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*Investment Adviser Brochure Form ADV Part 2A*  
*Disclosure Statement*  
Item 1. Cover Page

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**AXA Rosenberg Investment Management LLC**

4 Orinda Way, Bldg. E  
Orinda, California 94563  
www.axa-im-usa.com  
(925) 254-6464

This brochure provides information about the qualifications and business practices of AXA Rosenberg Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at 925-254-6464.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AXA Rosenberg Investment Management LLC also is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

AXA Rosenberg Investment Management LLC is a SEC registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

*Brochure version: March 30, 2021*

## Item 2. Material Changes

Increase of minimum investment size; added pandemic and sustainability risk factors

**Updating Amendment**

**Brochure Version: March 30, 2021**

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## Item 4. Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Within the AXA Investment Managers Group, AXA Rosenberg Investment Management LLC (“Rosenberg Equities US”) and certain international investment adviser affiliates (each, an “affiliated Adviser,” and collectively with Rosenberg Equities US, “Rosenberg Investment Management”), provide investment management services based on fundamental equity analysis using quantitative methods.

Originally founded in 1985, Rosenberg Investment Management has refined a highly disciplined system that leverages proprietary and third-party technology and information to implement our investment insights. We believe that our investment modeling enables us to evaluate a much wider universe of stocks with greater efficiency than traditional fundamental managers. Our portfolio construction process aims to build risk efficient portfolios that seek to deliver consistent long-term results for our clients across markets, cap segments, and strategies.

Rosenberg Equities US is registered as an investment adviser with the US Securities and Exchange Commission, and also operates under the international adviser exemption in Canada.

### CORPORATE STRUCTURE

AXA Group, the diversified, global financial services company owns substantially all of Rosenberg Equities US’s equity ownership interests. Our chain of ownership to our ultimate parent holding company, AXA SA, is as follows:

- AXA SA directly and indirectly owns substantially all of AXA Investment Managers SA’s equity ownership interests
- AXA Investment Managers SA (AXA Investment Managers) indirectly owns 100% of Rosenberg Equities US

AXA Investment Managers recently integrated the Rosenberg Investment Management expertise and Rosenberg Equities US into its Core Investments Platform which already hosts AXA IM’s fixed income, judgmental equities, and multi-asset portfolio strategies. While the investment process, philosophy and systemic approach remains unchanged, the integration resulted in a staffing reorganization to further align research resources on investment strategies and closer collaboration between investment, technology, and data teams. This reorganization offers additional scalability, efficiencies, visibility, and value within AXA IM’s Core Investments Platform. There is no change to the legal structure of AXA Rosenberg Investment Management LLC and its affiliates.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

### OUR ADVISORY SERVICES

Rosenberg Investment Management (including Rosenberg Equities US) offers investment management services either directly or through services arrangements with our affiliated Advisers and affiliates under the common control of AXA Investment Managers SA (“AXA IM Affiliates”) via separate account portfolios as well as funds to mutual fund sponsors, public and corporate pension clients, insurance companies, banks and other institutional investors. We also provide advisory-only services to certain clients, providing investment recommendations but do not manage or trade assets.

Rosenberg Investment Management offers an objective, data intensive, model-driven approach that is applied systematically, overseen by investment professionals and subject to their ultimate discretion. Research, modeling, and investment implementation activities are fully integrated firm wide. Our investment process is applied globally and implemented by strategy by our investment teams in the US, Europe and

Asia. Rosenberg Equities US develops long-term research as well as enhances and maintains quantitative investment models for the management of a broad range of global and regional equity strategies. Through the output of our quantitative models, Rosenberg Equities US provides investment research relating to portfolio construction and stock selection, which is utilized throughout Rosenberg Investment Management and may be utilized by other AXA IM Affiliates.

Each of the affiliated Advisers (and Rosenberg Equities US), in its ultimate discretion, constructs client-specific portfolios based on models for which Rosenberg Equities US has some oversight responsibility. Each affiliated Adviser (and Rosenberg Equities US) is responsible for the implementation of its clients' accounts and for the day-to-day portfolio management, monitoring, and operations. Risk control is designed to be an important component of our process which incorporates managing overall portfolio risk relative to the client's investment strategy. We primarily invest in common stocks traded on the principal exchanges of major and emerging markets. The use of derivatives is currently not a strategic component of our investment approach. However, we perform limited currency hedging activity using FX forwards for certain accounts as well as single security swaps for long/short strategies. Our goal is to be fully invested in equities at all times. When permitted, we may use stock index futures or exchange-traded funds to overlay cash or accruals and/or maintain appropriate exposure to the equity markets.

We offer our clients a variety of equity investment solutions, including regional, global, and emerging markets strategies across small, mid and large cap stocks, actively managed enhanced index, targeted outcomes such as factor strategies, and strategies incorporating shorting techniques. We also work with our clients to develop customized equity investment solutions to meet their individual needs. We work closely with the affiliated Advisers located in London and Singapore to implement our strategies, as described further in Item 10 below.

*Please see "Item 8. Methods of Analysis, Investment Strategies and Risk of Loss" for a description of our investment process.*

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Each separate account is designed specifically for the client; therefore, it is possible to tailor certain portfolio characteristics for the unique needs of each separate account client. Any client-directed characteristics, restrictions or services negotiated with the client are documented in the client's investment management agreement and investment guidelines.

Examples of portfolio characteristics that can be tailored are:

- Benchmark
- Markets/Cap segments
- Advanced Factors
- Targeted risk/volatility
- Socially responsible investments
- Restricted securities lists
- Long/Short and limited shorting
- Futures
- Currency hedging

Additional customizable services:

- Client reporting
- Proxy voting (described in the Voting Client Securities section)
- Client directed brokerage (described in the Brokerage Practices section)

Rosenberg Investment Management also manages investments of several pooled funds, which by construct cannot be tailored to an individual client's needs.

### RESEARCH AND MODELS SERVICES

Rosenberg Equities US provides Rosenberg Investment Management with data and investment model services, as well as certain tools they use for the optimization and implementation of portfolios. Affiliated Advisers (and Rosenberg Equities US) are responsible for adjusting settings in their respective portfolio management systems to produce customized portfolios for their clients based on specific benchmarks and client specific investment guidelines.

- D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Rosenberg Equities US does not currently participate in wrap fee programs.

- E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.

### **ASSETS UNDER MANAGEMENT**

Rosenberg Equities US directly manages client assets as well as provides investment model-related services to our affiliated Advisers for management of their respective client portfolios. As of December 31, 2020, Rosenberg Investment Management, which **includes** Rosenberg Equities US and our affiliated Advisers, had approximately \$22,195,201,354 in discretionary regulatory assets under management.

## **Item 5. Fees and Compensation**

- A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.
- B. Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.
- C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

As an SEC registered adviser who advises only qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, Rosenberg Equities US does not generally publish a fee schedule. Nevertheless, below is an overview of our general compensation structure.

We charge an investment management fee for the accounts we manage based on a percentage of assets, performance, or a combination of both. Our management fees vary based on the type of investment strategy and are subject to negotiation on a client-by-client basis at our sole discretion.

