

**ITEM 1  
COVER PAGE**

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**Part 2A of Form ADV: Firm Brochure**



August 2021

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Easterly Investment Partners LLC (“Easterly”). If you have any questions about the contents of this brochure, please contact Easterly at (617) 231-4300 and/or [compliance@easterlyam.com](mailto:compliance@easterlyam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Easterly is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Easterly is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2**

### **MATERIAL CHANGES**

The following material changes have been made to this Brochure since its last annual update amendment dated June 3, 2021:

- Easterly Investment Partners' acquired Snow Capital Management on July 1<sup>st</sup>, 2021.

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### *General Description of Advisory Firm*

Easterly provides discretionary or non-discretionary investment advice and/or management services according to the stated investment objectives, restrictions, and policies of each Easterly investment advisory client. Easterly's clients consist of separately managed accounts ("Separately Managed Accounts") structured as dual contract accounts or single contract accounts (wrap fee programs), model portfolios/unified managed accounts ("Model Portfolios"), an Undertaking For The Collective Investment of Transferrable Securities that is sponsored by another manager (the "UCITS Fund"), funds that are registered investment companies under the Investment Company Act of 1940 (the "Investment Company Act") in some cases that are sponsored by another manager (the "Registered Funds" and together with the UCITS Fund, the "Sub-Advised Funds"), and a private fund ("the Private Fund") (each, a "Client" of Easterly and together, "Clients" of Easterly). Easterly enters into a written investment management agreement with each of its Clients. Easterly maintains full-power and authority to supervise and may make investment decisions on behalf of each Separately Managed Account, Sub-Advised Funds and the Private Fund (each sometimes also referred to as a "Managed Account" or collectively as, "Managed Accounts") with and without prior consultation with the Client.

Easterly also manages on an advisory and sub-advisory basis open-end Registered Funds and foreign investment advisory relationships.

Easterly also manages the accounts of certain family members and employees of Easterly personnel on a discretionary basis.

In connection with providing investment management services for each of the above-described Clients, Easterly has been granted discretionary trading authorization (other than Model Portfolios) and also may be granted proxy voting authorization.

*This Brochure generally includes information about Easterly and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only.*

#### *Brief History*

Easterly, a Delaware limited liability company, was formed in October 2018 to engage in the transaction (the "Transaction") pursuant to an asset purchase agreement under which Easterly acquired certain assets and assumed certain liabilities from Levin Capital Strategies, L.P. ("Levin Capital"). The Transaction closed on March 29, 2019, and Easterly acquired Levin Capital's institutional asset management business and related operations, including, the investment advisory accounts serviced by that business and associated assets, liabilities and employees. The strategies and accounts transferred to Easterly are the institutional / "long-only" strategies directly managed by Jack Murphy and an Event Driven strategy managed by Sam Hendel. In connection with this transfer, analysts that support these strategies moved with Mr. Murphy (the "Murphy Team") to Easterly. In addition to the up-front consideration, John Levin, an affiliate of Levin Capital, is entitled to a portion of the revenues generated by Easterly. The revenue participation is allocated through a specific equity interest in Easterly.

On July 1, 2021, Easterly acquired Snow Capital Management LLC ("SCM") asset management business including all strategies and accounts managed by Richard Snow. In connection with this acquisition,

analysts and other team members that support these strategies moved to Easterly (the “Snow Team”).

Easterly is wholly owned by LE Partners Holdings LLC, a Delaware limited liability company, which is principally owned and controlled indirectly by Darrell Crate.

*The descriptions set forth in this Brochure of specific advisory services that Easterly offers to Clients, and investment strategies pursued and investments made by Easterly on behalf of its Clients, should not be understood to limit in any way Easterly’s investment activities. Easterly may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Easterly considers appropriate, subject to each Client’s investment objectives and guidelines. The investment strategies Easterly pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client account(s) will be achieved.*

Easterly’s investment decisions and advice with respect to each Client are subject to each Client’s investment objectives and guidelines, as set forth in the Client’s investment management agreement, as well as any written or verbal instructions provided by the Client to Easterly.

#### Management of Client Assets

Easterly manages Client assets on a discretionary basis and makes recommendations for investments for Model Portfolios on a non-discretionary basis. The chart sets forth below the amount of net assets under management as of July 1, 2021:

	U.S. Dollar Amount	Total Number of Accounts
Discretionary Assets	\$1,611,197,602	393
Non-discretionary Assets	<u>\$1,451,372,161</u>	<u>9</u>
Total:	\$3,062,569,763	402

Updated information is available from Easterly upon request.

## ITEM 5 FEES AND COMPENSATION

The fees applicable to each Client's Managed Account are set forth in detail in each Client's investment management agreement. A brief summary of such fees is provided below.

Easterly bills clients on either a monthly, quarterly, or annual basis. Depending on the introducing relationship (e.g., brokerage firm, wrap sponsor, institutional consultant, etc.), bills may be generated in arrears or in advance and the fee calculation may be based on average monthly balances, quarter-end market values or some other mutually agreed upon methodology. Partial periods may occur at account inception and termination; fees for partial periods are pro-rated. Easterly, at its discretion, may adjust the management fees borne by the Client in the event of additional capital contributions and withdrawals from the account. In these cases, the management fees will be prorated based on the actual number of days in such calendar period before and after the applicable contribution to, or withdrawal from, the account.

Clients may pay fees in several different ways and are often dependent on the relationship with the Firm. Fees are typically paid to Easterly by a Client either directly by the Client or through an arrangement with custodians and/or financial advisors and Easterly. In some cases, certain "qualified custodians" (e.g., broker-dealers) allow Easterly to deduct advisory fees directly from client accounts. Additionally, there may be instances where fees are paid directly to the Firm by the client in a pre-established manner (e.g., check, money order or wire).

Advisory fees will be negotiated on a client-by-client basis and are based on a percentage of assets.

### **For strategies managed by the Murphy Team** **Separately Managed Accounts and Model Portfolios**

Separately Managed Account and each Model Portfolio charge a management fee of up to 0.45% per annum of assets under management, typically charged monthly or quarterly in arrears. Subject to negotiation, certain large, qualified Clients may obtain different fee schedules that may include a performance-based fee structure. Fees for Clients are subject to negotiation and established pursuant to each Client's investment management agreement.

Set forth in the chart below is the standard investment management fee structure for Managed Accounts following any of the institutional investor strategies, which is subject to negotiation:

<u>Net Asset Value</u>	<u>Rate</u>
\$0 - \$99,999,999 million:	0.45%
Over \$100 million:	Negotiable

Generally, the investment management agreement between the Client and Easterly is terminable upon receipt of written notice of termination by either Easterly or the Client. Easterly generally will bill Clients in arrears, however for a Client that elects to be billed in advance, the Client will be entitled to any unearned portion of the management fee upon termination.

Certain family members, employees, affiliates and affiliates of family members of Easterly personnel may have a lower fee schedule than other Clients. Certain qualified and eligible Clients may negotiate a performance-based fee arrangement.

Any performance-based compensation will be charged or allocated, as applicable, in accordance with Section 205 of the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”), and Rule 205-3 under the Advisers Act.

