

AJO BROCHURE

This brochure provides information about the qualifications and business practices of AJO. If you have any questions about the contents of this brochure, please contact Kip Moran, our chief compliance officer, at moran@ajopartners.com or at 215.546.7500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

AJO is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about AJO is available on the SEC's website at www.adviserinfo.sec.gov.



*"Short-term I like cash; mid-term, bonds;
long-term, AJO."*

ITEM 2 – MATERIAL CHANGES

This brochure contains changes or updates to our previous brochure, dated June 26, 2019; however, there are no material changes.

ITEM 3 – TABLE OF CONTENTS

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation	1
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients.....	3
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss	3
Item 9 – Disciplinary Information.....	8
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics.....	8
Item 12 – Brokerage Practices.....	9
Item 13 – Review of Accounts	12
Item 14 – Client Referrals and Other Compensation	12
Item 15 – Custody	12
Item 16 – Investment Discretion.....	13
Item 17 – Voting Client Securities	13
Item 18 – Financial Information.....	15

ITEM 4 – ADVISORY BUSINESS

AJO is an independent, registered investment adviser founded in 1984. The firm is a limited partnership, wholly owned by 18 active principals. Theodore R. Aronson is the founder, principal owner, and managing principal of the firm.

AJO offers benchmark-relative and absolute-return strategies across the market-cap spectrum of U.S. and global equities, subject to the investment policies, limitations, and restrictions of our clients. Portfolios can be long-only or long/short. We can vary tracking error or total volatility. Additional information on AJO's quantitative investment process can be found under Item 8.

As of December 31, 2019, AJO managed \$19,155,430,581 in value-oriented equity mandates for 78 institutional clients in 107 discretionary accounts.

ITEM 5 – FEES AND COMPENSATION

The specific manner in which fees are charged by AJO is established in a client's written agreement with AJO. Fees are calculated as a percentage of the value of assets under management, are payable in arrears, and are usually billed quarterly. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter are charged a prorated fee. Upon termination of any account, any prepaid, unearned fees are promptly refunded, and any earned, unpaid fees will be due and payable. A client may terminate at any time on written notice; generally, AJO may terminate 30 days after written notice.

AJO's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Such other costs and expenses include, but are not limited to, charges imposed by custodians, brokers, and other third parties, such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, short-settlement charges, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to AJO's fee, and AJO does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors AJO considers in selecting or recommending broker/dealers for client transactions and for determining the reasonableness of their compensation (commissions).

AJO's fee schedules for new accounts are as follows:

U.S. EQUITY STRATEGIES

AJO TOP CAP

AJO TOP CAP – ABSOLUTE VALUE

0.25% on the first \$250 million
0.15% on the next \$250 million
0.10% thereafter

AJO LARGE CAP

AJO LARGE CAP – ABSOLUTE VALUE 500

AJO LARGE CAP 1000

AJO LARGE CAP – ABSOLUTE VALUE

AJO MANAGED VOLATILITY

0.30% on the first \$250 million
0.20% on the next \$250 million
0.15% on the next \$500 million
0.125% thereafter

AJO MID CAP

0.55% on all assets

AJO SMALL CAP – ABSOLUTE VALUE

0.60% on all assets

SHORT-ENABLED U.S. EQUITY STRATEGIES

Fee rates are based on the corresponding long-only fee rates multiplied by gross exposure (e.g., 130/30 has gross exposure of 160%).

EMERGING MARKETS STRATEGIES

AJO EMERGING MARKETS ALL CAP

0.70% on the first \$25 million
0.60% on the next \$25 million
0.50% on the next \$25 million
0.45% on the next \$25 million
0.40% thereafter

AJO EMERGING MARKETS SMALL CAP

0.70% on all assets

INTERNATIONAL STRATEGIES

AJO INTERNATIONAL LARGE CAP

0.50% on the first \$100 million
0.45% on the next \$150 million
0.40% thereafter

AJO INTERNATIONAL SMALL CAP

0.70% on all assets

GLOBAL STRATEGIES

AJO GLOBAL LARGE CAP

0.40% on the first \$100 million
0.35% on the next \$150 million
0.30% thereafter

AJO GLOBAL SMALL CAP

0.65% on all assets

AJO ALL-WORLD MANAGED VOLATILITY

0.40% on all assets

Fees are generally not negotiable for clients with less than \$750 million in assets under management with AJO. In certain instances, such as performance-based fees, clients pay a negotiated fee. AJO may, in its discretion, combine or stack assets for multi-account and multi-mandate clients when calculating fees or may offer other discounts to clients with multiple AJO accounts. Founders' fee discounts are sometimes offered to the first clients, or the first fund investors, in a newly offered AJO strategy.