For separate accounts, clients are billed for fees incurred and payments are due quarterly, in arrears. They are calculated by multiplying one-quarter of the appropriate annual fee percentage by the average of the assets under management at the close of business on the last day of each month in the preceding quarter. Actual arrangements for calculation and payment of fees for separate accounts vary, as agreed with our clients on an individual basis.

In addition to management fees paid or allocated to Rosenberg Equities US as compensation for managing portfolios, our clients’ portfolios also incur brokerage and other transactions costs for their respective portfolios. Our separate account clients engage their own custodians and negotiate and pay their own custodial fees. Please see Item 12, Brokerage Practices.

If applicable, client expenses are generally billed directly to the applicable client. However, if more than one investor incurs a shared expense within a commingled fund, Rosenberg Equities US allocates such shared expense among the applicable investors (i) in proportion to the size of the investment made by each investor to which the expense relates (as generally expenses, such as brokerage expenses, are automatically included) or (ii) in such other manner as Rosenberg Equities US considers fair and reasonable. In addition, investors in commingled funds may be assessed a subscription and/or redemption charge to offset the cost of converting cash to portfolio investments (and vice versa). Private fund charges are reflected in the Offering Memorandum and other offering materials.

In addition, Rosenberg Equities US provides its research and model-related services primarily to our affiliated Advisers (and may receive similar services in return), which receive revenue from investment management fees they charge their clients. Rosenberg Equities US utilizes a set of transfer pricing policies and fee sharing arrangements to reasonably determine the allocation of any fees charged and allocated to each affiliate.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

Rosenberg Equities US clients are not required to pay fees in advance. If we were to set up an account in which we allowed or required clients to pay fees in advance, the client would automatically receive a pro-rata refund if the agreement was terminated before the end of the relevant period.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.

Neither Rosenberg Equities US nor any of our supervised persons accepts compensation for the sale of securities or other investment products.

## Item 6. Performance-Based Fees and Side-By-Side Management

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

We manage accounts for which we receive asset-based management fees, performance-based management fees, or a combination of both types of fees. Because performance-based fees have the potential to generate more revenue for us than asset-based fees, there is a conflict of interest which could cause Rosenberg Equities US or our supervised persons to favor accounts that have a higher fee rate or cause such accounts to be invested differently than they might otherwise have been. Favoritism could arise in the allocation of investment opportunities, allocation of aggregated trades, or in trading between client accounts.

Clients should be aware that a performance-based fee, if applicable, creates a potential conflict of interest, as there is an incentive for the adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, there could be an incentive to favor those accounts where a performance-based fee is likely to be paid sooner. For example, if an account's performance makes it unlikely that the account will pay performance-based compensation in the near future,



there may be an incentive to allocate desirable investment opportunities to accounts likely to pay such performance-based compensation. Note: we currently have no performance-based accounts at this time.

We believe that our systematic investment process, compliance policies and procedures and compensation policies effectively mitigate such potential conflicts of interest.

As a matter of the utmost importance in managing our client's assets, we seek to treat all of our clients in a fair and equitable manner and will act in a manner that we believe to be in the best interest of our clients. Consequently, our investment teams are instructed not to favor one client over another in the investment process. This is documented in our Code of Ethics and Fiduciary Duties policies. To reduce the incentive to favor one account over another, aspects of our systematic processes are designed to mitigate conflicts. All supervised persons receive a salary and are eligible to participate in Rosenberg Investment Management's success through discretionary bonus awards that are tied to both individual and Rosenberg Investment Management's overall performance against objectives. Compensation for supervised persons is not directly derived from an individual client account's performance or revenue.

As previously stated, Rosenberg Equities US provides its research and models to our affiliated Advisers, which receive revenue from investment management fees they charge their clients, generally based on assets under management. Rosenberg Equities US utilizes a set of transfer pricing policies and fee sharing arrangements to reasonably determine the allocation of any fees charged and allocated to each affiliate. As a result, it is possible for Rosenberg Equities US's compensation to be affected by differences in fee structures agreed to by our affiliated Advisers and their clients, including performance-based structures. It is important to note that the models constructed by Rosenberg Equities US apply the same analytical process by strategy, regardless of fee structure, for all portfolios managed by Rosenberg Equities US and/or our affiliated Advisers. Actual construction of portfolios within the same strategy can and will differ due to settings maintained for each account to meet the specifics of each investment mandate.

#### ALLOCATION OF INVESTMENT OPPORTUNITIES AND ALLOCATION OF AGGREGATED TRADES

Our policy is to allocate investment opportunities and aggregated trades both fairly and equitably among our client accounts as well as in a manner that is economically efficient for our clients. We are aided by automated tools to recommend investment opportunities and to generate, fill and allocate aggregated orders among accounts. Please see Item 12.B. Brokerage Practices for further information.

#### TRADES BETWEEN CLIENT ACCOUNTS (CROSS TRADES)

Rosenberg Equities US does not currently engage in internal or directed external "cross trades" between client accounts. Should we determine it is in the best interest for both clients to conduct a cross trade between client accounts, we will implement compliance policies and procedures that define internal approval procedures as well as client consent and notification procedures, as required.

### **Item 7. Types of Clients**

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Clients and prospective clients of Rosenberg Equities US include U.S. and Canadian and Latin American institutional investors invested through segregated mandates or pooled funds, as permitted. Commingled funds sub-advised by and/or sub-delegated to Rosenberg Equities US are available to retail and institutional investors through fund distribution channels or other wholesale platforms.

Further, Rosenberg Equities US provides portfolio management and trading activities for equity investments in North and South America on behalf of clients of Rosenberg Equities US and our affiliated Advisers. Rosenberg Equities US also conducts research and maintains quantitative investment models for the management of a broad range of global and regional equity strategies primarily for our affiliated Advisers and other AXA IM Affiliates whose clients include but are not limited to:

- Insurance companies
- Pooled and/or Mutual Fund sponsors
- Corporate and Public Pensions
- Sovereign Wealth Funds
- Charitable organizations, Endowments, Foundations
- Banks

Rosenberg Equities US provides its investment models only to certain of our affiliated Advisers.

### MINIMUM INVESTMENT SIZE

Minimum investment sizes vary from time to time by investment strategy and investment vehicle. In establishing minimum investment sizes, we consider factors including the minimum amount required to establish a diversified portfolio or meet investment objectives, the competitive context and strategic business practices. Depending on strategy, we currently will require a minimum initial investment of \$35-150 million. In our sole discretion when we deem appropriate, we are permitted to accept accounts of less than \$35 million. For example, minimums for investments into pooled or commingled fund vehicles that are managed by Rosenberg Equities are lower; fund offering documents should be consulted for details.

### REQUIRED CLIENT INFORMATION

We require prospective clients as well as our existing clients to provide certain information and/or records necessary to meet any suitability or investor qualification standards, or customer identification requirements set forth by our program for anti-money laundering and combating terrorist financing.