#### Sub-Advised Funds

The Sub-Advised Funds bear management fees and/or incentive fees that are individually negotiated and vary depending upon the account. Generally, Easterly is entitled to receive a management and/or incentive fee in its role as advisor or a sub-advisor. The management fee and/or incentive fee applicable to each Sub-Advised Fund is set forth in detail in the respective funds’ prospectus, statement of additional information, or private offering memorandum, which management fee and/or incentive includes the portion of any management fee and/or incentive fee that the Sub-Advised Fund’s advisor pays to Easterly. Payment of fees may vary depending on the investment management agreement and is subject to those terms and conditions. For the UCITS Fund, Easterly will adhere to the investment restrictions as stated in the UCITS Fund’s offering documents and other applicable tax or regulatory laws and any reasonable investment restriction imposed by the UCITS Fund’s primary investment advisor. This restriction may include types of securities to be purchased or sold, holdings in specific industries or issuers (individual position, maximum percent holdings, etc.), various tax considerations, broker-dealers that can be used for a delivery versus payment (“DVP”) Client, and the limitation of soft dollar usage.

#### Managed Account Expenses

Easterly’s management fee with respect to each Managed Account does not include (a) brokerage charges, which are paid on a transactional basis by the Managed Account, (b) dealer mark-ups or mark-downs on securities purchased or sold for an account through third-party dealers, (c) taxes or regulatory fees and (d) custodial and other miscellaneous fees. In addition, if the Managed Account holds a registered investment company (open-end, closed-end, ETFs or “money market” mutual fund shares) or a publicly traded partnership, the managers of such entities may charge management fees and expenses, which would be in addition to Easterly’s investment advisory fee. Each Managed Account may bear certain of the fees and expenses described above.

To the extent practicable, Easterly seeks to fairly allocate shared research expenses among its Clients. While Easterly will apply methodologies for specific items in a manner that is intended to allocate those items in a fair and reasonable manner, as a general matter, Client accounts are generally allocated a pro rata portion of any applicable expenses.

However, certain Client accounts are not and may not be assessed all or a portion of certain research expenses or similar expenses; this can be due to a variety of reasons. For example:

- A small number of Clients may be subject to the “unbundling” requirements of the legislative package known as a recast of the Markets in Financial Instruments Directive (“MiFID II”) and cannot pay commissions on a full-fee bundled (*i.e.*, research and execution) commission basis; these Clients may therefore effectively pay for execution only (and are not assessed any portion of research expenses).
- Other Clients suggest or require that Easterly execute a portion of their trades through a particular broker according to a pre-negotiated commission schedule (*i.e.*, a “directed brokerage” arrangement) and, if that designated broker is not otherwise providing research that Easterly would purchase, those commissions are, in essence, not supporting the acquisition of research that Easterly acquires in the process of investing and trading for Client accounts and are, effectively, therefore not sharing in the allocation of research expenses.

- Other regulatory requirements that do not permit Easterly to allocate certain research expenses, such as “soft dollars.”

As a result of these arrangements, certain Clients do not bear any research expenses and, accordingly, the remaining Client accounts bear an increased proportionate share of research expenses.

**For strategies managed by the Snow Team**

**Separately Managed Accounts**

These clients maintain separate management agreements directly with Easterly and pay management fees based on the investment strategy and asset levels. These fees are exclusive of transactional and/or custodial costs. Annual fee schedule for separately managed accounts is as follows:

All Cap Value

1.00% on assets under \$10million

0.50% on assets over \$10 million

Equity Income

0.75% on assets under \$10 million

0.50% on assets over \$10 million

Focused Value

1.00% on assets under \$10 million

0.45% on assets over \$10 million

Large Cap Value

0.55% on assets under \$10 million

0.40% on assets over \$10 million

Small Cap Value

1.00% on assets under \$10 million

0.70% on assets over \$10 million

SMid Cap Value

1.00% on assets under \$10 million

0.60% on assets over \$10 million

All fees and account minimums are negotiable and may be discounted for wrap fee programs, friends and family, model-based or institutional accounts. The schedules above only reflect Easterly’s investment management fee.

**Wrap Fee Programs**

Clients in wrap fee programs pay a single fee to the program sponsor, which includes management and transaction fees for the client account. When Easterly manages funds through a wrap fee, we receive a portion of the fee charged by the sponsor. In some circumstances, clients will see those fees payable to Easterly itemized, and in other cases, they will be bundled together with the fees charged by the sponsor.



### Mutual Funds

Investors pay certain fees and expenses if they buy and hold shares of mutual funds. The fees and expenses are found in the Funds' prospectus at [www.snowcm.com](http://www.snowcm.com).

For funds where Easterly has been engaged as a sub-adviser to other mutual funds, Easterly receives a management fee from the fund's registered investment company.

### Private Fund

The Snow Capital Investment Partners L.P. ("SCIP" or the "Private Fund") Private Placement Memorandum (PPM) sets forth all fees.

### Other Fees and Expenses

You may pay other expenses in addition to the advisory fees paid to Easterly. For example, you may pay brokerage commissions, exchange fees, transaction costs, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes which are unrelated to the fees paid to Easterly. Mutual funds and exchange-traded funds also charge internal management fees, which are detailed in the prospectuses. Such charges, fees and commissions are exclusive of and in addition to Easterly's advisory fee.

### Termination of Accounts

Clients may close their accounts by giving Easterly written notice at least 30 days in advance, although this requirement may be waived. Final client fees will be pro-rated through the termination date.

Wrap fee and model portfolio program clients should refer to the respective program's sponsors' agreement for termination charges.

### ERISA Accounts

Easterly is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986, respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Easterly can only charge fees for investment advice about products for which our Firm and/or our related persons do not receive commissions. ERISA rule 408(b)(2) requires full disclosure of our services as well as direct and indirect compensation and should be read in conjunction with this Form ADV Part 2A and your investment management agreement with us.

### Additional Compensation and Conflicts of Interest

Neither Easterly nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

Easterly is under common control with Easterly Securities LLC ("Easterly Securities"), which is registered as a broker-dealer with the SEC. As detailed further in Item 10 of this Brochure, Darrell Crate and Joe Iraci are control persons of Easterly Securities. While these individuals are control persons of Easterly, none of them will receive transaction-based compensation.

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

Clients may be charged a management fee only, a management fee and a performance fee, or a performance fee only. The variation of the incentive compensation structures among Clients may create an incentive for Easterly to direct the best investment ideas to, or allocate or sequence trades in favor of, Clients that pay or allocate performance fee compensation to Easterly.

To address this conflict, Easterly has adopted policies and procedures reasonably designed to comply with its fiduciary obligations by seeking to allocate investment opportunities on a fair and equitable basis. Investment allocation determinations are based on several factors, including but not limited to investment strategy, risk tolerance (including with respect to initial public offerings or secondary offerings), investment objective, taxable status, suitability, time horizon and account guidelines and restrictions, if any. Client's Directed Brokerage Accounts held at different custodians or brokerage firms may realize different prices and commission rates. Easterly also utilizes an allocation policy for each investment including special considerations for investments in initial public offerings and secondary offerings. Please refer to *Trade Allocation and Aggregation Policies and Procedures* under Item 12 *Brokerage Practices* below.

**ITEM 7**  
**TYPES OF CLIENTS**

As previously noted, Easterly generally provides investment advice to Individuals, high net worth individuals, Investment Companies (including mutual funds), Pooled investment vehicles, pension and profit-sharing plans, charitable organizations, corporations or other businesses, and state and municipal government entities.