If any client of AJO pays a lower standard fee than that contracted by another client (excluding founders' fee, multi-account, and multi-mandate clients) for the same investment mandate and the same size portfolio, such other client will also be charged the lower fee. The most-favored-nation fee is applied to discretionary fixed-fee client portfolios and is generally not applied to performance-based-fee client portfolios. Performance-based fees have variables that frequently result in unique fee arrangements and are considered on a case-by-case basis.

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

In some cases, AJO has entered into performance-fee arrangements with qualified clients. A performance-fee arrangement consists of an annual fee and a bonus fee calculated as a percentage of excess returns over a client-specified benchmark.

AJO will structure any performance-fee arrangement subject to applicable rules and regulations. In measuring client assets for the calculation of performance-based fees, AJO shall include realized and unrealized capital gains and losses.

Clients with similar performance may pay different fees due to their unique performance-fee arrangement, and performance-based fees therefore present a conflict of interest. Performance-based-fee arrangements create an incentive for AJO to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor performance-based-fee or higher-fee-paying accounts over other accounts in the allocation of investment opportunities, or in other ways. AJO has procedures designed and implemented to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients. AJO does not consider individual client fee structures when allocating trades or investment opportunities.

ITEM 7 – TYPES OF CLIENTS

AJO provides portfolio management services to corporate pension and profit-sharing plans, Taft-Hartley plans, multi-employer plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, foreign funds, and other U.S. and international institutions. Minimum initial investment is generally \$25 million for separate accounts, with limited exceptions. Private funds are limited to accredited investors.

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

Our approach to investment management is entirely quantitative and is consistently applied across all of our investment strategies. Portfolio managers and analysts specialize in our quantitative approach. They work together to:

- Verify data accuracy and quality.
- Investigate significant changes to inputs and intended exposures.
- Scrutinize model output (proposed buys and sells).
- Investigate new (and confirm old) components of our valuation, risk, and transaction-cost models.
- Develop the systems required for our models.

Our disciplined, bottom-up process seeks to exploit opportunities for above-market returns found in markets around the world and is described here in four steps:

Investment Universe — We begin with every stock that trades on a major exchange in markets spanning the globe (for our non-U.S. equity work, this includes ADRs, GDRs, unit investment trusts, and preferred shares). After eliminating bankruptcies, mutual funds, stocks that fall below our strategy-specific liquidity thresholds, and those that fall outside our desired geographic region, we end up with a suitable, liquid, cap-appropriate universe of stocks.

Valuation — We evaluate each stock on a peer-relative basis using our proprietary valuation model that considers multiple measures in the broad categories of value, management, momentum, and sentiment. Each measure varies in influence, determined by a company's profile, investors, and market. A company's profile includes its region, industry, sector, size, liquidity, beta, volatility, growth characteristics, and institutional ownership, depending on the strategy. We add yet another layer of understanding by considering the significance of a stock's global or regional emphasis. In the end, we derive an all-in excess expected return for each company.

Portfolio Construction — Individual security weights are driven by combining our notion of future profits (our all-in excess expected return) and our assessment of risk (tracking error or, in the case of our absolute-return and managed-volatility strategies, standard deviation of absolute returns). Portfolios are fully invested and well diversified in terms of industry, fundamental characteristics, and various statistical measures of risk, and benchmark-relative portfolios are sector- and country-neutral to their target benchmark. Position size is tethered to the benchmark weight of a stock and controlled to provide ample diversification. In our non-U.S. equity work, we will invest in single-stock equity swaps or other derivatives when we seek exposure to stocks in a country where it is advantageous to do so.

Implementation — We trade solely on a best-execution basis, which we define as the minimization of total firm transaction costs. We manage all implementation costs, including the transaction costs associated with entering/exiting positions and the holding costs

associated with maintaining these positions. Commissions, spreads, stamp duties, market impact, opportunity cost, swap-financing costs, and borrowing costs are all managed with the goal of maximizing the return delivered to our clients. All trading results are captured for our proprietary transaction-cost model and used to inform our investment decisions and to guide our selection of trading methods and venues. We are open-minded about researching any available trading method and venue in order to execute our decisions as quickly and inexpensively as possible.

