Fixed Income Commingled Fund Accounts are charged an annual rate of:

0.50 of 1% on the first \$20,000,000; and
0.40 of 1% on assets over \$20,000,000.

Fees are paid in advance or in arrears. During the initial funding phase, certain clients are charged a negotiated rights-of-accumulation fee schedule based on the appropriate base fee schedule and expected assets at the end of that funding period. Minimum initial account size is negotiable under certain circumstances. BHMS aggregates certain related client accounts to determine the annualized fee.

Generally, advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value, in the absence of market value), of the client's account at quarter-end. Clients are billed on a quarterly basis in accordance with the terms set forth in the client's investment management agreement.

The annualized fee for Commingled Fund accounts is charged as a percentage of assets under management. Fees are generally payable quarterly, based on the market value of assets, according to the following schedules. Additional administrative fees and operating expenses are charged by the

Administrator and Managing Member of the commingled funds (see *Item 10 Other Financial Industry Activities and Affiliations* on page 13):

Limited Negotiability of Advisory Fees: Although BHMS has established the aforementioned fee schedules, it retains the discretion to negotiate alternative fees on a case-by-case basis. Within the selected investment strategy, a client's facts, circumstances, needs, and comparable services, as determined by the Firm, are considered in determining the fee schedule. These include the complexity of the client, use of multiple strategies, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reporting requirements, and other factors. The specific annual fee schedule is identified in the investment management agreement between the adviser and each client. Discounts, not generally available to the Firm's advisory clients, are offered to family members of associated persons of the Firm.

BHMS serves as sub-adviser to a number of mutual funds and private funds (i.e. commingled funds) as reported in ADV Part 1, Item 7.B. The fees charged to BHMS's sub-advisory clients are generally on the same tiered fee schedule based on assets under management as its other clients in the same investment strategy.

GENERAL INFORMATION

Additional Fees and Expenses: In addition to BHMS's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which BHMS, as an independent investment manager, effects transactions for the client's accounts. Please refer to *Item 12 Brokerage Practices* beginning on page 16 for additional information.

Termination of the Advisory Relationship: An investment advisory agreement can be terminated upon thirty days written notice by the client to BHMS, or by BHMS upon ninety days written notice to the client, in which case a proportionate refund of the fee, when and if made in advance, will be repaid by BHMS to the client.

CONFLICTS OF INTEREST

As a fiduciary, BHMS must act in its clients' best interests and must care for the clients' assets in such a manner as to benefit the client. BHMS has adopted a Conflicts of Interest Policy provided in the Firm's Compliance Policies and Procedures manual (compliance manual). The compliance manual is available upon request by emailing bhmscompliance@barrowhanley.com. Within the following areas of its business, BHMS has identified potential conflicts of interest, adopted policies and procedures to mitigate potential conflicts, and disclosed conflicts including the following:

- Advisory agreements and fees, and performance-based fees;
- Investment risk management;
- Valuation of securities that cannot be priced by the third-party pricing service, particularly illiquid securities held in the Bank Loan investment strategy;
- Capital structure conflicts between investments in bonds, and/or bank debt, and/or equity holdings acquired for clients;
- Custody and affiliates deemed to have custody;
- Clients' directed brokerage arrangements;

- Communication of holdings and duty of confidentiality;
- Material non-public information (MNPI);
- Personal securities transactions;
- Personal political contributions;
- Proxy voting;
- Side by side management of clients' assets;
- Client commission arrangements and purchasing research;
- Solicitation arrangements or compensation for referrals;
- Best execution, trade aggregation, allocation, IPOs, cross trading;
- Whistleblowing and retaliation.

BHMS makes investments in numerous issuers/companies for clients' portfolios, which include equity and/or debt (bonds or credit). Potential conflicts may arise when the Firm makes investments in senior and/or junior securities, or securities with competing interests for different investment strategies. BHMS manages potential conflicts between investment strategies through allocation policies and procedures, internal review processes, and oversight by directors and independent third parties, to ensure that no client, regardless of type or fee structure, is intentionally favored or disfavored at the expense of another.

Item 6 Performance-Based Fees and Side-by-Side Management

PERFORMANCE-BASED FEES

Certain clients have negotiated fees based on the investment performance of the portfolios managed. To the extent BHMS's performance exceeds or falls below the performance target dictated by the agreement, the Firm's compensation is higher or lower, respectively, than is the case with accounts not on performance fee structures. BHMS recognizes the potential conflicts that arise with performance fee structures and manages these and other potential conflicts between accounts through allocation policies and procedures, internal review processes and oversight by directors and independent third parties to ensure that no client, regardless of type or fee structure, is intentionally favored or disfavored at the expense of another.

SIDE-BY-SIDE MANAGEMENT

BHMS does not offer its own mutual funds; BHMS does not manage hedge funds or private equity funds. BHMS manages a number of accounts, including private commingled fund accounts, for affiliated entities of its parent company, BrightSphere. Actual or potential conflicts of interest arise when a portfolio manager has management responsibilities for more than one account including mutual fund or private commingled fund accounts. BHMS manages potential conflicts between Funds or with other types of accounts through allocation policies and procedures, internal review processes, and oversight by directors and independent third parties, to ensure that no client, regardless of type or fee structure, is intentionally favored or disfavored at the expense of another. BHMS's investment management and trading policies are designed to address potential conflicts where two or more funds or accounts participate in investment decisions involving the same securities.