Easterly generally requires a minimum account size of \$1-2 million in order to establish a Separately Managed Account, although Easterly may, in its sole discretion, require a larger amount or accept a smaller amount of initial assets from a potential Client.

Please refer to the Mutual Funds' prospectuses for more information regarding account minimums.

Please refer to the SCIP Private Placement Memorandum (PPM) for information about the investment minimums of the Private Fund.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

*The descriptions set forth in this Brochure of specific advisory services that Easterly offers to Clients, investment strategies it pursues and investments made by Easterly on behalf of its Clients, should not be understood to limit in any way Easterly's investment activities. Easterly may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Easterly considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies that Easterly pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.*

To construct a Managed Account's portfolio, Easterly's Murphy Team generally utilizes a fundamental, bottom-up methodology that seeks to identify situations where, in Easterly's opinion, there are (i) significant gaps between market perceptions and economic realities and (ii) identifiable catalysts that could close such gaps.

Easterly believes that the fundamental approach to select attractive "long" equity positions is the key to achieving sustained and substantial appreciation. In evaluating potential investments, Easterly will typically engage in a detailed, bottom-up analysis of potential investments.

Select Clients may pursue an event-driven, long/short strategy that primarily invests in U.S. publicly traded securities. This strategy may invest in (i) merger arbitrage and event-driven arbitrage transactions, including "special situations" investments, (ii) corporate restructuring and other event-driven situations, (iii) convertible securities on an outright and hedged basis, (iv) subordinated debt, debt claims, bank debt and other loans that are potentially volatile, including securities in undervalued, vulnerable, distressed and bankrupt entities, and (v) other securities or instruments in which such Managed Account may realize value based on fundamentals.

Select Managed Accounts may utilize leverage to take advantage of perceived market opportunities. The use of leverage entails certain risks (including, without limitation, the potential of increased losses and performance volatility) and expenses.

Easterly's Snow Team generally uses fundamental analysis to employ a contrarian investment philosophy. Easterly believes that attractive risk/reward opportunities in the equity markets are obtained through diversified portfolios. Easterly's Snow Team invests in companies believes to be undervalued, well-managed, and financially strong where the stock price is depressed because the company has experienced temporary difficulties. The teams contrarian investment philosophy is consistent with modern behavioral finance research which takes advantage of market overreaction to well managed companies that experience negative surprises. Easterly believe this approach provides attractive risk/reward opportunities for our clients and may avoid overpaying for stocks which later regain favor by mainstream investors after the negative surprise has dissipated or been corrected by management.

#### **Allocation of Initial Public Offering Securities**

Easterly may be given the opportunity to participate in initial public offerings from time to time that have limited participation opportunities. All initial public offerings will be for the benefit of all eligible client accounts, except that initial public offerings are not allocated to Directed Brokerage Accounts. Easterly will generally allocate initial public offering shares received for an opportunity among its eligible participating client accounts on a rotating basis if they cannot be proportionally allocated, in accordance with the

Easterly's allocation policies and procedures.

## **Principal Risks**

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment for a Managed Account, and the following risk factors may not be applicable to all Clients. An investment by a Client is speculative and involves a substantial degree of risk, including the risk that an investor could lose some or all of its investment. Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the applicable private investment fund's offering documents. Past performance is not indicative of future results. Purchasing investment products, including those outlined in this document, involves risk. Stock and bond markets can fluctuate substantially over time with changes in the economy and demand for particular products or services. These risk factors include only those risks Easterly believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Easterly and do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by Easterly.*

Equity Securities: Easterly generally follows a "large-cap" value "bottom-up" approach towards managing Client assets. Easterly may also follow an "all-cap" and/or "mid-cap" "bottom-up" approach for certain Clients. Easterly defines "large-cap" issuers as issuers having market capitalization greater than U.S.\$7 billion. Easterly primarily invests in equity securities trading in the United States, however certain Managed Accounts may also invest in foreign traded securities which are perceived to have a greater risk. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Managed Account may suffer losses if Easterly invests in equity instruments of issuers whose performance diverges from Easterly's expectations or if equity markets generally move in a single direction. Managed Accounts following an alternative investment strategy may be hedged. A Managed Account may also be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities, delivering marketable common stock upon conversions of convertible securities or registering restricted securities for public resale.

Convertible Securities: Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into, or exchanged for, a specified amount of common stock of the same or different issuer within a particular time period at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted, or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics, and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the

convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Managed Account is called for redemption, such Managed Account will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on such Managed Account's ability to achieve its investment objective.

*Municipal securities:* While generally considered safe, can have significant risks associated with them including, but not limited to the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

*Market Risk:* Prices of securities (and stocks in particular) have historically fluctuated. Managed Accounts returns and principal value will fluctuate, and the original investment may be worth more or less than the original cost.

*Competition; Availability of Investments:* Certain markets in which Easterly may invest on behalf of Managed Accounts are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that Easterly will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets, and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition for Easterly in obtaining suitable investments.

*Investments in Undervalued Securities:* Easterly may invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities may offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Easterly may make certain speculative investments in securities which are believed to be undervalued; *however*, there are no assurances that the securities purchased will, in fact, be undervalued. In addition, a Client may be required to hold such securities for a substantial time period before realizing their anticipated value providing such value is ever realized. During this period, a portion of a Client's assets would be committed to the securities purchased, thus possibly preventing such Client from investing in other opportunities. In addition, a Client may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such holding period.

*Risk of Purchasing Securities of Initial Public Offerings:* Easterly may purchase securities of companies in initial public offerings or shortly thereafter on behalf of our clients. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for Easterly to buy or sell significant amounts of shares

without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Others may be emerging growth companies about which limited information is available for analysis. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

*Style Risk:* Easterly identifies opportunities in various securities/companies sectors that appear to be temporarily depressed or in Easterly's opinion may be undervalued. The prices of securities with these types of characteristics may tend to go down more than others in their sector. Easterly utilizes a disciplined and deliberate investing approach, and there may be times when Clients have a significant cash position. A substantial cash position can adversely impact a Managed Account's performance in certain market conditions and may make it more difficult for a Client to achieve its investment objective, subject to Client guidelines and restrictions.

*Focus and Non-Diversification Risk:* Certain Managed Account's portfolios may be non-diversified and follow a more concentrated investment strategy. This means that a Managed Account may have investments in fewer issuers, can be more volatile, and may increase or decrease in value and realize greater potential gains and losses than that of a more diversified Managed Account of comparable size.

*Concentration of Investments:* Some Managed Accounts will not have fixed quantitative guidelines for diversification and may for any given time period be concentrated in particular positions. As a consequence, such Managed Account's returns as a whole may be adversely affected by the unfavorable performance of even a single investment or strategy by a portfolio.

*Interest Rate Risk:* In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter-term obligations. While bonds and other debt securities normally fluctuate less in price than common stocks, there have been extended periods of increases in interest rates that have caused significant declines in bond prices.

*Credit Risk:* The issuers of the bonds and other debt securities held in Managed Accounts may not be able to make interest or principal payments. Even if these issuers are able to make interest or principal payments, they may suffer adverse changes in financial condition that would lower the credit quality of the security, leading to greater volatility in the price of the security.