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

- A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

### INVESTMENT APPROACH APPLIES ACROSS OUR RANGE OF STRATEGIES

Rosenberg Investment Management's investment approach is driven by rigorous fundamental analysis of company valuations and earnings combined with an understanding of company level and Environmental, Social and Governance insights. Our investment approach is also anchored on core principles of sustainable investing, meaning that as an adjunct to the fundamental analysis that our investment approach encapsulates, we actively consider a company's Environmental, Social, and Governance (ESG) profile (as available) within all of our investment strategies from an investment perspective. While our approach is akin to that of a traditional fundamental investor, our implementation is principally systematic with our portfolio managers retaining ultimate discretion over our clients' portfolios.

Our investment approach, based on over 30 years of experience, creates broadly diversified portfolios with a range of active objectives from core equities (including global developed and emerging markets, large cap, small cap, and enhanced index) to targeted outcome strategies such as factor strategies and income.

Employing technology to drive investment decisions is often described as a quantitative investment process. However, for those of its investment strategies comprised of modelling fundamentals from the detailed components of company financial statements rather than simply comparing summary factors, Rosenberg Equities is more like a traditional fundamental asset management firm.

Our investment process does not presume to model or create a singular perfect portfolio for our clients. Instead, we seek to build portfolios with exposures to stock characteristics that reflect our investment beliefs and philosophy, with a long-term investment horizon. In this, we are similar to other fundamentally oriented investors. We feel that it is important that investors not assume a level of "false precision" for a process that, like ours, relies to a great extent on data and quantitative methods. Our systematic approach primarily allows us to express robust and easily scalable views on a large number of equity securities, thereby affording great flexibility in addressing unique investor strategic objectives and investment constraints in constructing portfolios.

A strength of this approach is that portfolios can be constructed that differ in terms of composition (e.g., to address unique investor circumstances), but which are similar (ex-ante) in terms of exposures to the investment characteristics we deem important. Against a backdrop of noisy data which confronts investment managers, we believe that our focus on creating meaningful exposures, as well as our process and controls, ensure a significant degree of robustness against small errors that are an inevitable by-product of processing large amounts of data from multiple sources. Also, because the purpose of our models is to systematically encapsulate and express our views as investors, our investment professionals can and do exercise oversight and discretion at virtually every step of the process to complement our systematic approach and ensure our investment intentions are fulfilled, particularly in rapidly changing market conditions.

## **INVESTMENT PHILOSOPHY AND PROCESS**

### INVESTMENT PHILOSOPHY

At Rosenberg Investment Management, we are and always have been active fundamental investors using quantitative methods. Through time, our philosophy has remained our guiding principle in serving clients, underpinning all our strategies and informing the solutions we offer. Our philosophy is based on three core pillars:

#### **Earnings matter**

Future earnings and fundamentals drive prices; we aim to build an earnings advantage into client portfolios by seeking to identify earnings that may be mispriced, of higher quality, or more likely to change in the future.

#### **ESG matters**

Thoughtful use of ESG and other extra-financial data, where available, with the goal of capturing better fundamentals; by integrating ESG we aim to reduce risk and improve investment outcomes.

#### **Details matter**

A relentless focus on detail improves investment decisions; we utilize detail and perform deep analysis of over 20,000 companies to find our investment insights.

We believe that it is difficult to time markets or sectors consistently and as a result, we seek to add value primarily from comprehensive stock selection and factor construction rather than asset allocation. The systematic aspect of our implementation enables us to find large numbers of relatively attractive stocks and to build well-diversified portfolios, aiming to seek outperformance across markets and over time.

### FUNDAMENTAL COMPANY VALUATION

Our stock selection process involves rigorously analyzing fundamental data, sentiment, and historical price performance of all of the companies in our broad, global universe (subject to limitations on data), along with generating an earnings outlook and fundamental value estimation for each company relative to its peers. Through systematic implementation of traditional analysts' methods, we believe we are able to conduct this analysis dispassionately on a global basis.

### NON-FUNDAMENTAL CONSIDERATIONS

While Rosenberg Investment Management is primarily a fundamental and quantitatively focused investment manager, it utilizes financial and non-financial data and information not generally considered by purely fundamental investors in making its investment decisions and devising its investment recommendations. In addition, Rosenberg Investment Management also considers non-fundamental considerations in making its investment decisions and devising its investment recommendations. The sources of the non-fundamental information (whether proprietary or third party) and considerations (and the importance and/or weight given such items) used are subject to change at any time.

### STOCK SELECTION APPROACH

Rosenberg Investment Management's investment process seeks to estimate factor characteristics that notably reflect the value, momentum/sentiment, quality and volatility dynamics of each company in our investment universe.

The value characteristics associated with a company are determined by estimating the market's valuation of each component of company value to identify companies that are trading at a premium or a discount to the value of the sum of their parts.

As well as deriving the fundamental value for each stock in the investment universe, we also evaluate each stock's earnings dynamics, including the quality of earnings and earnings growth potential. Environmental, Social, and Governance (ESG) information is used (as available) to complement our view of a stock's fundamental value and earnings potential as we believe it provides information on longer-horizon threats and opportunities faced by companies.

### FUNDAMENTALS-DRIVEN DIVERSIFIED PORTFOLIOS

The objective for our investment approach is to build well-diversified portfolios with superior fundamentals and sustainability profiles relative to the market, modest and controlled active exposures to characteristics such as size or industry risk, through the combined output of our stock-selection and risk models and when appropriate, portfolio manager discretion. We use an optimizer designed to simultaneously consider the opportunity associated with any given combination of stocks and the active risk implied by such a combination. The optimizer also aims to limit risk along specified dimensions such as target benchmark exposures to industries, sectors, countries, and risk factors, in addition to trading costs, stock position, active weight limits or client specific restrictions, and certain ESG-related risks.

### PORTFOLIO CONSTRUCTION

While Rosenberg Investment Management utilizes the same research, investment modeling and tools, the portfolio construction process differs depending on the strategy.

#### Active / Multifactor Strategies

For our multi-factor equity strategies, our portfolio construction process is benchmark driven; we seek to outperform a portfolio's designated benchmark while appropriately managing portfolio risk relative to the benchmark while improving the ESG characteristics of a portfolio relative to its benchmark.

As active managers, we are not interested in neutralizing all risks – common factor or stock-specific – within our portfolios. By analyzing the risk characteristics of the benchmark, we set targets for portfolio exposure to systematic factors of risk, such as country, industry, and individual stock exposure, together with other factors such as market capitalization, price/earnings etc. Our portfolio construction process then aims to exploit the information developed by the stock selection process in order to maximize active return while striving to minimize unintended risks, resulting in recommended positions in companies designed, in the aggregate, to constitute an efficient portfolio in terms of expected risk and reward as identified by our modeling.

#### Sustainable Equity

The objective of our Sustainable Equity strategy is to provide exposure to the Quality and Low Volatility factors and fully integrate ESG considerations from an investment standpoint. The result is a portfolio that seeks to outperform a standard market capitalization-weighted index, providing long-term equity returns but

with lower total volatility. By design we would expect this strategy to perform best during down markets while capturing equity returns in rising markets.