VALUATION

Bank Loan and High Yield investments at times will not have a readily available market price to value portfolios. To address this conflict, BHMS has adopted policies and procedures to value securities when a market price is unavailable.

Item 7 Types of Clients

BHMS provides advisory services to the following types of clients:

- Individuals (includes trusts, estates, and 401(k) plans and IRAs of individuals and their family members);
- Investment companies;
- Pooled investment vehicles (other than investment companies);
- Pension and profit-sharing plans;
- Charitable organizations;
- State or municipal government entities;
- Insurance companies; and
- Corporations or other businesses not listed above.

Item 8 Methods of Analysis, Investment Strategies, and Risk of Loss

BHMS's investment strategies are long term in nature.

EQUITY INVESTMENT METHODS OF ANALYSIS

Risk Analysis: BHMS defines risk in a number of ways starting with the probability of a permanent loss of our clients' capital. This differs from the commonly accepted academic definition of risk and while we recognize these risk metrics and incorporate them into our analysis, they are residuals of our active approach to individual stock selection. Thus, we measure portfolio risk as the total sum of the probability of loss for each individual security in the portfolio. BHMS reduces certain types of investment risk through its long-only equity investment strategies that avoid derivatives, shorting, or the use of leverage (gearing).

BHMS's comprehensive investment risk review is a supplemental analysis that assists us in identifying risk in our portfolios, but does not drive our investment process or dominate stock selection. Our investment process is fundamental, and we build portfolios one company at a time by appraising individual company value. BHMS employs the following methods of analysis for equity investment selection and managing clients' assets:

Portfolio Diversification: BHMS uses several portfolio exposure constraints in constructing portfolios which ensure prudent diversification of its clients' portfolios. The exposure constraints include maximum position size of holdings/issuers, industries and sectors.

Fundamental Analysis in Equity Portfolios: BHMS employs fundamental analysis in its value investment strategies by focusing on a company's return on equity and earnings power metrics, examining price to earnings, price to book, price to sales, free cash flow, and dividend yield. BHMS focuses on a company's balance sheet, use of leverage and dividend sustainability to evaluate risk in the investment. In addition, attention is paid to a company's management reputation, governance track record, and other environmental and social considerations. Fundamental analysis does not attempt to anticipate market movements, which presents a potential risk because the price of a security can move up or down with the overall market regardless of the economic and financial factors considered in evaluating a stock. BHMS also evaluates Beta, Value, momentum, size, concentration liquidity, active share and stock correlation factors to analyze strategy and portfolio risk. While some portfolio risks are intentional based on the Firm's fundamental analysis and value investment strategies that seek to generate a strong return, its risk management process is designed to identify unintended risks for timely review.

ESG Policy and Responsible Investing: BHMS is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and the Investor Stewardship Group (ISG). BHMS's approach to responsible investing is underpinned by the BHMS Guiding Principles for Responsible Investing, and the key elements of the PRI and ISG. BHMS believes that the consideration of material environmental, social, and governance (ESG) factors in its investment process aligns with its pursuit of superior risk-adjusted returns for clients and their beneficiaries. The Firm's experienced internal investment team analyzes all relevant ESG inputs and reaches reasoned conclusions on material issues and risks on which to engage management teams.

Qualitative Analysis: BHMS subjectively evaluates business factors such as quality of management, labor relations, and strength of research and development along with other factors that are not readily quantifiable, and predict changes based on that data. In addition, BHMS analyzes relevant ESG inputs and utilize Environmental, Social and Governance (ESG) research and rankings from third-party providers. A risk in using qualitative analysis is that the Firm's subjective judgment can prove incorrect.

Quantitative Analysis: Equity investment selection from quantitative analysis and the overall market can perform differently from investment selection made through fundamental analysis, based on the factors of the analysis. A risk of using quantitative analysis comes from possible inaccurate assumptions.

Risk for All Forms of Analysis: BHMS investment strategies are subject to the risk of loss in value due to investment in equity securities, price fluctuation of the shares, or fluctuation and volatility of the overall markets. Our securities analysis process relies on the assumption that the companies whose securities we buy or sell, along with other publicly-available sources of information about the securities, are providing accurate and unbiased data. While we are alert to indications that data can be incorrect, there is a risk that our analysis will be compromised by inaccurate or misleading information.

General Market and Investment Risk: Equity securities investment risk includes a possible decline in market valuation/share price, bankruptcy/default by the company, or minimal/reduced liquidity of a stock due to the size of the company or market influences. Other general risks include:

- Market volatility risk resulting from changing economic or market conditions;
- Political risk, changes in legislation, tax code, and/or regulatory risk;
- Foreign markets including developed and emerging markets, economic, political, taxation, and currency risks

BHMS employs long-term value investment strategies seeking capital growth based on a research driven, bottom-up process when managing client accounts. A risk in a long-term purchase strategy is that by holding the security for a length of time, the Firm does not seek to take advantage of short-term gains that could be profitable to a client. Moreover, if the Firm's analysis is incorrect a security can decline sharply in value before the Firm makes a decision to sell.