*Investment and Trading Risks in General:* Clients should be aware that they may lose all or part of their investment. No guarantee or representation is made an investment program will be successful. An investment program may utilize such investment techniques as concentrating its portfolios in the securities of particular companies or industries or limited diversification, which practices can, in certain circumstances, maximize the impact of adverse market moves to which such a Client may be subject.

*Systemic Risk:* Credit risk may also arise through default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, and exchanges, with which the Client may interact on a frequent basis.

*Operations Risk:* Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemic, pandemic or other serious public health concern, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt the Easterly's business and operations, its investments or the business and operations of any counterparty or service provider to

Easterly, and Easterly or the Managed Accounts may be adversely affected thereby. For example, if a significant number of Easterly's personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), or if one or more of Easterly's counterparties or service providers were significantly impacted by their own business continuity issues, Easterly's ability to effectively conduct its business could be severely compromised. In addition, the cost to Easterly, its affiliates or the Managed Accounts of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While Easterly has adopted certain policies and procedures designed to restore and/or continue Easterly's business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and Easterly and the Managed Accounts may be adversely affected thereby.

In addition, certain Managed Accounts that follow an alternative investment strategy may be subject to these additional risks:

*Alternative Investment Strategies:* In addition to risks disclosed above in *Investment and Trading Risks in General*, Clients should be aware that an alternative investment strategy may utilize investment techniques such as engaging in short sales, option transactions, swap or contracts for differences or margin transactions, which practices can also, in certain circumstances, maximize the impact of adverse market moves to which such a Client may be subject.

*Use of Leverage:* While leverage presents opportunities for increasing a Managed Account's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment of a Managed Account would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by a Managed Account in a market that moves adversely to such Managed Account's investments could result in a substantial loss to such Managed Account which would be greater than if such account was not leveraged.

In general, a Managed Account's anticipated use of short-term margin borrowings results in certain additional risks to the Client. For example, should the securities pledged to brokers to secure a Managed Account's margin accounts decline in value, the Managed Account could be subject to a "margin call," pursuant to which the Client must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of such Managed Account's assets, such Managed Account might not be able to liquidate assets quickly enough to satisfy its margin requirements.

*Trading is Leveraged:* The banks and broker-dealers that provide financing to a Managed Account can apply essentially discretionary margin, haircut, financing, and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. In addition, money borrowed by a Managed Account will be subject to interest costs, which will be an expense of the Managed Account, and, to the extent not covered by income attributable to the investments acquired, will adversely affect the operating results of the Managed Account. Irrespective of the risk control objectives of a Managed Account, the use of leverage necessarily entails some degree of risk.

*Currency:* A Managed Account may invest a portion of its assets in instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. Each Managed Account will, however, value its securities and other assets in U.S. dollars. To the extent unhedged, the value of a Managed Account's assets will fluctuate with U.S. dollar exchange rates as well as the price changes of such Client account's investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which a Managed Account makes its investments will reduce, all other economic factors being constant, the effect of increases



and magnify the effect of decreases in the prices of the Client account's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Managed Account's non-U.S. dollar securities.

*Foreign Securities/Non-U.S. Investments:* The success of a Managed Account's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client's investments), trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a Client's investments. Volatility or illiquidity could impair such Client's profitability or result in losses.

The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of the gross domestic product, the rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, and imposition of withholding or other taxes on dividends, interest, gains, gross sale or disposition proceeds or other income, limitations on the removal of funds or other assets of a Client, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks are expected to change independently of each other.

*Derivative Instruments:* Certain Managed Accounts may invest in swaps, options and other derivative instruments that may be subject to various types of risks, including market risk, credit risk, liquidity risk, legal risk and operations risk. A Managed Account's use of derivatives could reduce returns, may not be liquid, and may not correlate precisely to the underlying securities or index. Derivative securities are subject to market risk, which could be significant for those derivatives that have a leveraging effect that could increase the volatility of such Managed Accounts. Derivatives are also subject to the risk of material and prolonged deviations between the theoretical and realizable value of a derivative (*e.g.*, due to non-conformance to anticipated or historical correlation patterns). Derivatives are also subject to credit risks related to the counterparty's ability to perform, and any deterioration in the counterparty's creditworthiness could adversely affect the instrument. A risk of using derivatives for hedging purposes is that the investor might imperfectly judge the market's direction, which could render a hedging strategy ineffective or have an adverse effect on the value of the derivative. Furthermore, many derivatives, particularly those that are not traded in transparent markets, may be subject to significant price risk. Prices in these markets are privately negotiated and there is a risk that the negotiated price may deviate materially from fair value. This deviation may be particularly acute where there is no active market available from which to derive benchmark prices. The price of a given derivative may demonstrate material differences over time between its theoretical value and the value that may actually be realized by a Managed Account (*e.g.*, due to non-conformance to anticipated or historical correlation patterns). Many over-the-counter derivatives are priced by the dealer; however, the price at which a dealer values a particular derivative may not comport with the price at which a Managed Account seeks to buy or sell the position. In many instances, a Managed Account will have little ability to contest the dealer's valuation. Derivatives, particularly to the extent they are transacted on an over-the-counter or bilateral basis or are highly customized, may also be highly illiquid, making it difficult, or in some cases impossible, for a Managed Account to exit a position at what the investor considers a

reasonable price.

*Business Risks Related to COVID-19:* The global spread of the coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused volatility, severe market dislocations, and liquidity constraints in many financial markets, including markets in which Easterly strategies trade, and may adversely affect the volatility and performance of client account holdings. Furthermore, the long-term impact of the accommodative monetary policy and government economic relief spending in the United States, aimed at countering the adverse effects of the pandemic, is unknown. However, any meaningful and sustained rise in inflation could adversely impact the value and performance of client account holdings

***The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Managed Account. Easterly encourages its Clients and prospective Clients to consider all risk factors Easterly has explained in this Brochure.***

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Easterly's advisory business or the integrity of Easterly's expected management.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### *Broker-Dealer Affiliation*

Easterly Securities LLC (“Easterly Securities”) is a SEC and Financial Industry Regulatory Authority (“FINRA”) registered broker-dealer, and Darrell Crate and Joe Iraci are control persons of Easterly Securities.

Easterly will not engage Easterly Securities to act as the broker-dealer in connection with Easterly’s advisory services to Clients, and no Client transactions will be traded by or cleared through Easterly Securities.

#### *Investment Companies*

As noted in *Item 4 – Advisory Business*, Easterly is the investment adviser to several mutual funds. Easterly is also engaged as a sub-adviser to manage portions of the assets of certain funds.

Easterly does not believe that any of the advisory services associated with being an adviser or sub-adviser create material conflicts of interest between the Firm and our clients that are invested in other products. The firm maintains written policies and procedures designed to manage such conflicts of interest by ensuring that all clients are treated fairly, regardless of the investment strategy and fee schedule associated with the account.

#### *Other Investment Advisory Services*

Easterly provides investment advisory services to collective trust funds managed by Russell Trust Company, a non-depository trust company and a wholly owned subsidiary of Frank Russell Company. The funds are only available to certain qualified employee benefit plans and government plans and are not offered to the general public.

As discussed above, Easterly’s policies and procedures outline steps for us to take to avoid or mitigate the potential conflicts inherent in these relationships.