Portfolio rebalancing is systematic and frequent. Purchases and sales are driven by changes in valuations, combined with our realistic, empirically derived, stock-specific estimates of cost. Portfolios are fully invested, so that a buy (or a short) will accompany a sell (or a cover). Turnover ranges from 50% to 300% (per side for long/short portfolios), depending on the strategy.

Investment Risk. Investment performance is not guaranteed. Investing in securities involves risk of loss that clients should be prepared to bear. An investment in stocks will fluctuate within a wide range and could lose money over short or even long periods. Particular market capitalization segments (e.g., large cap versus small cap) or style categories (e.g., value versus growth) might underperform or outperform the overall stock market. In addition, poor security selection by AJO could cause a client portfolio to underperform relevant benchmarks or other portfolios with similar investment objectives. Short-enabled strategies involve a degree of “leverage”: borrowed stocks are sold short; short sale proceeds and long stocks become collateral. Short-enabled investing can be riskier than long-only investing, since both the long and short sides can simultaneously lose value.

Model Risk. There can be no assurance that AJO’s quantitative model will operate correctly in all market conditions. AJO’s quantitative investment process is supported by tens of thousands of lines of proprietary computer code, third-party software, and ongoing data feeds from numerous third-party data providers. Errors may occur in coding, third-party software, and/or data feeds, as is the case with any complex software or data-driven model, and no guarantee can be provided that AJO’s quantitative investment model is completely free of errors.

Business Continuity and Cybersecurity Risks. AJO relies on information technology systems to process, transmit, store, and protect the electronic information, financial data, and proprietary models that are critical to its business. Furthermore, a significant portion of the communications between AJO's employees, business partners, and investment partners depends on information technology and electronic information exchange. As with all companies, AJO's information technology systems are vulnerable to data breaches, interruptions, infrastructure failures, breaches of cybersecurity, market disruptions, or failures due to events beyond our control, including but not limited to natural disasters, theft, terrorist attacks, computer viruses, hackers, and general technology failures. Such technological disruptions or other adverse events could result in an inability to access our offices or systems, or could cause other disruptions that would negatively impact our business. AJO has a Business Continuity Plan ("BCP") intended to mitigate such risks. However, no contingency plan can eliminate all risk of business interruption. We will continue to evaluate and revise our BCP to address these risks to the extent possible.

Global investing entails additional risks, such as those discussed below:

Foreign Stock Market Risk. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Investments in foreign stocks can be riskier than U.S. stock investments. The prices of foreign stocks and the prices of U.S. stocks have, at times, moved in opposite directions.

Emerging Markets Risk. The stocks of companies located in emerging markets can be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

Country/Regional Risk. Unexpected events — such as political upheaval, financial troubles, or natural disasters — can adversely affect the value of securities issued by companies in foreign countries or regions.

Exchange-Rate Risk. The value of a foreign investment, measured in U.S. dollars, can decrease because of unfavorable changes in currency exchange rates. This risk is especially high in emerging markets.

Futures Risk. AJO does not currently, but may in the future, invest and trade in futures, including index or single-stock futures. The risk of loss in trading futures can be substantial. If AJO purchases a future, it may sustain a total loss of the initial margin funds and any additional funds

deposited with a broker to establish and maintain its position in the future. If the market moves against AJO's position, AJO may be required to deposit a substantial amount of additional margin funds in order to maintain its position. There can be no assurance that a liquid market will exist for offsetting a futures contract that AJO has bought or sold. The high degree of leverage that can be used in trading futures can lead to large losses.

Counterparty Risk. In some strategies, AJO purchases and sells derivative instruments, such as swaps, in over-the-counter ("OTC") or interdealer markets. The participants in these markets typically are not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. As a result, many of the protections afforded to participants on regulated exchanges are not available in connection with swap transactions and other OTC transactions. The lack of these protections exposes AJO to the risk that a counterparty will not settle a transaction in accordance with contractual obligations, whether due to insolvency, bankruptcy, or other causes, and to the risk that AJO may not be able to recover client collateral held by the counterparty, or that the recovery of such collateral is delayed. Moreover, disputes (whether or not bona fide) over the terms of a derivatives contract may cause settlement delays, because such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in exchange-based markets.

These factors may cause AJO's clients to suffer a loss due to adverse market movements while substitute transactions are executed, or otherwise. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where AJO has concentrated its transactions with a single or small group of counterparties.