The investment process consists of the following three components:

- **Diversification:** aims to protect against concentration risk, while managing liquidity
- **Factor construction:** targets notably Quality and Low Volatility factor exposure while controlling for tail risks
- **Implementation:** integrates ESG insights from an investment standpoint, and optimizes to minimize trading costs and turnover

This is all done within one fully integrated and transparent investment process, which is overseen and regularly monitored by our investment and independent risk teams.

#### Enhanced Index

Our Enhanced Index strategies offer benchmark-like risk characteristics but with the potential ability to benefit from fundamental insights on the stocks within the chosen benchmark. The objective is to build highly diversified risk-controlled portfolios with superior fundamentals relative to the benchmark and small active exposures to common factor risk such as size, market and industry. By definition, our Enhanced Index strategies tend to have lower tracking error and alpha targets than our more active strategies.

- B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
- C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

## **RISK OF LOSS**

Investing in equities is speculative involves risk of loss. Due to the uncertain nature of markets, investments, the strategies employed, and the implementation of such investment strategies, investors risk loss of some or all of their investment capital. Investing in a strategy should not itself be considered a balanced or diversified investment program and includes no guarantee of capital preservation. Investors should understand the risks of investing in securities and strategies, including those described herein, and should be prepared to withstand the loss of their investment.

## **GENERAL INVESTMENT RISKS**

### MANAGEMENT RISK

Accounts managed by Rosenberg Equities US (or by our affiliated Advisers in reliance on our models) (each, a “portfolio”) are subject to the management risks inherent in an actively managed investment portfolio. This includes the risk that the models will lead to poor investment selections and that we or our affiliates might not properly or efficiently implement our models. There can be no guarantee that a portfolio will produce the desired results. In some cases, certain investments may be unavailable or a portfolio can exclude certain investments under market conditions when, in retrospect, their use would have been beneficial to the portfolio.

### MARKET RISK

Some strategies embed residual or active market exposure risk (commonly known as beta exposure) as a result of the stock selection and portfolio construction process. Such strategies may experience a level of volatility different from that of the overall equity market or investment universe, whether higher or lower.



There is no guarantee that a strategy targeting a lower level of volatility will deliver, depending on the direction of the market, superior or inferior returns compared to the overall equity market or investment universe.

#### INVESTMENT RISK

The value of a portfolio will vary depending on external conditions affecting the portfolio. These conditions depend upon market, economic, political, regulatory, and other factors. Investment in a portfolio is more volatile and risky than some other forms of investment.

#### EQUITY SECURITIES RISK

Equity securities include common, preferred, and convertible stocks as well as securities for which the value is linked to the price of stocks, such as futures contracts, exchange traded funds, rights, warrants, and convertible securities. Common and preferred stocks represent equity ownership in a company. Stock markets are volatile, and the price of equity securities (and their equivalents) will fluctuate. The value of equity securities purchased by a portfolio could decline if the financial condition of the companies in which the portfolio invests decline or if overall market and economic conditions deteriorate.

#### LIQUIDITY RISK

A portfolio is exposed to liquidity risk when trading volume, lack of a market maker, or legal restrictions impair the portfolio's ability to sell particular securities or close derivative positions at an advantageous price. Portfolios with principal investment strategies that involve securities of companies with smaller market capitalizations, foreign securities, derivatives, or securities with substantial market and/or credit risk tend to have greater exposure to liquidity risk.

#### ESG RISK CONSIDERATIONS

Consideration of ESG factors in the investment process may limit the types and number of investment opportunities available to the portfolio, and therefore carries the risk that, under certain market conditions, the portfolio may underperform funds that do not consider ESG factors. The integration of ESG consideration may affect the portfolio's exposure to certain sectors or types of investments and may impact the portfolio's relative investment performance depending on whether such sectors or investments are in or out of favor in the market. In addition, we may be unsuccessful in creating a portfolio that consists of companies that exhibit more positive ESG characteristics or a portfolio that assigns more weight to such companies.

#### SUSTAINABILITY RISK

Sustainability risk is assessed through integration of ESG (environment, social and governance) criteria in research and investment processes. Our framework integrates the assessment of sustainability risks into investment decision making process, through the application, where appropriate and consistent with applicable law or regulation, of sectorial and normative exclusions and proprietary ESG scoring methodologies. We seek to manage ESG and sustainability tail-risks, with a focus on the following themes: E: Climate and Biodiversity (exclusion of companies engaged in the production of coal, tar sands and palm oil); S: Health and Human Rights (exclusion of companies engaged in the production of tobacco, controversial and white phosphorus weapons, or in breach of the United Nations Global Compact (UNGC)); G: corruption (exclusion of companies in breach of the UNGC).

Exclusion policies aim to systematically address the most severe sustainability risks in the investment decision making process. Proprietary scoring methodologies are used to rate issuers (i.e. corporates, sovereigns, green bond issuers) on ESG criteria and ensure the most material risks are reflected in scoring. These methodologies are based on quantitative data from several data providers and have been obtained from nonfinancial information published by issuers as well as from internal and external research. The data used in these methodologies include data in respect of carbon emissions, water stress, health and safety at work, supply chain labor standards, business ethics, corruption, and instability.

Controversy scores have the effect of lowering the final ESG scores for a given issuer. ESG scores provide a standardized and holistic view on performance of issuers based on ESG factors. One of the main limitations of this approach is related to the limited availability of data relevant to assess

sustainability risks: such data is not yet systematically disclosed by issuers, and when disclosed may follow various methodologies. ESG information used is based on historical data and may not reflect the future ESG performance or risks of the investments.

### **ACTIVE TRADING RISK**

A portfolio that actively trades portfolio securities in an attempt to achieve its investment objective will have portfolio turnover rates that increase the portfolio's brokerage and other transaction costs, accelerate the realization of taxable gains, and adversely impact portfolio performance, relative to a less actively traded portfolio.

Trading is conducted on multiple venues in order to take advantage of liquidity and promote best execution. These include physical exchanges, electronic exchanges and unregulated electronic venues (sometimes referred to as "dark pools"). Portfolios are subject to trade execution risks associated with identifying suitable venues. Transparency and liquidity can change rapidly for specific securities or in selected venues due to undetected electronic or systemic failures, broker participants' withdrawal or broker algorithmic errors.

### **MARKET SEGMENT RISK**

Portfolios are subject to the risk that their principal market segment, such as large capitalization, mid-capitalization, or small capitalization stocks; industry or sector, or growth or value stocks, and can underperform compared to other market segments or to the equity markets as a whole. Thus:

- Small Cap: A portfolio's strategy of investing in small cap stocks carries the risk that in certain markets small cap stocks will underperform mid cap or large cap stocks.
- Mid Cap: A portfolio's strategy of investing in mid cap stocks carries the risk that in certain markets mid cap stocks will underperform small cap or large cap stocks.
- Large Cap: A portfolio's strategy of investing in large cap stocks carries the risk that in certain markets large cap stocks will underperform small cap or mid cap stocks.

### **SMALL COMPANY RISK**

Investments in companies with smaller capitalizations may involve greater risk and price volatility than investments in larger, more mature companies. Smaller companies often are developing or marketing new products or services for which markets are not yet established and may never become established. While small, unseasoned companies may offer greater opportunities for capital growth than larger, more established companies, they also involve greater risks and should be considered speculative.