#### *Private Fund*

As noted above, an affiliate of Easterly is the general partner of SCIP, the Private Fund. We acknowledge this structure creates potential conflicts of interest between the Firm and its other clients. As previously stated, the Firm follows written policies and procedures to ensure that all clients are treated fairly, regardless of the investment strategy and fee schedule associated with the account.

#### *Services Provided by Easterly to Levin Capital*

In connection with the Murphy Team Transaction in 2019, Easterly and Levin Capital entered into a services agreement pursuant to which Easterly provides services to Levin Capital and supports its middle and back-office business operations. These services include, among other things, services of certain employees and personnel of Easterly, access to research, and operational support. Levin Capital personnel will continue to have access to the Easterly research team. Easterly is reimbursed by Levin Capital for the costs to provide such services. In addition, Easterly has adopted policies and procedures designed to ensure that the provision of such services to Levin Capital does not conflict with Easterly’s duties to Client accounts.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST**  
**IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

*Investment Activities of Easterly and its Personnel*

Easterly, its member, and employees may from time to time make personal investments in securities or instruments in which Easterly may also invest the Managed Accounts' assets. Subject to Easterly's Code of Ethics, its personnel may buy, sell, or hold securities or other instruments for its own or their own accounts while entering into different investment decisions for one or more Managed Accounts. Personnel and their immediate family members who derive financial support from such personnel, are generally required to maintain their personal brokerage accounts (other than mutual funds, etc.) with specific financial institutions for Easterly compliance monitoring purposes, with certain exceptions, including (i) accounts managed by third-parties where employees do not have the ability to influence investment decisions, (ii) where a spouse of a Easterly employee is employed at another broker-dealer and (iii) purchases, sales and maintenance of open-ended mutual funds, U.S. Treasury obligations, Exchange Traded Funds, certificates of deposit or municipal securities. It is expected that, if such investments are made, the size and nature of these investments will change over time. Neither Easterly nor its personnel are required to keep any minimum investment in any Easterly strategy or investment vehicle.

*Code of Ethics and Statement on Personal Trading*

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Easterly and its affiliates and personnel (each, an "Advisory Affiliate"). Easterly has established policies and procedures to monitor and resolve conflicts and endeavors to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. The Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of Managed Accounts. The Advisory Affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to the advice given or action taken by Managed Accounts. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Managed Accounts.

Easterly strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust. In seeking to meet these standards, Easterly has adopted a Statement on Personal Trading and a Code of Ethics (collectively, the "Code"). The Code incorporates the following general principles that all employees and other covered persons are expected to uphold: they must at all times place the interests of Client first and all personal securities transactions must be conducted in a manner consistent with the Code. Easterly seeks to identify and mitigate any conflicts of interest, and employees are strictly prohibited from abusing their position of trust and confidence. Employees and other covered persons must not take any inappropriate advantage of their positions, and information concerning the identity of securities and financial circumstances of the Client must be kept confidential (unless otherwise permitted); and independence in the investment decision making process must be maintained at all times.

*Clients and investors in a Client may request a copy of the Code by contacting Easterly Partners LLC, Attn: Compliance Department, 138 Conant Street, Beverly, Massachusetts 01915 and/or [compliance@easterlyam.com](mailto:compliance@easterlyam.com).*

Easterly also maintains Insider Trading policies and procedures (the "Insider Trading Policies") that are

designed to prevent the misuse of material, non-public information. Easterly's personnel are required to certify their compliance with the Code and the Insider Trading Policies, on a periodic basis.

Easterly has established policies and procedures to monitor and resolve conflicts concerning investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above. Regular monitoring will occur of employee and other covered persons transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

The Advisory Affiliates may also have ongoing relationships with companies whose securities are in or are being considered for Managed Accounts. From time to time, Easterly may acquire securities or other financial instruments of an issuer for a Managed Account which are senior or junior to securities or financial instruments of the same issuer that are held by, or acquired for, another Managed Account (*e.g.*, one Managed Account may acquire senior debt while another Managed Account may acquire subordinated debt). Easterly recognizes that conflicts may arise under such circumstances and has adopted policies and procedures reasonably designed to identify and mitigate such conflicts.

#### *Cross Trades and Principal Transactions*

Easterly and its personnel do not purchase or sell any securities for their own accounts to or from Managed Accounts. However, under unusual circumstances, Easterly may determine that it is in the best interest of the Managed Accounts to effect securities trades through crosses and/or internal crosses between or among the Managed Accounts, subject to each Managed Account's investment guidelines and restrictions. This could occur, for example, in connection with a rebalancing transaction. In such cases, one Managed Account will purchase securities held by another Managed Account. If Easterly decides to engage in a cross trade, Easterly will determine that the trade is in the best interests of each Client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

Easterly generally does not execute cross trades; *however*, if it does so, it will generally do so with Client approval and with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross trade between two Clients may occur as an "internal cross," where Easterly instructs the custodian for the Client to book the transaction at a price determined in accordance with Easterly's valuation policy. If Easterly effects an internal cross, Easterly will not receive any fee in connection with the completion of the transaction.

Easterly would effectuate these transactions based on the then current market price and consistent with valuation and other procedures established by Easterly. Neither Easterly nor any related party will receive any compensation in connection with these cross-trading transactions.

## ITEM 12 BROKERAGE PRACTICES

As noted previously, Easterly has full discretionary authority to manage the Managed Accounts, including authority to make decisions with respect to which securities are bought and sold with and without prior consultation with the Client, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Easterly's authority is limited by its own internal policies and procedures and each Managed Account's investment management agreement/guidelines. Easterly has no discretionary authority or control over security transactions, if any, for any Model Portfolio. Therefore, Easterly does not execute any transactions for the Model Portfolios, and the financial intermediary is under no obligation to follow Easterly's recommendations.

Easterly places its Managed Accounts in one of two trading groups based upon where a Client's assets are held or where the Client has directed that their securities transactions be executed (each individually, a "Easterly Trading Group" and collectively, the "Easterly Trading Groups"). One of the Easterly Trading Groups consists of Managed Accounts settled on a delivery versus payment ("DVP") basis. The second Easterly Trading Group consists of a group of Managed Accounts for which Clients have directed that their securities transactions be executed at a specific broker-dealer (the "Directed Brokerage Group"). There is no assurance that Easterly can accommodate any Managed Accounts' directed brokerage request(s). However, Easterly shall make a good faith attempt to determine if such an arrangement is possible.

To minimize conflicts of interest among the Easterly Trading Groups and to help avoid potentially volatile price movements caused by the entering of Client orders into the market simultaneously, Easterly maintains a daily trading rotation whereby generally, its orders are executed sequentially for each Easterly Trading Group and each Managed Account where available trading the same security receives the same prices by means of the aggregation of orders utilizing an average price account *except* for certain Directed Brokerage Accounts. An expected recognized by-product of Easterly's rotational process is that Clients across trading groups likely will receive different prices for their orders based on the time (and date, in cases where an order continues beyond a single trading day) that such orders are executed or an order may never be executed because of price sensitivity or lack of liquidity. Nevertheless, it is Easterly's good faith and reasonable determination that over time no one Easterly Trading Group (and Client within each Easterly Trading Group) is regularly advantaged or disadvantaged by its rational approach to trade order rotation.