Liquidity Risk. Investments, at any given time, could include securities and other financial instruments or obligations that are very thinly traded or restricted as to their transferability under applicable laws. Securities that are relatively liquid when acquired could become illiquid after investment. The sale of any such illiquid investments may be possible only at substantial discounts. Further, such investments may be extremely difficult to value with any degree of certainty.

ITEM 9 – DISCIPLINARY INFORMATION

Neither AJO nor any principal or employee of the firm has ever been involved in any securities-related disciplinary action or litigation.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

AJO has one affiliate, AJO Funds, LLC, which acts as the general partner of the domestic feeder funds for our private fund entities. AJO Funds, LLC, has no other business activities.

In addition, AJO and one or more AJO principals or employees are invested in private funds managed by AJO. From time to time, AJO personnel may invest in mutual funds sub-advised by AJO.

While AJO has no significant industry affiliations, conflicts of interest arise in connection with the management of multiple accounts. For example, investment personnel may have conflicts of interest in allocating management time, resources, and investment opportunities among accounts. Differences between accounts lead to additional conflicts — accounts may differ in terms of fee structure (fixed versus performance-based), size (and, hence, absolute fee), restrictions, or investment strategy. Personal investments by investment personnel may provide incentives to favor one account over another.

AJO has policies and procedures in place to mitigate potential conflicts of interest. Personal investments and outside business activities of AJO principals and employees are monitored by AJO's compliance staff under our Code of Ethics, described below.

ITEM 11 – CODE OF ETHICS

AJO has established a Code of Ethics that prohibits AJO principals and employees from engaging in security transactions for their own or related accounts that might be detrimental to the interests of AJO's clients. In addition, the Code of Ethics imposes restrictions on transactions by AJO principals and employees in securities that have been or will be the subject of a recommendation to AJO's clients. The Code of Ethics includes provisions relating to reporting personal securities transactions, the confidentiality of client information, giving or receiving significant gifts, engaging in outside business activities that compete with AJO, and trading on inside information and spreading rumors.

Subject to the requirements of the Code of Ethics and applicable laws, principals and employees of AJO sometimes trade for their own accounts in securities that are recommended to and/or purchased for AJO's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities, and interests of AJO's employees will not interfere with making and implementing decisions in the best interest of advisory clients, while at the same time allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that transactions in these securities would not materially interfere with the best interest of AJO's clients. Nevertheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Trading by AJO personnel is monitored under the Code of Ethics to ensure there is no harm to client accounts.

Clients or prospective clients may obtain a copy of AJO's Code of Ethics by contacting our chief compliance officer, Kip Moran, at 215.546.7500 or at moran@ajopartners.com.

In addition to any trading done by employees for their personal accounts, AJO sometimes trades individual securities for its own account, including as a result of trading errors (see Item 12, "Trade Errors"), or invests firm monies in mutual funds and/or other funds managed by AJO. In instances when AJO is engaged in proprietary trading, AJO may not take for itself investment opportunities suitable for client accounts or otherwise disadvantage client accounts. However, AJO may participate in the allocation of investment opportunities in accordance with AJO's policy on such allocations. The AJO compliance team will review all instances of proprietary trading to ensure that no clients were disadvantaged.

ITEM 12 – BROKERAGE PRACTICES

Best Execution. We trade on a best-execution basis, which we define as the minimization of total firm transaction costs. We subscribe to the implementation shortfall methodology of transaction-cost measurement, which measures the difference between decision price and the final execution price of each trade. This measure encompasses all of the underlying components of transaction costs, including market impact, commissions, spreads, and opportunity cost, as well as stamp duties for our international trading. In addition, we manage swap-financing costs, where applicable.

We are wholly agnostic when it comes to implementing our work. To us, this means that we are ready and willing to use any techniques and venues available to minimize transaction costs. These techniques include direct market access, broker algorithms, passive crossing networks, principal packages, and agency basket trading, as well as a well-screened roster of traditional agency brokers. All trading results are captured for our proprietary transaction-cost model and are used to inform our investment decisions and to guide our selection of trading methods and venues. Broker/dealers are retained primarily on their ability to deliver low-cost executions, based on the price paid for the security and the commission paid for the transaction. Other considerations include clearance, settlement, market access, efficiency of execution and error resolution, and block-trading and package-trading capabilities, where applicable.