FIXED INCOME INVESTMENT METHODS OF ANALYSIS

Risk Analysis: BHMS defines risk as the downside variance between actual and expected returns based on a client's benchmark. The Firm eliminates certain types of risks through its long-only investment strategies that avoid the use of derivatives, or the use of leverage (gearing). BHMS uses the following methods of analysis in formulating its fixed income investment selection and/or managing client assets:

Fundamental Analysis in Fixed Income Portfolios: BHMS's fixed income investment strategies (other than its High Yield strategy and Bank Loan strategy) consist of bonds. These portfolios seek a yield advantage to the client's benchmark. Fixed income investment values generally move up or down in response to interest rates. When seeking to optimize projected returns, the portfolio will structurally match, or exceed, the benchmark in various scenarios and the Firm's investment process employs a scenario analysis to project variances in interest rates as rates rise or fall, as yield spreads narrow or widen, and as the yield curve steepens or flattens. Fixed income investment risks include the possibility of lowered credit ratings and/or debt default by the issuer.

Qualitative Analysis: BHMS subjectively evaluates factors such as quality of management, competitive position of companies, current industry trends, and characteristics of borrower behavior to predict changes based on the data. Trade simulations are used to control risk to keep portfolio duration on target as part of the Firm's duration-neutral strategy. Fundamental credit analysis helps control the downside risk of ratings downgrades. BHMS further seeks to reduce risk through adherence to its investment strategy diversification rules. A risk in using qualitative analysis is that the Firm's subjective judgment can prove incorrect.

Quantitative Analysis: Fixed Income investment selections from quantitative analysis can perform differently based on the accuracy of factors used in the analysis. The price risk of fixed income securities from interest rate and credit spread change is measured using a variety of quantitative tools. The duration of portfolios is calculated to compare their expected price change relative to clients' benchmarks in order to dampen the risk of underperformance. A risk of using quantitative analysis comes from possible inaccurate assumptions.

Risks for All Forms of Analysis: Each investment strategy is subject to the risk of a loss in value due to their investment in securities and market fluctuation. BHMS's securities analysis methods rely on the assumption that the Firm has accurate and unbiased information from the rating agencies and other

publicly-available sources of information about companies' bonds and structured loans it purchases and sells. While BHMS is alert to indications that data can be incorrect, there is always a risk that its analysis can be compromised by inaccurate or misleading information.

General Market and Investment Risks: Fixed Income securities investment risk includes a possible decline in market valuation/price, bankruptcy/default, reduced credit rating, interest rate fluctuation, or early call of debt. Other general risks include:

- Market volatility risk resulting from changing economic or market conditions;
- Tightening spreads for credit investments will result in fewer or less desirable investment opportunities;
- Credit risk of downgrade or default;
- Political risk, changes in legislation, changes in monetary policy, and/or tax code risk;
- Foreign market, economic, political, taxation, and currency risk.

Long-Term Purchases: BHMS follows a long-term value strategy for principal preservation and income with a research driven, bottom-up approach in managing client accounts. BHMS generally purchases securities with the idea the securities are currently undervalued and will be held as long-term holdings. A risk in a long-term purchase strategy is that by holding the security the Firm will not seek to take advantage of short-term gains that could be profitable to a client. Moreover, if the Firm's predictions are incorrect, a security will decline sharply in value before the Firm makes the decision to sell.

Short-Term Purchases: When utilizing a short-maturity fixed income strategy, BHMS purchases securities with the idea of selling them before they mature which can be a relatively short time. BHMS does this in an attempt to increase income by taking advantage of higher rates available from maturity extensions while maintaining an overall average maturity similar to clients' benchmarks. A risk in the short-term purchase strategy is that higher interest rates can lead to price loss that offsets increased income.

BHMS's Bank Loan investment strategy is long-term and illiquid in nature and consists of debt investments, including, but not limited to, bonds, senior secured loans, unsecured loans, second lien loans, debtor-in-possession financings, delayed drawdown loans, revolving bank loans, participation interests, CLOs, synthetic securities, and distressed debt and restructurings that are typically traded by banks and other institutional investors engaged in loan syndications. Bank Loan portfolios will lack diversification by concentrating investments in few issuers or industries. Bank loan settlement is subject to delays due to extensive and customized documentation for loan transfer, significant fees, and agent bank or underlying obligor's consent. The creditworthiness of obligors/issuers/issues of lower-rated investments, loans or bonds, will be more complex than for obligors/issuers/issues of higher quality. Returns from bank loan investments will not be commensurate with the risks of investing and will result in a permanent loss of capital.

Participation interests may not entitle the holder to direct rights against the obligor, among other things, to enforce compliance with the terms of the related loan agreement, no rights of set-off, or may not directly benefit from the collateral supporting the debt.

CLOs can be unregistered securities, are intended to be long-term investments, and are illiquid. CLOs will use various forms of leverage, and/or operate with a significant leverage ratio, which will increase losses. CLOs will include equity investments, which can be subject to volatility or dilution. Contractual demands by lenders to a client to reduce its leverage will force such client to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. Financing arrangements will contain cross-default provisions that, if exercised, expose it to particular risk of loss. Financing arrangements that contain financial covenants could require the maintenance of certain financial ratios. CLOs are regarded as “high-yield” or “junk” and are seen as predominately speculative.

Synthetic securities or total return swaps present risks in addition to those resulting from direct purchases of the underlying securities or assets, and will have a contractual relationship only with the counterparty of such synthetic security and not the underlying obligor. With synthetic securities there is counterparty risk if financial institutions do not provide transparent financial statements, or the financial institution fails, will increase counterparty risk.