Easterly generally will not be able to aggregate orders across all accounts in all circumstances because certain advisory accounts will be held with a specified broker-dealer as, for example, in the case of a Directed Brokerage Group or a Client that has directed their commissions to specific broker-dealers. Advisory Clients choose their custodian, bank, trust company, or brokerage firm where the Client assets will be held provided that Easterly is able to operationally perform investment advisory services. Clients are not obligated to maintain a brokerage account with any broker-dealer nor obligated to purchase any investment products affiliated with Easterly.

Clients with Managed Accounts may request or require Easterly to use a specified broker-dealer to execute the Managed Account's securities transactions and may have made separate arrangements with such broker-dealers regarding the commissions to be paid with respect to such transactions. These Clients are sometimes referred to collectively in this Brochure as "Directed Brokerage Accounts" and individually as a "Directed Brokerage Account." As noted in Item 4 *Advisory Business* of this Brochure, Easterly manages accounts of certain family members and employees of Easterly, except that Easterly affiliated Client Accounts (accounts of family members, employees, affiliates and affiliates of family members of Easterly personnel) are traded separately from other Client Accounts and always executed last.

For Directed Brokerage Accounts, where Easterly does *not* have the discretion to select broker-dealers:

- Easterly does not negotiate commission rates. Rather, the commission rates will be as negotiated by the Client with the broker-dealer, and this will not change as a result of Easterly serving as an investment adviser. Easterly will attempt to help minimize brokerage transaction costs, and the use of a directed broker request may result in transactions occurring at different times with different prices;
- Easterly is not responsible for obtaining competitive bids on directed trades done on a net basis; and
- Easterly may be unable to obtain a more favorable price based on transaction volume on transactions that cannot be aggregated with transactions of its other advisory Clients.

Portfolio transactions for each Client where Easterly has the discretion to select broker-dealers for execution of orders (which excludes the Directed Brokerage Group) will be allocated to brokers-dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to Easterly and/or certain Clients, but not beneficial to all Clients. In selecting an appropriate broker-dealer to effect a Client trade, Easterly seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to Easterly, brokerage and research services provided to Easterly (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, market making capabilities (including participation in initial public offerings), and settlement, and potentially custodial services.

Accordingly, the commission rates (or dealer markups and markdowns) charged to Managed Accounts by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. Easterly does not deem it practicable and in the best interest of its Clients to solicit competitive bids or commission rates on each transaction. However, consideration is given regularly to information concerning the prevailing level of commissions charged on comparable transactions by other qualified brokers and dealers. Generally, Easterly does not separately compensate any broker or dealer for any of these other services.

If Easterly decides, based on the factors set forth above, to execute OTC transactions on an agency basis through Electronic Communications Networks ("ECNs") or "Dark Pools," it will also consider the following factors when choosing to use one ECN over another: the ease of use, the flexibility of the ECN compared to other ECNs and the level of care and attention that will be given to smaller orders. Easterly maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Easterly does not submit or execute any Client related portfolio transaction with Easterly Securities, its affiliated broker-dealer, as Easterly Securities is not a clearing broker-dealer. Easterly does not believe this impacts its ability to achieve best execution for portfolio related transactions.

#### *Soft Dollar Usage and Commission Sharing Arrangements*

From time to time, Clients may incur broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) when Easterly effects security transactions for their Managed Accounts in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Easterly will effect such transactions, and receive such brokerage and research services, only to the extent



that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and subject to prevailing guidance provided by the SEC regarding Section 28(e) of the Exchange Act. Easterly believes it is important to its investment decision-making processes to have access to independent research.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In some cases, research services are generated by third parties but are provided to Easterly by or through broker-dealers.

Also, consistent with Section 28(e) of the Exchange Act, research products or services obtained with “soft dollars” or commission sharing arrangements (herein used interchangeably) generated by one or more Managed Accounts may be used by Easterly to service one or more other Managed Accounts, including Clients that may not have paid for the soft dollar benefits. Easterly does not seek to allocate soft dollar benefits to Client accounts in proportion to the soft dollar credits the Client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to Easterly (*e.g.*, a “mixed use” item), Easterly will make a good faith allocation of the cost that may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Easterly’s allocation of the costs of such benefits and services between those that primarily benefit Easterly and those that primarily benefit the Managed Accounts.

When Easterly uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Easterly will receive a benefit because it does not have to produce or pay for such products or services. Easterly may have an incentive to select or recommend a broker-dealer based on Easterly’s interest in receiving research or other products or services, rather than on its Client’s interest in receiving most favorable execution.

Easterly or its related persons may acquire the following types of products and services with Client brokerage commissions (or markups or markdowns): information on the economy, industries, groups of securities, legal developments affecting portfolio securities, political developments or individual companies; statistical information; accounting, regulatory and tax law interpretations; pricing services; credit analysis risk measurement analysis; performance analysis; and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer hardware and software, and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives. In some cases, research services will be generated by third parties but are provided to Easterly by or through broker-dealers.

At least annually, Easterly will consider the amount and nature of the research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Client on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the

suggested allocation, but can (and often does) exceed the suggested level because total brokerage is allocated on the basis of all of the considerations described above. In no case will Easterly make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to paying cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

### **Trade Allocation and Aggregation Policies and Procedures**

#### **Trade Allocation Policies and Procedures**

Easterly may give advice or take action with respect to the investments of one or more Managed Accounts that may not be given or taken with respect to other Managed Accounts with similar investment programs, objectives, and strategies. Accordingly, Managed Accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. Easterly also may advise Managed Accounts with conflicting programs, objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Managed Accounts. Finally, Easterly and its personnel may have conflicts in allocating their time and services among the Managed Accounts. Easterly devotes as much time to each Managed Account as Easterly deems appropriate to perform its duties in accordance with its management agreements.

Certain Clients may have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of Easterly to allocate investment opportunities for the Managed Accounts fairly and equitably, to the extent possible, over a period of time. Easterly, however, has no obligation to purchase, sell or exchange any security or financial instrument for a Managed Account that Easterly may purchase, sell or exchange for another Managed Account if Easterly believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for a particular Managed Account.

Easterly generally will make investment decisions among Managed Accounts depending on the particular investment strategy pursued by each Managed Account. Allocations among Managed Accounts within a particular strategy are then made generally on a pro rata basis in proportion to the relative value of each Managed Account's eligible net assets, or on a pro rata basis in proportion to the actual position size held by each Managed Account. However, Easterly may take into consideration a number of additional factors, including, among others, the nature and size of the proportion of a securities issue likely to be available to Easterly or the nature and size of the proposed transaction; the investment objectives and/or investment strategy, tax consequences (if applicable), risk tolerances, time horizons and restrictions and guidelines of the Managed Accounts; the eligibility to invest in initial public offerings; the relative size and cash availability of the applicable strategy within a Managed Account; in limited circumstances, the ability to borrow and the cost of borrowed funds; legal restrictions, including those that may arise in foreign jurisdictions; the liquidity of the investment relative to the need of each Managed Account; the degree of specialization of a Managed Account relative to the investment offered; the relative historical participation of a Managed Account in the investment; the difficulty of liquidating an investment for more than one Client; the possibility that an allocation may result in a small or odd lot; new Client with a substantial amount of investable cash; and other factors that may be considered relevant.