### **MID CAP STOCK RISK**

Medium capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, mid-size companies may pose greater risk due to narrow product lines, limited financial resources, less depth in management, or a limited trading market for their securities.

### **SECTOR RISK**

A portfolio may from time to time overweight investments in certain sectors or industries of the economy. When a portfolio's investments are concentrated or over weighted in a particular industry or sector of the economy (e.g., real estate, technology, financial services), they are far less diversified than the broad securities markets. Portfolios concentrated or over weighted in a particular industry sector tend to be more volatile than more broad-based portfolios, and the values of their investments tend to go up and down more rapidly. A portfolio that concentrates in or over weights a particular industry or sector is particularly susceptible to the impact of market, economic, regulatory, and other factors affecting that industry or sector.

### **GROWTH STOCK RISK**

Growth stocks typically trade at higher multiples of current earnings than other stocks. Growth stocks are often more sensitive to market fluctuations than other stocks because their market prices are highly sensitive to future earnings expectations. Similarly, because growth securities typically do not make dividend payments to shareholders, total return is dependent upon price appreciation. Growth stock prices

may therefore be more volatile than those of non-growth stocks. A portfolio's strategy of investing in growth stocks also carries the risk that in certain markets growth stocks will underperform value stocks.

#### VALUE STOCK RISK

A portfolio's investments in stocks carry the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be appropriately priced. A value stock may not increase in price if other investors fail to recognize the company's value and bid up the price or invest in markets favoring faster growing companies. A portfolio's strategy of investing in value stocks also carries the risk that in certain markets value stocks will underperform growth stocks.

### **SPECIFIC PORTFOLIO RISKS**

#### EXCHANGE TRADED FUNDS AND OTHER POOLED VEHICLES RISK

To gain or hedge equity market exposure, a portfolio may invest or take short positions in exchange traded funds, and other types of pooled or bundled investment vehicles. However, such investments may not be successful in replicating underlying market performance and may be subject to liquidity risk and foreign investment risks (in the case of foreign country ETF's). Investment in such vehicles may involve a layering of fees and other costs.

#### MASTER LIMITED PARTNERSHIP ("MLP") RISK

MLPs are limited partnerships in which the ownership units are publicly traded. MLP units are registered with the U.S. Securities and Exchange Commission and are freely traded on a securities exchange or in the over-the-counter market. MLPs often own several properties or businesses (or own interests) that are related to oil and gas industries, but they also may finance research and development and other projects or engage in other types of businesses. To the extent that an MLP's interests are concentrated in a particular industry, the MLP will be negatively impacted by economic event adversely impacting that industry. The risks of investing in a MLP are generally those involved in investing in a partnership as opposed to a corporation. For example, state law governing partnerships is often less restrictive than state law governing corporations. Accordingly, there may be fewer protections afforded to investors in a MLP than to investors in a corporation. In addition, MLPs are subject to state taxation in certain jurisdictions, which will have the effect of reducing the amount of income paid by the MLP to its investors.

#### OTC TRANSACTIONS RISK

Portfolios may in certain instances trade in instruments that are not traded on organized exchanges and, as such, are not standardized. These transactions are known as over the counter ("OTC") transactions. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. This leads to the risk that counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. In addition, there is a chance that counterparties will be unable to perform with respect to transactions, whether due to insolvency, bankruptcy, governmental prohibition, or other causes, which could lead to losses.

#### REAL ESTATE INVESTING RISK

The strategies Rosenberg Equities US offers do not invest directly in real estate assets. However, investing in public exchange traded real estate investment trusts ("REITs") will be permitted depending upon strategy. REITs expose investors to some of the risks of owning real estate directly, as well as to risks that relate specifically to the way in which REITs are organized and operated. Real estate is a cyclical business, highly sensitive to general and local economic developments and characterized by intense competition and periodic overbuilding. Real estate income and values also may be greatly affected by demographic trends, such as population shifts or changing tastes and values. Government actions, such as tax increases, zoning law changes or environmental regulations, also may have a major impact on real estate. Changing interest rates and credit quality requirements also will affect the cash flow of real estate companies and their ability to meet capital needs. REITs generally invest directly in real estate (equity REITs), in mortgages (mortgage REITs) or in some combination of the two (hybrid REITs). Operating REITs requires specialized management skills and a portfolio or portion thereof indirectly bears REIT management and administration



expenses along with the direct expenses of the portfolio. Individual REITs often own a limited number of properties and may concentrate in a particular region or property type. REITs also must satisfy specific Internal Revenue Code requirements to qualify for the tax-free pass through of income.

#### FORWARD TRADING RISK

Certain portfolios may invest in forward contracts and options thereon. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a portfolio due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which Rosenberg Equities US or our affiliated Advisers would otherwise recommend, to the possible detriment of a portfolio. Market illiquidity or disruption could result in major losses to a portfolio.

#### PURCHASE AND SALE OF FUTURES RISK

Certain portfolios may periodically invest in futures on individual securities, indexes and currencies. Futures are volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to a portfolio. Positions in futures may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for those contracts. Although relevant portfolios typically will enter into futures contracts only if an active market exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Moreover, futures positions are marked-to-market at the end of each trading day. This process ensures that outstanding futures obligations are limited by the maximum daily permissible price movement and to prevent losses from accumulating in any futures account. Accordingly, if a portfolio's futures positions have declined in value, the portfolio may be required to post additional margin to cover this decline.

Alternatively, if a portfolio's futures positions have increased in value, this increase will be credited to the portfolio's account or transferred to the portfolio's custodian. Unlike trading on U.S. futures exchanges, trading on non-U.S. futures exchanges is not regulated by the U.S. Commodity Futures Trading Commission and can be subject to greater risks than trading on U.S. exchanges. For example, some non-U.S. exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless a portfolio successfully hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading is done on foreign exchanges, any profits that the portfolio might realize in trading could be eliminated by adverse changes in the exchange rate, or the portfolio could incur losses as a result of those changes.

#### SHORT SELLING RISK

Portfolios following a long/short, market neutral or limited shorting strategy will engage in short selling. A short sale is affected by selling a security which the portfolio does not own, or, if the portfolio does own the security, is not to be delivered upon consummation of the sale. If the price of the security in the short sale decreases, the portfolio will realize a profit to the extent that the short sale price for the security exceeds the market price. If the price of the security increases, the portfolio will realize a loss to the extent that the market price exceeds the short sale price. Selling securities short runs the risk of losing an amount greater than the initial investment therein. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short selling can expose a portfolio to unlimited risk with respect to that security due to the lack of an upper limit on the price to which an instrument

can rise. In addition, a portfolio's short positions may go up while its long positions decline (a "convergent impact"), which would aggravate any losses the portfolio may sustain.

#### LEVERAGE RISK

For any portfolios with a long/short, market neutral or limited shorting strategy, the portfolio's strategy is inherently leveraged, and the portfolio will be exposed to the risk of investment leverage. Leverage involves investment exposure to positions in excess of the amount invested. Because the use of leverage effectively compounds investment exposure, it can improve the return on invested capital if the leveraged investments increase in value. However, leverage can involve costs to a portfolio and, through the compounding effect, will proportionally enhance the adverse impact to the portfolio if leveraged investments decrease in value.