Distressed securities and restructurings are investments in companies/issuers that are experiencing or expect severe financial difficulties and will result in a permanent loss of capital.

Counterparty Risk: Bank Loan and High Yield investments are subject to counterparty risk due to settlement default, or lack of protections for settlement, segregation, and/or minimum capital requirements.

Item 9 Disciplinary Information

BHMS is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. The Firm and its management personnel have no reportable legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

BHMS is an affiliate of BrightSphere Investment Group plc, a NYSE listed company. As required, Section 7.A. of Schedule D of Form ADV, Part 1 provides disclosure about affiliated investment advisers under BrightSphere. BHMS has agreements with certain BrightSphere affiliates, listed below, in which the affiliates pay BHMS, or BHMS pays the affiliate, for services performed. BHMS manages accounts for its principals through the private commingled funds or separate accounts. The funds and accounts are managed as a client account within the investment strategy. These arrangements seem to create a potential conflict of interest in that BHMS appears to have an incentive to favor affiliates. BHMS manages potential conflicts of interest through allocation policies and procedures, internal review processes, and oversight by directors and independent third parties to ensure that potential conflicts are addressed, and that no client is intentionally favored or disfavored at the expense of another.

BHMS's financial condition is not impaired. Under the terms of a Revolving Credit Facility Agreement, BHMS and BrightSphere can provide short term working capital to each other.

BrightSphere Fund Management Company (BSFM), a majority-owned affiliate of BrightSphere, has retained BHMS as investment manager to certain investment funds, identified in Form ADV, Part 1, Item 7.B. as Private Funds, i.e. commingled funds offered to a limited number of accredited investors. These commingled funds offered through BSFM are invested respectively in BHMS's large cap value equity, diversified large cap value equity, emerging markets equity, core fixed income, high-yield fixed income, and bank loans. Each of these funds is one of a series of funds, of BSFM, a limited liability company, for which BSFM is the managing member. BSFM has hired Northeast Retirement Services, Inc. (NRS), an unaffiliated entity, for certain administrative services. Both BSFM and NRS receive a fee from the funds for the administration and trust services each company provides. Advisory clients of BHMS are solicited to invest in these commingled funds. Certain affiliated persons of BHMS invest in these commingled funds with the advisory fees/investment minimums waived.

BrightSphere Seed Holdings LLC and Millpencil (US) LP, are both seed capital entities and under common control with BHMS as an affiliate of BrightSphere Investment Group plc. Both have invested seed for new BHMS strategies.

BHMS has retained WellsCap to provide non-discretionary quantitative portfolio modeling for the diversified small cap value strategy. BHMS performed due diligence reviews and will perform oversight reviews of the services provided by WellsCap.

BHMS has arrangements with its affiliate, BrightSphere Inc., and with BNP Paribas Investment Partners (Australia) Limited (BNP), for referring potential clients to the Firm. These arrangements are also disclosed in *Item 14 Client Referrals and Other Compensation* on page 21.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Transactions

BHMS's officers and employees are permitted to invest for their own personal accounts and such activities are subject to the Firm's Code of Ethics. Employees and other associated persons invest in certain pooled investments managed by BHMS, and the advisory fee and investment minimum is waived for employees/associated persons' investments.

CODE OF ETHICS

As a fiduciary, BHMS and its personnel owe a duty of loyalty, fairness, and good faith to the Firm's clients and BHMS has adopted a Code of Ethics (Code) that sets forth high ethical standards of business conduct that the Firm requires of its employees, including compliance with applicable federal securities laws, and addresses potential conflicts that arise from personal transactions. The Firm's Code of Ethics is adopted in compliance with the requirements of Section 204A-1 of the Investment Advisers Act of 1940 and Section 17j-1 of the Investment Company Act of 1940.

The Code:

- Requires disclosure of any personal and/or business matter;
- Prohibits employees from trading on material nonpublic information (MNPI) or communicating material nonpublic information to others in violation of the law, frequently referred to as “insider trading”;
- Imposes a Duty of Confidentiality on all employees to keep confidential at all times any nonpublic information they obtain in the course of their employment at the Firm, except as required for conducting the Firm’s business;
- Restricts accepting or giving gifts from/to vendors or clients;
- Restricts or prohibits certain political and charitable contributions made for the purpose of obtaining or retaining business;
- Restricts or prohibits employees’ political contributions;
- Generally, restricts employees’ personal transactions through:
 - Requirement for pre-clearance of personal securities transactions;
 - Prohibiting employees from trading in securities when that security is actively being traded or is considered for purchase or sale for client portfolios; and
 - Restricts personal political and charitable contributions.

The Code requires all employees to report to the Firm’s Chief Compliance Officer:

- All Reportable Accounts for brokerage or securities transactions;
- Disclosure of Reportable Securities and Reportable Transactions;
- Political Contributions to state or local officials;
- Gifts given or received and business Entertainment activities;
- Conflicts or potential conflicts of interest with the Firm and/or its clients; and
- Violations of the Code.

The Code provides the Firm’s Policy for Possession of Material Non-Public Information (MNPI). BHMS maintains a list of restricted securities to which the Firm or its employees will have access to MNPI, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under BHMS’ policies and procedures.

The Firm’s Code of Ethics is available upon request to clients and prospective clients by contacting the Compliance Department at 214-665-1900 or bhmscompliance@barrowhanley.com.