Easterly acts as the investment adviser to Model Portfolios where Easterly does not exercise trading discretion. Investment opportunities considered by Easterly to be appropriate for certain of the Separately Managed Accounts following similar investment strategies will generally over time be equitably allocated based on considerations such as relative capital, specific investment guidelines, the composition of the portfolios at the time of purchase and tax considerations. This may result in the Model Portfolios receiving an investment recommendation either at or about the same time as other accounts or afterward depending

upon and subject to the model portfolio investment restrictions. Model Portfolios are not subject to the Easterly trade rotation program as Easterly does not execute any specific investment recommendation and there is no assurance the model portfolio investment recommendations will be implemented or that they will ultimately receive a purchase or sale price similar to other Managed Accounts.

Easterly may combine purchase or sale orders with orders for other Managed Accounts and allocate the securities or other assets so purchased or sold, on an average price basis, among such accounts. Easterly may enter into arrangements with broker-dealers to open such “average price” accounts wherein orders placed during a trading day are placed on behalf of the Managed Accounts and are allocated among such accounts using an average price.

Generally, Managed Accounts are traded together in a daily pre-determined trading rotation within a relevant or same investment strategy group, and investment decisions are made for that group following a similar or same investment strategy. However, because certain Client accounts such as the Directed Brokerage Accounts are directed or required to be held with a specified broker-dealer, Easterly is not able to aggregate orders for those accounts with orders for other Easterly Trading Groups. Moreover, Easterly periodically reviews its trades for best execution. Easterly’s trading desk follows protocol and procedures to ensure that all Managed Accounts are treated fairly over time.

Allocations will be made among client accounts eligible to participate in initial public offerings and secondary offerings on a pro rata basis, except when Easterly may determine in its discretion that a pro rata allocation is not appropriate, which may be based on factors including, the investment strategy, a client’s investment guidelines explicitly prohibiting participation in initial public offerings or secondary offerings and/or a client’s status as a “restricted person” under applicable regulations

#### Aggregation Policies and Procedures

If Easterly determines that the purchase or sale of the same security is in the best interest of more than one Managed Account (including Separately Managed Accounts in which Easterly personnel have a direct or indirect ownership interest), Easterly may, but is not obligated to, aggregate orders to reduce transaction costs to the extent permitted by applicable law.

As noted above, because certain Managed Accounts are held with a specified broker-dealer, including accounts in which Easterly personnel have a direct or indirect ownership interest, and certain Managed Accounts direct Easterly to execute their securities transactions through a specified broker-dealer, Easterly generally is not able to aggregate orders across all accounts in all circumstances. To address this situation, Easterly typically will treat its Managed Accounts as falling within separate trading groups depending on where their accounts are held and generally aggregates appropriate trades across accounts within each trading group where possible or practicable. Directed accounts are generally not aggregated.

In addition, to avoid placing competing trades for each separate trading group in the market simultaneously, Easterly generally will place orders for different trading groups using a daily rotational method but may deviate from this approach where Easterly believes that this approach will result in fundamental unfairness to Managed Accounts. This result may occur when trades in the same security for Managed Accounts in one separate trading group receive priority with respect to a purchase or sale of a particular security and also receive a different price, which may, and in some cases, be more favorable than the price received by Managed Accounts in another trading group. Easterly monitors its trading rotation to determine that no Separately Managed Accounts are systematically disadvantaged by this approach to trade order priority. Easterly may, depending upon market conditions, time of day, and difficulty/complexity of compiling investment advisory orders go out of its scheduled daily trading rotation if in the opinion of Easterly the circumstances warrant such action to obtain best execution, take advantage of news announcements, or

prevent potential harm to other investment advisory Clients.

When an aggregated order is filled through multiple trades at different prices on the same day, each participating Managed Account within a particular trading group, excluding directed accounts, will receive the average price with transaction costs allocated pro rata based on the size of each Managed Account's participation in the order (or allocation in the event of a partial fill) as determined by Easterly. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on the basis that Easterly deems to be appropriate, including, for example, in order to avoid odd lot positions, *de minimis* allocations, or accounts subject to minimum ticket charges, Easterly may use a random allocation. Smaller Managed Account(s) or accounts with small portfolio positions may or may not participate with other accounts where Easterly deems the transactional costs prohibitive. This may result in either higher or lower portfolio returns than other Managed Accounts with similar investment objectives.

When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Easterly. As a result, certain trades in the same security for one Client (including a Client in which Easterly and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based on the prevailing market prices at the time of the order or trade. The use of derivative instruments for certain managed accounts may result in different effective net price(s) from other accounts.

In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

#### Trade Errors

Easterly may on occasion experience errors with respect to trades executed on behalf of its Clients. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, or for the wrong account, or the wrong quantity is purchased or sold (e.g., 1,000 shares instead of 10,000 shares are traded). Trade errors may result in losses or gains. Easterly will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by counterparty, such as by a broker-dealer, Easterly will strive to recover any losses associated with such error from the counterparty but is not responsible for such error. To the extent that Easterly determines that it is responsible for a trade error, Easterly intends to bear the loss caused by such trade errors, but may on a case-by-case basis and subject to Client disclosure and consent not to credit the Managed Account for gains resulting from a trade error. Easterly may not be responsible for errors that arise in the investment management process, including those that do not result in transactions in a Managed Account (such as transactions that result in loss of an investment opportunity) and clerical mistakes not resulting in transactions in Client accounts.

#### Wrap Fee Programs

When permissible, Easterly may "step-out" or "trade away" from the wrap platform sponsor in seeking to achieve best execution. Clients *will* incur fees in addition to wrap program fees when trades are 'stepped-out' to broker-dealers other than your wrap sponsor. The team may, nevertheless, choose to trade away when it is believed the client will benefit from such execution relative to these additional costs. The additional fees that are charged to the Client's account are reflected in the "net price" paid for or received from the transaction and will not appear individually on the trade confirmation.

In cases where Easterly are permitted to "step-out" or trade away, participation in wrap programs may cause a potential conflict of interest in the pursuit of best execution. Wrap programs may encourage Easterly to only place trades through the program sponsor without considering execution quality. Likewise, Easterly's choice to step-out trades may cause a reduction in the number of future accounts obtained from the platform. Easterly attempts to mitigate this conflict by considering the factors listed above when making execution decisions, as our primary obligation is to act in the best interest of our

clients.

### **ITEM 13**

#### **REVIEW OF ACCOUNTS**

Easterly performs various daily, weekly, monthly, quarterly and other periodic reviews of each Client's portfolio. Such reviews are conducted by Easterly's portfolio managers, research associates and senior operations staff. A review of a Managed Account may be triggered by any unusual activity or various other circumstances.

Each beneficial owner and interested parties upon the Client's authorization with respect to its Managed Account typically receive a quarterly commentary letter from Easterly, as well as monthly or quarterly account statements directly from their respective broker-dealer or custodian.