#### STOCK SELECTION POLICIES OR RESTRICTIONS RISK

Rosenberg Investment Management and/or our direct and indirect parent companies have instituted and may from time to time in the future institute stock selection policies or restrictions regarding the holding of either individual securities or various categories of classes of securities that are applicable to our managed portfolios. Such policies or restrictions are instituted for a variety of reasons, including business or investment decisions, or legal or regulatory restrictions or policies in one of the jurisdictions in which it or its affiliates may operate. Though we do not anticipate that stock selection policies or restrictions will normally have a significant impact on the portfolios we manage, there is a risk that a portfolio may underperform its stated benchmark during periods in which affected securities are in favour.

### **QUANTITATIVE MODEL/TECHNOLOGY RISKS**

#### TECHNOLOGY AND LICENSING RISK

The investment strategy of and recommendations developed by Rosenberg Equities US rely heavily on the use of proprietary and non-proprietary software, data and intellectual property being licensed to us on a non-exclusive basis by commercial software analytics, research and data supply entities. To the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, virus or other outside force, or if the licensed material is found to be owned by a party other than the licensing company (as represented), Rosenberg Equities US's business, including our financial condition, and/or our client's portfolios could be adversely affected.

#### ANALYTICAL MODEL RISK

Rosenberg Investment Management seeks to achieve its clients' investment objectives primarily through reliance on the modelling of proprietary and 3rd party financial and non-financial data, information, and considerations, the sources and weights of which may be subject to change. Although many of our investment approaches are driven by bottom-up stock selection based on the rigorous fundamental analysis akin to that of a traditional fundamental investor, we seek to deliver on our clients' investment objectives utilizing an investment approach which primarily relies on analytical models.

The goal of our systematic approach is not to replicate a perfect "model" portfolio; instead, like other long-term, fundamentally oriented investors, we seek to create portfolios that ex ante have those fundamental and statistically important characteristics reflecting our investment beliefs. Further, while our investment process principally relies on models (and is subject to the risks referred to above), our portfolio managers also exercise discretion in attempting to capture the intent of the models, incorporating elements of investment judgment throughout our investment process, and particularly in changing market conditions.

Our ability to implement our key investment objectives is dependent on a number of considerations including, without limitation, the economic, analytical and mathematical underpinning of the models, the accurate encapsulation of those principles in a complex computational (including software code) environment, the quality of the data incorporated into the models, changes in market conditions, the successful expression of the models' views into the investment portfolio construction process and the ability of portfolio managers and others to interpret and implement the outputs of our models. Many of these elements have subjective elements that present the possibility of human error. We have established certain systematic rules and processes for monitoring client portfolios to assure that they are managed in a manner consistent with their investment objectives. However, there is no guarantee that these rules or

processes will effectively manage the risks associated with our investment process under all market conditions.

While Rosenberg Equities US employs controls designed to assure that our models are sound in their development and appropriately adapted, calibrated and configured, analytical, software development, and implementation errors are an inherent risk of complex analytical models and quantitative investment management processes. These errors may be extremely hard to detect in some cases, and some errors may go undetected for long periods of time, or not be detected at all. Our controls and procedures (including our escalation policies) are designed to assure that certain types of errors are subject to review once discovered. However, the effect of errors on our investment process and, where relevant performance (which can be either positive or negative) may not be fully apparent even when discovered. Given the inevitability of errors in a complex programming environment and the speculative nature of investing itself, one critical control we implement is to ensure our portfolios are robust to small errors by monitoring them for adherence to the key elements of our investment philosophy. As noted above, in all of these areas (e.g., the calibration of models, the interpretation of model outputs and investment decision-making more generally), our investment personnel can and do exercise judgment and discretion over our client portfolios.

For analytical model or investment process errors that are determined to cause trade errors (i.e., an unintentional action in the placement, execution or settlement of an advisory client's trade), we adhere to the industry standard that a client should never suffer a loss resulting from a trade error. For investment process errors that do not give rise to trade errors (i.e. an error has occurred in the process of generating the list of trade recommendations), determining whether we breached our fiduciary duty or other contractual obligations is not based on the fact that investment decisions made in good faith have performed poorly. When we discover an investment process error in one of our models, we may in good faith and in accordance with our obligations decide not to correct the error, to delay correction of the error, or develop another methodology to address the error, if such action is not inconsistent with our client's interests (e.g., if the error does not impair our ability to implement our key investment objectives and correction of the error could be disruptive, or if the benefit of any correction is unclear).

Also, we generally will not disclose to affected clients investment process errors that are not the result of a contractual or regulatory breach or that are non-compensable, unless we otherwise determine that information regarding the error is material to our clients.

#### PROGRAMMING LANGUAGE RISK

One or more nonstandard programming languages are utilized in some aspects of our investment process, which could subject us to a higher degree of exposure to modeling risk in two ways depending on their level of usage: 1) Nonstandard programming languages tend not have the breadth of developer support that other more mainstream languages have; therefore they can be heavily reliant upon self-development and self-testing of complex constructs. 2) There may only be a small community of developers for the language; therefore it can be difficult to hire and retain skilled programmers on short notice.

#### CYBERSECURITY RISK

Investment advisers, including Rosenberg Investment Management, and our service providers must rely in part on digital and network technologies (collectively, "cyber networks") to conduct their businesses. Such cyber networks might in some circumstances be at risk of cyber-attacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data, or causing operational disruption. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. We maintain an information technology security policy and certain technical and physical safeguards intended to protect the confidentiality of its internal data. Nevertheless, cyber incidents could potentially occur, and might in some circumstances result in unauthorized access to sensitive information about Rosenberg Investment Management or our clients. While information risk management systems and business continuity plans have been developed including our service providers which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber

security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

### **FOREIGN SECURITIES/AFFILIATED ADVISER RISKS (INCLUDING EMERGING MARKETS)**

Investments in foreign securities, including depositary receipts, involve risks not associated with investing in U.S. securities that can adversely affect a portfolio's performance. Foreign markets, particularly emerging markets, often can be less liquid, more volatile, and subject to less government supervision than domestic markets. The value of a portfolio's investment may be negatively affected by currency exchange rate fluctuations. There may be difficulties enforcing contractual obligations, and it may take more time for trades to clear and settle. The following additional risks are associated with investing in foreign securities:

#### **CURRENCY RISK**

Foreign investments typically have exposure to multiple currencies. Fluctuations in currency exchange rates may negatively affect the value of securities denominated, and/or receiving income in foreign currencies. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from investment in securities denominated in a foreign currency or widen existing losses.

#### **DEPOSITARY RECEIPTS**

Securities of foreign issuers may be issued in the form of depositary receipts or other securities that are convertible into securities of foreign issuers. American Depositary Receipts ("ADRs") are receipts typically issued by an American bank or trust company that evidence underlying securities issued by a foreign corporation. European Depositary Receipts (issued in Europe) and Global Depositary Receipts ("GDRs") (issued throughout the world) each evidence a similar ownership arrangement. The issuers of unsponsored depositary receipts are not obligated to disclose information that is, in the United States, considered material. Therefore, there may be less information available regarding these issuers and there may not be a correlation between such information and the market value of the depositary receipts. Depositary receipts are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted.