INTERNAL CONTROLS

BHMS has adopted Compliance Policies & Procedures that BHMS believes are reasonably designed to prevent violations of the Investment Advisers Act of 1940 (the Advisers Act) in accordance with Rule 206(4)-7 (the Compliance Program Rule).

BHMS has adopted the Firm’s Code of Ethics in compliance with the requirements of Section 204A-1 of the Investment Advisers Act of 1940 and Section 17j-1 of the Investment Company Act of 1940. See *Code of Ethics* on page 14.

Ashland Partners & Company LLP conducts a SOC1 Type 2 examination of BHMS on an annual basis. The SOC1 is an in-depth examination of the Firm's internal controls and reports on the suitability and effectiveness of the controls in place over a period of time. A SOC1 Type 2 final report is prepared at the conclusion of the examination.

Item 12 Brokerage Practices

INVESTMENT OR BROKERAGE DISCRETION

BHMS is committed to seeking best execution when trading its clients' portfolios.

Securities (shares, bonds, or loans) to be Bought or Sold: BHMS generally has authority to determine securities to be bought or sold in its discretionary clients' accounts. Certain clients require that the Firm gives notice prior to realizing a designated percentage loss to their portfolio. Certain taxable clients require that the Firm realizes periodic gains/losses in their portfolio.

Equity Approved Broker List: BHMS's head trader conducts a due diligence review of brokers within and outside its Approved Broker List and the list is updated monthly. BHMS obtains a FINRA BrokerCheck report for brokers/dealers added to the approved list. The commissions paid to executing brokers are reviewed on a quarterly basis by the Firm's Trade Management Oversight Committee (TMOC). Results of these quarterly reviews and any recommendations made are documented by the TMOC. See *TMOC* on page 20.

Equity Best Execution: BHMS seeks to obtain best execution for client transactions to take all reasonable steps to obtain the best possible results under the trade's circumstances, and to monitor the quality of the trade execution it obtains. The Firm's traders seek to obtain the best overall qualitative execution under the particular circumstances including share price, size, costs, timing/speed, spreads, volume and likelihood of execution, market impact, other relevant information, competitive commission rate, which may or may not be the lowest commission rate. The head trader is responsible for implementing and monitoring the Firm's best execution policy, practices and recordkeeping. The Best Execution Policy is reviewed at least annually.

Equity Directed Brokerage: BHMS generally has full discretion in selecting executing brokers for the initiation of security transactions. Certain clients require that all or a portion of their transactions be executed through firms they designate. If clients direct the Firm to utilize a particular broker, they can be preventing themselves from aggregation with other accounts in block trades, and obtaining best price and execution by limiting BHMS's ability to negotiate elements of the trade.

Equity Trade Allocation: BHMS's trade allocation policy prohibits any allocation of trades in a manner that any particular client or group of clients receives more favorable treatment than other client accounts. Portfolio managers communicate securities/trades to the Firm's traders, and the traders set up trade pre-allocation in CRIMS. Aggregation or blocking of client trades allows the Firm to execute trades in a more timely, equitable, and efficient manner. To treat all clients fairly, the Firm's policy is to aggregate client trades when possible and when advantageous to the Firm's clients. Clients that

participate in aggregated/blocked trades receive an average share price and aggregated/blocked trades are generally allocated on a pro-rata basis.

BHMS does not engage in proprietary trading and does not manage a portfolio/account for itself, and the Firm's traders do not execute trades for BHMS's employees' personal accounts. BHMS manages a group of accounts for affiliated entities through its parent company, BrightSphere; all affiliated portfolios are managed in the selected investment strategy group in the same manner as other accounts in the group. BHMS does not enter into/execute cross trades.

IPOs: When BHMS purchases shares in an IPO, the Firm's policy and practice is to allocate IPO shares in the same manner that all other trades are allocated (as stated above), so as not to favor or disfavor any client, or group of clients, over another.

Equity Foreign Exchange Transactions: BHMS has the responsibility to execute foreign exchange (FX) trades for non-U.S. dollar denominated securities for its clients who have delegated this responsibility to the Firm. These FX trades are for the purpose of trade settlement of non-U.S. dollar denominated securities or repatriation to a client account's selected base currency. The FX trades are spot trades and not for portfolio hedging purposes. BHMS has an arrangement with an unaffiliated broker for FX trade execution. BHMS has a separate arrangement with a third-party for FX trade cost analysis.

- FX trades are executed by a third-party broker or by the client's custodian and reported to BHMS operations for account reconciliation.
- BHMS utilizes a third-party service to evaluate FX trades and prepare quarterly trade cost analysis reports.
- FX Trade Cost Analysis reports are prepared quarterly by a third-party and reviewed by the Firm's TMOC.
- The quarterly reports are delivered to applicable clients upon request.
- The reports are retained as part of BHMS's business records.

Use of Research and Client Commission Practices (Soft Dollars) for Equity Trades (Indirect Compensation): To aid in investment selection and implementation, BHMS utilizes investment research that is produced in-house by the Firm's analysts, provided by third-party brokers, research-related products, and other investment and market analysis. Some research and research-related products are purchased with clients' trade commissions, i.e. on a "soft dollar" commission basis. Some clients, due to regulatory or other factors, are restricted from purchasing research with trade commissions. BHMS's soft dollar trading policy is to:

- Ensure that research and research-related items that are purchased using clients' commissions, are used for the clients' benefit through the investment process;
- Examine each soft dollar arrangement for research products and services that assist in the investment decision-making process;
- Evaluate the market value, hard dollar cost and soft dollar cost, and facilitating broker, for each research product or service;
- Make a good faith determination of the value of the research product or service in relation to the commissions paid; and

- Review, at least annually, the Firm's soft dollar arrangements, research budget, trade allocations, and this policy to monitor the Firm's practices.