In addition, Easterly's personnel may participate in periodic portfolio reviews with Clients at Easterly's discretion, which are attended by the appropriate members of Easterly's investment staff and senior marketing personnel.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

Easterly and its affiliates may from time to time utilize third-party placement agents that receive compensation, which may be borne by Easterly, including through sharing a portion of the fees (set forth in Item 5 above), for referring investors to Easterly. Easterly may enter into various arrangements pursuant to which unaffiliated third parties may be compensated for referring Clients to Easterly. Compensation is typically a percentage of Easterly's advisory fees (including incentive fees, if any) received from the referred Clients. Easterly has engaged Easterly Securities, an affiliate of Easterly and LE Partners Holdings LLC, to solicit and market Easterly investment strategies and products to potential Clients. Easterly Securities will receive fees from Easterly for Client referrals who become Easterly Clients. Clients do not bear the placement fees charged for Client introductions or referrals.

In addition, Easterly may from time to time maintain incentive compensation arrangements with certain of its employees in connection with referrals of Managed Accounts, which may be deemed to constitute indirect compensation in this regard. All such referrals shall conform to Rule 206(4)-3 under the Advisers Act.

## **ITEM 15 CUSTODY**

All client assets are maintained with qualified custodians such as banks or registered broker-dealers. You receive account statements from your custodian at least quarterly. These statements are considered the official record of your account and require careful review.

Easterly has custody of client funds and securities in the following two cases:

- 1) Through the deduction of advisory fees in select client accounts
- 2) Through access to funds and securities in SCIP, the Private Fund

These two forms of custody are detailed below. In no other way – either directly or indirectly – does Easterly have custody of funds or securities. We do not accept delivery of client securities, e.g., stock certificates, stock powers, bonds, etc., or checks and we have procedures in place to deal with instances of ‘inadvertent custody’ should they occur.

### *Deduction of Advisory Fees*

Certain “qualified custodians” (e.g., broker-dealers) allow Easterly to deduct advisory fees directly from client accounts. Easterly is deemed to have custody in these situations according to the Advisers Act. If you have an account with one of these custodians, you authorize us to debit fees directly from your account balance in your written agreement with the custodian. No less than quarterly, the custodian is required to send you account statements indicating all amounts disbursed from your account, including the amount of advisory fees that were paid to Easterly.

The principal risk associated with this limited form of custody is that a fee will be deducted that we are not entitled to under the terms of your agreement. This risk can be mitigated by carefully reviewing the account statements your custodian sends to you.

### *Access to Funds and Securities in the Private Fund*

An adviser who acts as a general partner to a limited partnership has authority to dispose of funds and securities in the limited partnership’s account, which represents custody of client assets. Easterly controls Easterly Investment Partners GP LLC which serves as the general partner of SCIP, which is a limited partnership. Therefore, Easterly is deemed to have custody of SCIP’s assets. The Private Fund is independently audited by a Public Company Accounting Oversight Board (“PCAOB”) registered firm and is also subject to surprise examinations. In addition, the financial statements of SCIP are prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) and delivered to investors within 120 days of the end of its fiscal year.



## **ITEM 16**

### **INVESTMENT DISCRETION**

Easterly serves as discretionary investment adviser to a Client or Clients who open Separately Managed Accounts with full power and authority to supervise and make investment decisions on behalf of such Managed Accounts without prior consultation with the Client. Easterly has the ability to determine the amount of securities to be purchased or sold, broker or dealer to be used unless (i) directed otherwise by the Client, and the commission rate paid for those accounts that settle transactions on a DVP/RVP basis or (ii) an account is directed by a Client and a commission rate and other fees, if applicable, have been negotiated by the Client. Clients may impose, in Easterly's opinion, any reasonable guideline or restriction on Easterly's ability to invest on their behalf without materially impacting its ability to invest on the Managed Accounts' behalf.

For the Sub-Advised Funds, Easterly adheres to the investment restrictions as stated in the funds' prospectus, Statement of Additional Information, Investment Company Act, applicable Internal Revenue Service rules regarding investment companies, and any reasonable investment restriction imposed by the fund's primary investment advisor, if applicable. This restriction may include types of securities to be purchased or sold, holdings in specific industries or issuers (individual position, maximum percent holdings, etc.), various tax considerations, broker-dealers that can be used for DVP Clients, and the limitation of soft dollar usage.

Similarly, Easterly's investment decisions and advice with respect to each Client are subject to each Managed Account's investment objectives and guidelines, as set forth in the Client's investment management agreement or a Sub-Advised Fund's prospectus, as well as any written instructions provided by the Client to Easterly.

Easterly has entered into an investment management agreement, or similar agreement, with each Separately Managed Account, pursuant to which Easterly was granted discretionary trading authority.

Easterly also manages Model Portfolios of securities for other registered investment advisers. Easterly does not execute any security transactions for any Model Portfolios, nor is Easterly aware of when actual transactions occur, if at all.

## ITEM 17

### VOTING CLIENT SECURITIES

Easterly will, if authorized by the Client, vote proxies on their behalf. Easterly is responsible for voting such shares of Client's discretionary securities under management. However, in certain cases, in accordance with the agreement governing the account, the Client may expressly retain the authority to vote proxies or instruct Easterly how to vote any given proxy. Such Client should receive their proxies or other shareholder notifications and solicitations directly from their custodian. Please note that in such cases, the proxy voting policies and procedures described below would not apply.

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over Client securities to implement proxy voting policies. In compliance with such rules, Easterly has adopted proxy voting policies and procedures (the "Policies"). The general policy is to vote proxy proposals, amendments, consents or resolutions relating to Client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the Managed Accounts, as determined by Easterly in its discretion. Easterly believes this alleviates potential conflicts of interests that may exist between Easterly and the Client with respect to proxy voting. Generally, Easterly utilizes the proxy voting guidelines set forth by Glass Lewis, Inc. ("GL") with respect to a wide range of matters. These guidelines address a range of issues, including corporate governance, executive compensation, capital structure proposals and social responsibility issues and are meant to be general voting parameters on issues that arise most frequently. If Easterly determines that it may have, or is perceived to have, a conflict of interest when voting proxies, Easterly will vote in accordance with the Policies. Easterly may vote certain proxies on a case by case basis contrary to GL proxy voting guidelines if Easterly believes that such vote would be in the best interest of the Client. If such action is undertaken by Easterly, it will usually vote with management's recommendation. If GL does not have a recommendation or if Easterly is not able to obtain a voting recommendation from GL for any reason, Easterly will vote in favor of management's recommendation provided that there are no material conflicts of interests present. If management or GL has no recommendation, Easterly may vote the Client's shares where Easterly believes would best reflect management's ability to enhance shareholder value. This may result in Easterly voting what may be perceived in management's favor. In limited circumstances and for non-United States proxy issuers, Easterly may refrain from voting proxies where Easterly believes that voting would be inappropriate taking into consideration the cost of voting the proxy, applicable proxy voting share-blocking requirements, disclosure of the Client's non-public information, and the anticipated benefit, potential costs or lost trading opportunity to the Clients.

*Easterly shall maintain required records relating to votes cast, Client requests for information and Easterly's proxy voting policies and procedures in accordance with applicable law.*

*A copy of Easterly voting policies and the proxy voting records relating to a Client may be obtained by the Client by contacting Easterly at 138 Conant Street, Beverly, Massachusetts 01915 or by calling Easterly at (617) 231-4300 and/or [compliance@easterlyam.com](mailto:compliance@easterlyam.com).*

**ITEM 18**  
**FINANCIAL INFORMATION**

Easterly is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time since inception.