#### **EMERGING MARKETS RISK**

Investments in emerging countries may be subject to potentially higher risks and greater volatility than in developed countries. These risks include (without limitation) (i) less social, political and economic stability; (ii) the small size of the markets for such securities and the low or non-existent volume of trading potentially resulting in a lack of liquidity and in greater price volatility; (iii) the existence of certain national policies which may restrict investment opportunities, including restrictions on investment in issuers or industries deemed sensitive to national interests; (iv) foreign taxation; (v) the absence of developed legal structures governing private or foreign investment or allowing for judicial redress for injury to private property; (vi) the absence, until recently in many developing countries, of a capital market structure or market-oriented economy, and (vii) the possibility that recent favorable economic developments in some emerging countries may be slowed or reversed by unanticipated political or social events in such countries. In addition, many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain countries.

Investments in emerging countries involve potential risks of nationalization, expropriation, confiscatory taxation and restrictive currency control regulations. In the event of an expropriation of property without adequate compensation, a portfolio could lose a substantial portion of any investments it has made in the affected countries. Further, accounting standards may not exist in certain emerging countries. Finally, even though the currencies of some emerging countries, including (without limitation) certain Eastern European countries, may be convertible into U.S. dollars, the conversion rates may be artificial to the actual market values and may be averse to investors. Repatriation of investment income, capital and proceeds of sales to foreign investors may require governmental registration or approval in some emerging countries.

Delays in, or a refusal to grant, any required governmental registration or approval for such repatriation could adversely affect a portfolio. Further, the economies of emerging countries generally 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 reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realizing investments. In addition, market practices in relation to settlement of securities transactions and custody of assets in such markets could provide a material risk to a portfolio. Furthermore, due to the local postal and banking systems, no guarantee can be given that all entitlements attaching to securities acquired by a portfolio (including in relation to dividends) can be realized.

#### GEOGRAPHIC RISK

The economies and financial markets within certain regions, such as Latin America, Europe or Asia, can be highly interdependent and can become highly correlated during periods of market stress.

#### POLITICAL/ECONOMIC RISK/CLIMATE/PANDEMIC RISK

Changes in economic and tax policies, climate patterns, government instability, natural disasters, such as earthquakes, tsunamis, power shortages or outages, floods or monsoons, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war, political instability, or other events outside of our control, including other geopolitical or economic actions or factors may have an adverse effect on domestic and foreign investments.

Many countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and, currently, COVID-19 (commonly known as the “CORONAVIRUS”). The epidemic or pandemic outbreak of an infectious disease in a country or region of the world or globally, together with any resulting restrictions on travel, transportation or production of goods or quarantines imposed, could have a negative impact on the national, regional or global economy and business activity in any of the countries in which a client may invest (some economists have warned that global economic growth could be cut by more than half and that countries and the global economy could be plunged into recession) and thereby adversely affect the performance of a client’s investments. While the economic impact of the ongoing global outbreak of the CORONAVIRUS is presently uncertain, such outbreak and any future outbreak of an infectious disease or any other serious public health concern in a country, region or globally could materially harm a client’s investments. In addition, the CORONAVIRUS has led to significant volatility in the securities markets and the CORONAVIRUS and any future outbreak of an infectious disease or any other serious public health concern may lead to additional volatility and illiquidity of a client’s investments. Furthermore, the CORONAVIRUS and any future outbreak of an infectious disease or any other serious public health concern may lead to significant interruption in normal business activity of AXA IM and/or other service providers that service the client’s investment account (e.g., brokers and custodians) which could negatively affect the performance of the client’s account

#### REGULATORY RISK

Even though international financial reporting standards are widely used, less information may be available about foreign companies. In general, foreign companies are subject to different accounting, auditing and financial reporting standards or to other regulatory practices and requirements from those of U.S. publicly listed companies. Fast changing regulation could lead to downward pressure (earnings or price) on companies we hold in our portfolios.

#### BREXIT RISK

In March 2017, the Government of the United Kingdom (UK) formally notified the European Union (EU) of its intention to leave the EU (i.e. “Brexit”). On January 31, 2020, the UK ceased membership of the EU. The transition period, which was in place until 31 December 2020, during which time all features of EU membership continued to apply, has now ended with the result that the UK is no longer subject to EU laws and rules. The UK’s future economic and political relationship with the EU (and with other non-EU countries by agreement) remains uncertain. The nature and the extent of the impact of any Brexit related changes to an investment strategy may be significant. The potential currency volatility resulting from this uncertainty may mean that returns of investments are adversely affected by market movements. This may also make it more difficult, or more expensive, for prudent currency hedging policies to be executed. The mid to long



term uncertainty may have an adverse effect on the UK and EU economies generally and result in severe volatility in the global markets.

This may restrict the ability of Rosenberg Investment Management to receive attractive returns and may also result in increased costs. Leaving the EU may also result in significant changes to law and regulation in the UK and create divergence between the UK and EU regulatory regimes. Brexit could materially and adversely affect the regulatory regime to which some service providers and counterparties are currently subject in the United Kingdom, particularly in respect of financial services regulation and taxation. Rosenberg Investment Management may be required to introduce changes, replace or appoint additional service providers or agents and/or amend the terms of appointment of persons or entities engaged currently to provide services. Furthermore, Brexit may result in substantial volatility in foreign exchange markets and may set in motion a sustained period of uncertainty. It may also destabilize some or all the other 27 members of the European Union and/or the euro zone which may also have a material adverse effect

#### SETTLEMENT RISK

Settlement and clearance procedures in certain foreign markets may differ significantly from those in the United States. Foreign settlement and clearance procedures and trade regulations also may involve certain risks (such as differences in the timing of or delays in payment for or delivery of securities) not typically associated with the settlement of U.S. investments. At times, settlements in certain foreign countries have not kept pace with the number of securities transactions. These problems may make it difficult for a portfolio to carry out certain transactions. If a security purchase cannot settle or is delayed in settling, attractive investment opportunities may be missed, some assets may remain uninvested with no return earned for some period, and/or the portfolio can lose money if the value of the security then declines. Further, we have contracted to sell the security to another party, the portfolio or portion thereof could be liable for any losses incurred.

#### TRANSACTION COSTS RISK

The aggregate costs of buying and selling foreign securities, including tax, brokerage and custody costs, can vary within many markets and in some cases are higher than those involving domestic transactions.

#### DERIVATIVES RISK

In certain instances, portfolios may engage in a variety of derivative transactions. All derivative instruments, including options, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. Following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a portfolio that engages in such transactions.

#### MARKET RISK

There is a general risk attendant to all investments that the value of a particular investment will change in a way that is detrimental to the portfolio.

#### MANAGEMENT RISK

Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a portfolio and the ability to forecast price, interest rate or currency exchange rate movements correctly.