AJO may place trades with, purchase products from, or otherwise do business with an entity that is a client, a client affiliate, or a client consultant. In addition, AJO receives capital introductions or investor referrals from prime brokers with whom AJO does business. As stated previously, AJO places trades with broker/dealers from which it feels it will receive best execution and does not consider any other relationship when selecting brokers or venues. At times, AJO will pay higher commissions in recognition of brokerage services considered necessary for the realization of best execution of certain securities transactions that might not be available otherwise.

Soft Dollars. AJO has no soft-dollar arrangements. Some broker/dealers provide eligible research and brokerage services to AJO in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, but AJO does not pay for any such services through soft-dollar arrangements.

Directed Brokerage. AJO believes that clients who direct brokerage may not obtain best execution. AJO generally does not direct trades for clients.

Allocation of Investment Opportunities. AJO is a quantitative manager with a systematic, model-driven investment process. Investment opportunities are allocated to client portfolios on a fair and equitable basis, with all investment opportunities available to all eligible portfolios. Portfolios are similarly managed within a given strategy, but holdings (and therefore performance) may differ across portfolios due to client-imposed restrictions and timing and optimization issues. Investment decisions are made without regard to client fees or our relationship to the client. AJO's investment model requires seasoned companies; therefore, AJO does not purchase IPOs or hot issues.

Trade Aggregation and Allocations. AJO typically aggregates client trades in order to receive best execution, to lower commissions, and to ensure that no client benefits by trading first or last at the expense of other clients. Client accounts participating in the aggregated trade will receive the average price for the trade. Trades are allocated on a pro rata basis, according to the target positions on the initial allocation. For example, if AJO places an aggregated purchase order and only trades 50% of the order amount, each account in the aggregated trade will receive 50% of its initial order amount. Exceptions are made due to client restrictions, cash availability, or other extenuating circumstances. Clients who trade their own accounts or who use transition managers do not receive the benefit of trade aggregation and may be traded later than other AJO accounts. Incomplete trades are typically cancelled prior to a new investment model run. Clients with broker restrictions may not be able to participate in aggregated or packaged trades.

AJO will generally avoid having competing orders in the market at the same time. For this reason, in cases where swap positions are held across multiple counterparties, AJO may choose to close out a position with one counterparty before trading the same position with additional counterparties. Any such trading will be done in a fair and equitable manner, such as by rotating client trading or by closing out the highest-cost positions first.

Trading Conflicts. Investment decisions for AJO's client accounts are made to achieve each account's investment objectives and are the product of many factors in addition to basic suitability for the particular client involved. There may be circumstances when purchases or sales of securities for one or more client accounts will adversely affect other client accounts. For example, a specific security will sometimes be bought for certain client accounts and sold for other client accounts. In addition, AJO may hold a stock short in one client's account and long in another client's account in a different strategy.

AJO's universe of eligible investments contains securities issued by AJO clients or client affiliates. Any purchase of client or client-affiliated securities would only be in the normal course of our investment process.

Prime brokers provide capital introductions to AJO. A capital introduction is a process whereby the prime broker introduces its private-fund clients to qualified investors who may have an interest in investing in the manager's private funds. These introductions present a potential conflict of interest, because AJO or a fund may lose clients if it decides not to utilize a particular prime broker.

Trade Errors. In the event of a trade error, it is AJO's policy to ensure that the client does not incur any loss from the error and that the client's account is made whole. For all errors identified post-settlement, the client will keep any gains and AJO will reimburse the client for any losses. Where possible, errors identified prior to settlement will be settled in the AJO trade error account.

Broker Recommendation. AJO will recommend brokers or dealers to clients in limited circumstances, generally in situations where a client is transitioning its business to or from AJO or uses a prime broker. Any such broker may be an AJO client or may provide services to, and receive fees from, AJO. These arrangements create a potential conflict of interest. However, clients requiring a prime broker are free to select any prime broker.

ITEM 13 – REVIEW OF ACCOUNTS

Portfolio reviews are typically conducted semi-weekly by portfolio management and research staff to judge the appropriateness of securities held, although abnormal performance will trigger more frequent reviews. Portfolio managers operate as a team for each investment strategy and share supervision of all accounts in that strategy. Normal account reviews occur simultaneously across all portfolios within a given strategy. Separate-account clients receive written monthly and quarterly reviews that typically include securities valuation, performance, proxies voted, commissions and transaction costs, and activity since the previous report.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Not applicable. AJO does not receive any economic benefit from any non-client for providing advisory services to a client, nor does AJO compensate any person or entity for client referrals.