BHMS will direct brokerage transactions to certain approved brokers who provide specialized research services that are helpful in analyzing the attractiveness of various securities. These services include reports on the quality of company earnings, earnings estimates of research analysts, company and industry research reports, the screening quality of company earnings, company and industry research reports, screening and value models identifying undervalued securities, reports showing portfolio characteristics, performance attribution, and expected returns and quotation and block activity services that aid in the investment decision making process.

BHMS does not allocate brokerage transactions in return for products or services other than brokerage or research services. In accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, BHMS receives services and products that serve both research and brokerage execution. Because of these considerations, the Firm will pay a brokerage commission in excess of that which another broker might charge for effecting the same transactions in recognition of the value of brokerage or research services provided by the broker. Research products purchased with clients' commissions are used in the investment decision process and benefit all clients in the Firm's investment strategies, not all such services are in connection with the accounts which pay the brokers providing the research. BHMS manages accounts in strategy groups for investment selection and implementation; although a group of clients have restricted their commissions from purchasing third-party research, it is impossible to disaggregate the benefit of such research.

In obtaining mixed-use products or services on a soft dollar basis, BHMS makes a reasonable allocation of the cost between the portion that is eligible as research or brokerage services and the portion that is not so qualified based on its use and contribution to the investment process. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions. For all soft dollar products, BHMS will maintain appropriate records of its reviews and good faith determinations of the Firm's reasonable allocations.

Fixed Income Approved Broker List: The portfolio management team, analysts and traders periodically conduct a review of brokers within and outside of the Firm's Approved Broker List. BHMS obtains a FINRA BrokerCheck report for brokers/dealers added to the approved list. BHMS ranks broker/dealers on the basis of their ability and willingness to actively make markets in sectors in which the Firm is invested. BHMS analyzes the trading volume with each broker/dealer by sector to determine patterns that prove useful in implementing strategic shifts across all portfolios. The trading volume of executing brokers and the Firm's broker/research voting results are reviewed in developing the approved broker list and on an ongoing basis. The Approved Broker List and trade volume is reviewed by the TMOC.

Fixed Income Best Execution: Bonds are traded in a broker market versus an exchange market and the execution of fixed income trades frequently requires the commitment of capital by the executing brokers. When trading U.S. Treasury or Agency securities, BHMS typically request bids/offerings using internet-based trading systems, primarily Bloomberg Fixed Income Trading Platform (FIT). BHMS uses Market Axess in the pursuit of best price execution for corporate bonds and other securities. These

systems are prevalent in the fixed income market, pursuing competitive execution of purchases and sales or best execution prices.

When trading agency and non-agency mortgages, commercial mortgage-backed securities, asset-backed securities, bank loans, and large orders for other securities, BHMS utilizes its internal expertise to access those broker/dealers willing to commit capital to facilitate the transaction, at the best price under the circumstances. In many cases, the broker/dealer who participated in the original underwriting of the security can be the best source of bids/offers. In other instances, the Firm utilizes its trading experience and knowledge of the markets to solicit bids/offers from those broker/dealers who have expressed interest in sectors and securities BHMS either owns or in which the Firm has expressed an interest.

BHMS will on occasion buy and sell the same security at the same time for different accounts due to cash flow considerations. These trades are not crossed, but instead worked in the marketplace in an effort to achieve best execution for the trade.

Fixed Income Trade Allocation: Portfolio managers or traders set up trade pre-allocations using CRIMS. Aggregation of client transactions allows transactions to be executed in a timely, equitable, and efficient manner. CRIMS runs a pre-trade compliance check for accounts in trade orders; after execution, CRIMS runs a post trade compliance check, then a member of the operations staff exports the trade from CRIMS to APX. CRIMS sends the allocation to the broker through OASYS. The DTC matching program alerts operations of any trade discrepancies between the Firm's information and the broker's information, which is resolved by operations before trade settlement.

Trades are allocated across accounts participating in the trade on a pro-rata basis; specific exceptions can apply.

Soft Dollar Client Commission Practices for Fixed Income Trades:

Fixed income does not currently purchase research, research-related products, or other brokerage services on a soft dollar commission basis.

Trade or Operational Errors in Fixed Income Accounts: In the event an error occurs in the handling of a client transaction due to BHMS's actions or inaction, the Firm's policy is to seek to identify and correct errors as promptly as possible and to:

- Monitor and reconcile trading activity;
- Identify and resolve a trade or operational error promptly;
- Notify the CCO
- Document the trade or operational error;
- Notify the client affected by the error upon discovery, generally within 24 hours of correction;
- Reimburse the client or broker should a loss result from an error by BHMS; and
- Maintain an error file to retain appropriate documentation of the error.

Trade Management Oversight Committee (TMOC) – Equity and Fixed Income: BHMS's TMOC meets quarterly to review the Firm's brokerage practices and commission payments to third-party brokers, trade cost analysis reports, research data reports, and broker voting. BHMS retains Abel Noser for equity trade cost analysis and reporting and uses trace data reports for evaluation of fixed income trade execution.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES AND REVIEWS:

Generally, each client's account is managed and reviewed by the investment strategy's portfolio management team based on the client's chosen strategy. A daily diversification report is provided to the portfolio managers for their review of the client's portfolio and the overall strategy. The investment strategy's portfolio management team is jointly and primarily responsible for the daily review of the client's account.