ITEM 15 – CUSTODY

Each client should receive at least quarterly statements from the broker/dealer, bank, or other qualified custodian that holds and maintains the client's investment assets. AJO urges each client to carefully review such statements and to notify AJO immediately if any material differences are found. Private-fund investors will receive audited financial statements within 120 days (or within 90 days for any private funds that are registered commodity pools) of the fund's calendar year-end.

ITEM 16 – INVESTMENT DISCRETION

AJO and a new client typically enter into a written investment management agreement at the outset of the advisory relationship. The agreement generally grants AJO discretionary authority to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the agreement and with the stated investment objectives for the particular client account. When selecting securities and determining amounts, AJO observes the client's investment policies, limitations, and restrictions. AJO's authority to trade securities may also be limited by certain federal securities and tax laws, or by country-specific rules or regulations.

Investment guidelines and restrictions must be provided to AJO in writing.

ITEM 17 – VOTING CLIENT SECURITIES

AJO exercises proxy voting responsibilities on behalf of many of our clients pursuant to express or implied authorization in the client's investment management agreement; other clients retain this authority. In the case of ERISA accounts, AJO, as adviser to the plan, has a fiduciary duty to vote proxies for the securities managed by AJO, unless the authority to vote proxies is retained by another plan fiduciary. We have adopted and implemented policies and procedures reasonably designed to ensure that proxies are voted in the best interests of clients, in accordance with our fiduciary duties and the requirements of ERISA and of SEC Rule 206(4)-6 under the Investment Advisers Act of 1940.

For detailed analyses of proxy issues, AJO will rely primarily on one or more independent third-party proxy voting services, and client proxies are generally voted in accordance with the recommendations of these services, except where it is in the portfolio's best interests to vote against the third-party recommendation and where AJO has no material conflict of interest.

Actual and potential conflicts of interest, including conflicts of interest of our third-party proxy service, are monitored by AJO's Proxy Oversight Committee. In the case of a material AJO conflict, AJO will vote the proxy in accordance with the recommendation of our proxy voting service, unless the client directs us otherwise or, in the case of an ERISA client, revokes our proxy voting authority in writing. If our primary proxy voting service has a conflict of interest that causes it to abstain from making a recommendation on the proxy, the Committee will determine how to vote the proxy.

AJO understands its fiduciary duty to vote proxies and that proxy voting decisions may affect the value of shareholdings. Therefore, AJO will generally attempt to process every proxy it receives for all domestic and foreign securities. However, there may be situations in which AJO may be unable to vote a proxy or may choose not to vote a proxy, such as where (i) a proxy ballot is not received from the custodian bank; (ii) a meeting notice is received too late; (iii) there are fees imposed upon the exercise of a vote and it is determined that such fees outweigh the benefit of voting; (iv) there are legal encumbrances to voting, including blocking restrictions in certain markets that preclude the ability to dispose of a security if AJO votes a proxy, or where AJO is prohibited from voting by applicable law or other regulatory or market requirements, including but not limited to effective powers of attorney; (v) AJO holds shares on the record date but sells them prior to the meeting date; (vi) a proxy voting service is not offered by the custodian in the market; (vii) a security is subject to a securities lending or similar program that has transferred legal title to the security to another person; or (viii) AJO believes it is not in the best interest of the client to vote the proxy for any other reason not enumerated herein.

In some foreign jurisdictions, even if AJO uses reasonable efforts to vote a proxy on behalf of its clients, such vote or proxy may be rejected because of (i) operational or procedural issues experienced by one or more third parties involved in voting proxies in such jurisdictions; (ii) changes in the process or agenda for the meeting by the issuer for which AJO does not have sufficient notice; or (iii) the exercise by the issuer of its discretion to reject the vote of AJO. In addition, despite the best efforts of AJO and its agents, there may be situations where AJO's votes are not received, or are not properly tabulated, by an issuer or the issuer's agent.

Each proxy voted by AJO for a client account is disclosed to the client quarterly. Clients may obtain a copy of AJO's proxy voting policies and procedures or receive additional reports of proxies voted on their behalf by contacting our chief compliance officer, Kip Moran, at 215.546.7500 or at moran@ajopartners.com.

AJO may be required by law or regulation to report or disclose to the SEC or to other regulatory bodies, or to issuers or their agents, how AJO votes on certain proxy issues. Such disclosure may become publicly available.

Clients that require AJO to vote proxies under a policy different from AJO's standard policy may incur additional fees assessed by AJO's proxy-voting service.

ITEM 18 – FINANCIAL INFORMATION

AJO has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.