Generally, the master list of securities is reviewed and the appropriateness of each security for client portfolio use is determined at that time in accordance with the relationship between price and the value of the security and the objectives of each portfolio.

BHMS's Equity Investment Risk Committee evaluates and analyzes risks in the investment strategies and is structured to be independent from the portfolio management investment teams. The committee members include representatives from the equity client portfolio management team, client development team, and portfolio analytics team. Generally, the committee meets quarterly, however, market activity, risk monitoring, and other actions may result in adjustments to the meetings' schedule.

The Fixed Income Investment Risk Committee consists of three fixed income professionals who are separate and independent from the Firm's fixed income portfolio management teams. The Fixed Income Risk Committee's purpose is to assess and monitor investment risk in the Firm's fixed income strategies, to challenge the strategy's positioning in light of intended, or unintended risks, to provide an unbiased assessment of underlying risks within the fixed income strategies, and to insure portfolios are consistent to minimize dispersion.

Generally, each client receives a quarterly report containing an overview of the investment environment, performance results for the account, portfolio holdings and transaction details. More frequent reports on portfolio holdings and performance are also provided as requested by the client. Clients are provided access to reports through a password protected website. The client portfolio managers meet with each client two times per year or on a frequency determined by the client.

Item 14 Client Referrals and Other Compensation

BHMS has arrangements with its affiliate, BrightSphere Inc. and with BNP Paribas Investment Partners (Australia) Limited, for referring potential clients to the Firm. BrightSphere and BNP referral fees are based on a percentage of revenues received from clients referred. These arrangements can seem to create a potential conflict of interest in that BHMS can appear to have an incentive to favor or disfavor referred clients. BHMS has adopted a third-party solicitation arrangements policy that covers the applicable solicitation agreements. BHMS manages potential conflicts of interests through trade allocation policies and procedures, internal review processes, and oversight by directors and independent third parties to ensure that any such conflicts are addressed, and no client is intentionally favored or disfavored at the expense of another.

These arrangements are also disclosed in *Item 10 Other Financial Industry Activities and Affiliations* on page 13.

Item 15 Custody

Each client selects and contracts with its own qualified custodian for safe-keeping of the client's assets. In addition to the periodic statements that clients receive directly from their qualified custodians, BHMS also sends quarterly investment strategy reports and reviews of account holdings directly to its clients. BHMS recommends that its clients compare the information provided in the Firm's quarterly reports to their custodial statements to ensure that holdings and values are correct and current.

BHMS does not have physical custody of client accounts, securities, or cash, nor does it have authorization to debit management fees for its services from clients' accounts. Pursuant to Rule 206(4)-2, BHMS is deemed to have custody of the commingled funds under its management due to its related person, BrightSphere Fund Management Company, serving as Managing Member of such Funds, but BHMS does not have custody.

Item 16 Investment Discretion

At the inception of a relationship, an investment strategy is selected, and each client provides investment objectives, guidelines, restrictions, and the appropriate benchmark. For clients who hire BHMS to provide discretionary asset management services, BHMS places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

BHMS's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell;
- Determine the appropriate price when buying or selling;
- Determine the broker to execute the buy or sell; and

- Vote proxies, corporate actions, proposals, amendments, consents or resolutions (see *Item 17 Voting Client Securities* below).

Item 17 Voting Client Securities

Voting Equity Securities:

BHMS has the responsibility to vote proxies for equity securities for its clients who have delegated this responsibility to the Firm, and under BHMS's fiduciary duty, the Firm's policy is to vote the clients' proxies in the best economic interests of its clients, the beneficial owners of the shares. BHMS has adopted this Proxy Voting Policy, and maintains written procedures for the handling of research, voting, and reporting of the proxy votes, and making appropriate disclosures about proxy voting on behalf of its clients. BHMS sends a proxy report to clients at least annually (or as requested by the client), listing the number of shares voted and disclosing how proxies were voted.

To assist in the equity proxy voting process, BHMS retains the services of Glass Lewis & Co. Glass Lewis provides:

- Research on corporate governance, financial statements, business, legal and accounting risks;
- Proxy voting recommendations, including ESG (Environmental, Social, Governance) voting guidelines;
- Portfolio accounting and reconciliation of shareholdings for voting purposes;
- Proxy voting execution, record keeping, and reporting services.

BHMS's Proxy Oversight Committee is responsible for implementing and monitoring BHMS's proxy voting policy, procedures, disclosures and recordkeeping, including outlining its voting guidelines in the Firm's procedures. The Proxy Oversight Committee conducts periodic reviews to monitor and ensure that the Firm's policy is observed, implemented properly, and amended or updated, as appropriate. The Proxy Oversight Committee is made up of the CCO/CRO, the Responsible Investing Committee lead, the director of investment operations, the ESG research coordinator, and an at-large portfolio manager.

BHMS's proxy coordinators review and organize the data and recommendations provided by the proxy service. The proxy coordinators are responsible for ensuring that the proxy ballots are routed to the appropriate research analyst based on industry sector coverage. Proxy coordinators are assigned from the operations department.

BHMS's research analysts review and evaluate proxy proposals and make written recommendations to the Proxy Voting Committee to ensure that votes are consistent with the Firm's analysis and are in the best interest of the shareholders, the Firm's clients.

BHMS's equity portfolio managers are members of the Proxy Voting Committee. Equity portfolio managers vote proxy proposals based on share ownership after giving consideration to BHMS's Proxy

Voting Guidelines, internal research recommendations, and the opinion of Glass Lewis. Proxy votes must be approved by the Proxy Voting Committee before submitting to the proxy service provider.

Voting proxies for the Diversified Small Cap Value accounts is done in accordance with the proxy service provider's recommendations for the following reasons:

- Investments are based on a quantitative model. Fundamental research is not performed for the holdings.
- The holding period is too short to justify the time for analysis to vote.

Potential conflicts arise when BHMS invests in securities of companies who are also clients of the Firm. BHMS seeks to mitigate potential conflicts by:

- Making voting decisions for the benefit of the shareholders, the Firm's clients;
- Uniformly voting every proxy based on BHMS's internal research and consideration of Glass Lewis' recommendations; and
- Documenting the votes of companies who are also clients of the Firm.

If a material conflict of interest exists, members from the Proxy Voting and Proxy Oversight Committees will determine if clients should have an opportunity to vote their proxies themselves, or whether BHMS will address the specific voting issue through other objective means, such as voting the proxies in a manner consistent with a predetermined voting policy or accepting the voting recommendation of Glass Lewis.

The Firm's Proxy Voting Policy is available upon request to clients and prospective clients by contacting the Compliance Department at 214-665-1900 or bhmscompliance@barrowhanley.com.

Voting Debt and/or Bank Loan Securities:

BHMS has the responsibility to vote proxies and related interests for its clients who have delegated this responsibility to the Firm, which include voting on proposals, amendments, consents, or resolutions solicited by or in respect to the issuers of securities, including bank loan debt instruments. BHMS votes proxies and related interests in the best interest of the securities' owners, its clients.

Item 18 Financial Information

BHMS is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients. BHMS has no additional financial circumstances to report. BHMS has not been the subject of a bankruptcy petition at any time.

Additional Information

CLIENT PRIVACY POLICY

BHMS has a duty to protect the non-public personally identifiable information (PII) of its clients and its employees, and a duty to disclose to such persons the policy for protecting their personally identifiable information. PII includes non-public personally identifiable financial information, in addition to any list, description, or grouping of clients, and can include personal financial information, and the Firm's account information, information relating to services performed for, or transactions entered into on behalf of clients, advice provided by BHMS to clients, and data or analysis derived from such non-public and personally identifiable information. BHMS's employees are bound by the Duty of Confidentiality adopted in the Firm's Code that requires its employee to keep confidential any non-public information obtained in the course of their employment at BHMS. The Firm's personnel have the highest fiduciary obligation to not reveal nor disclose confidential company information to a party that does not have a clear and compelling need to know such information, and to safeguard all such confidential information. It is BHMS's policy that employees shall not disclose client information, or information about the Firm, unless the employee or Firm is required to disclose such information by law, is directed by the client to do so, or if such information is necessary to provide the client with the Firm's services.

Client Information BHMS Collects and Maintains

BHMS collects and maintains a client's personal information in order to provide investment management services to its clients. The information the Firm collects and maintains includes:

- Information received from the client to open an account or provide investment advice to the client (such as home address, telephone number, identification details and financial information);
- Information generated to service a client's account (such as trade tickets and account statements); or
- Information the Firm receives from third parties with respect to a client's account (such as trade confirmations from brokerage firms or custodians).

Employee Information BHMS Collects and Maintains

As an employer, BHMS collects and maintains its employees' personally identifiable information and includes, among other things, the following:

- Information required under federal and state laws that is received from the employee to implement the Firm's procedures for payroll, retirement, and other benefits the Firm provides;
- Information required by the federal securities laws and the Firm's Code to address its fiduciary duties and mitigate potential conflicts of interest.

BHMS will not disclose any personal information nor PII about a client or a client's account, or about an employee or an employee's circumstances unless one of the following conditions is met:

- The Firm has reason to believe the recipient is a client's authorized representative;

- The Firm has reason to believe, under the appropriate circumstances, that the recipient is an employee's authorized representative; or
- The Firm is required or permitted by law to disclose specific information to the recipient.
- As outlined in BHMS's Marketing Practices Policy, client development provides partial client lists, top ten lists, or other general holdings lists for marketing purposes which are not identified as personal information.

Protection of Client Information

To fulfill the Firm's privacy commitment, BHMS has adopted Firm-wide practices to safeguard the information maintained about a client, and/or information maintained about its employees. These practices include:

- Adopting policies and procedures for physical, electronic, and other safeguards to keep clients' and employees' personal information safe, and for proper disposal of such confidential information as outlined in the Firm's recordkeeping policy;
- Limiting access to personal information to the Firm's employees who need such information, or access to such information, to perform their job duties; and
- Reviewing confidentiality clauses of agreements with third-parties that perform services for the Firm and thereby can have access to such personal information.

The Firm and its employees shall adhere to this privacy policy and procedures when/if a client closes their account or becomes an inactive client, and when/if an employee leaves their employment with the Firm.

BHMS shall provide the Firm's Client Privacy Policy to its individual clients as required.