#### CREDIT RISK

A loss may be sustained by a portfolio utilizing derivatives, as a result of the failure of the other party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract. The credit risk for exchange-traded derivatives is generally less than for privately negotiated derivatives, since the clearing house, which is the issuer or counterparty to each exchange-traded derivative, provides a guarantee of performance. This guarantee is supported by a daily payment system (i.e., margin

requirements) operated by the clearing house in order to reduce overall credit risk. For privately negotiated derivatives, there is no similar clearing agency guarantee. Therefore, we consider the creditworthiness of each counterparty to a privately negotiated derivative in evaluating potential credit risk.

#### LIQUIDITY RISK

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

#### LEVERAGE RISK

Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

#### OTHER RISKS

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a portfolio. Furthermore, derivatives do not always perfectly, or even highly, correlate or track the value of the assets, rates or indices they are designed to track. Consequently, a portfolio's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the portfolio's investment objective.

### **FUNDS OR POOLED INVESTMENT VEHICLES**

#### UNREGISTERED FUND RISK

Certain of the funds advised by Rosenberg Equities US will not be registered under the 1940 Act. The 1940 Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to such funds.

#### SECURITIES LENDING RISK

To earn additional income, certain funds advised by Rosenberg Investment Management may lend portfolio securities to approved financial institutions. Risks of such a practice include the possibility that a financial institution becomes insolvent, increasing the likelihood that the any such fund will be unable to recover the loaned security or its value. Further, the cash collateral received by any such fund in connection with such a loan may be invested in a security that subsequently loses value.

#### ERISA RESTRICTIONS RISK

If, as is expected, a fund advised by Rosenberg Equities US is deemed to hold "plan assets" for purposes of ERISA, the fund will be restricted from investing in any securities which are issued by any employer corporation which is a sponsor of a qualified plan, which is itself an investor, and will be subject to other restrictions which it otherwise would not be were it not holding "plan assets."

#### LACK OF TRANSFERABILITY RISK

Interests in certain funds advised by Rosenberg Equities US have not been registered under the securities laws of any jurisdiction and are subject to restrictions on transfer contained in the relevant fund operating documentation. Such interests are generally not assignable or transferable without the prior consent of the fund, which consent may be withheld in its sole discretion. In such instances, there will not be any market for such interests.

#### SUBSTANTIAL REDEMPTIONS RISK

Substantial redemptions by investors in a fund advised by Rosenberg Equities US within a short period of time could require such fund to liquidate its investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategies. Reduction in the fund's size could make it more difficult to generate a positive return or to recoup losses

due to, among other things, reductions in the fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

#### UNDERLYING FUND RISK

Certain of our portfolios operate as funds of funds and are permitted to invest principally in underlying funds that may be managed or advised by Rosenberg Equities US or one of its affiliates. From time to time, an underlying fund may experience relatively large investments or redemptions by a fund of funds due to the reallocation or rebalancing of its assets. These transactions may have adverse effects on underlying fund performance to the extent an underlying fund is required to sell portfolio securities to meet such redemptions, or to invest cash from such investments, at times it would not otherwise do so. This may be particularly important when a fund of funds owns a significant portion of an underlying fund. These transactions may also accelerate the realization of taxable income if sales of portfolio securities result in gains, and could increase transaction costs. In addition, when a fund of funds reallocates or redeems significant assets away from an underlying fund, the loss of assets to the underlying fund could result in increased expense ratios for that fund.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in investing in pooled investment vehicles funds. Prospective investors should read the relevant fund documents and consult with their own advisers before deciding to invest in any commingled funds.

### **Item 9. Disciplinary Information**

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Pursuant to offers of settlement by AXA Rosenberg Group LLC, Rosenberg Equities US, and Barr Rosenberg Research Center LLC (collectively the "respondents") in an order dated February 3, 2011, the US Securities and Exchange Commission ("SEC") found, and the respondents neither admitted nor denied, that one or more of the respondents 1) violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 by making material misrepresentations and omissions concerning its quantitative investment models as well as compliance and control procedures; 2) violated Section 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") by breaching their fiduciary duty to clients when they concealed and delayed fixing an error in the quantitative investment model; and 3) violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder by failing to adopt and implement policies and procedures designed to ensure that it did not make false and misleading statements to clients and investors, including failing to ensure that the quantitative investment model performed as represented.

As part of the SEC order, the respondents undertook: to make a payment, jointly and severally, in the amount of \$217 million to compensate clients globally; to subject Barr Rosenberg Research Center to all of Rosenberg Equities internal controls and compliance policies and procedures; through at least 2015, to maintain a global compliance and ethics oversight structure that, among other things, would create a global compliance and ethics committee to review violations or potential violations of the code of ethics, escalation policy, and compliance policies and procedures; to retain an independent compliance consultant to, among other things, review compliance, supervisory, and other policies and procedures; to adopt the recommendations of such consultant subject to a mechanism for resolving disagreements; and to undergo third party compliance review by the consultant at the end of fiscal years 2012 and 2013. In early 2014, following the completion of its final review, the third-party consultant provided a report containing its final recommendations, which have substantially been implemented.

With respect to the same incident above, the respondents also entered into a settlement agreement with the US Department of Labor ("DOL") dated January 5, 2012, in relation to a finding by the Employee Benefits Security Administration of the DOL ("EBSA") that "one or more of the parties" also violated fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") with respect to an affiliated 401(k) plan, and the pension plans of unrelated ERISA clients. The respondents neither admitted nor denied the findings by the EBSA, but agreed to certain undertakings designed to strengthen ERISA



compliance controls. No payments were required to be made to the DOL or other parties as part of the settlement agreement.

## Item 10. Other Financial Industry Activities and Affiliations

- A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.
- B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Neither Rosenberg Equities US nor its management persons are registered (nor have an application pending to register) as a broker-dealer, representative of a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor.

- C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.
1. broker-dealer, municipal securities dealer, or government securities dealer or broker
  2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
  3. other investment adviser or financial planner
  4. futures commission merchant, commodity pool operator, or commodity trading advisor
  5. banking or thrift institution
  6. accountant or accounting firm
  7. lawyer or law firm
  8. insurance company or agency
  9. pension consultant
  10. real estate broker or dealer
  11. sponsor or syndicator of limited partnerships.
- D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Our indirect parent, AXA Group, is a large financial services organization, concentrating in insurance and asset management. The following relationships or arrangements with related persons are material to our business, creating the potential for conflicts of interest.

### NON-US INVESTMENT ADVISORY AFFILIATES

As described in Item 4, Rosenberg Investment Management offers an objective, data intensive, model-driven approach that is implemented systematically. Research, modeling and investment implementation activities are fully integrated firm-wide and our investment process is applied globally and implemented by strategy by our investment teams in the US, Europe and Asia.

To this end, to implement our investment strategies, we work with associated persons employed by our affiliated Advisers located in London and Singapore, listed as follows.

Affiliated Advisers	Location	Foreign Regulatory Authority
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AXA Investment Managers Asia (Singapore) Ltd	Singapore	Monetary Authority of Singapore (MAS)
AXA Investment Managers UK Ltd	United Kingdom	Financial Conduct Authority (FCA)

Rosenberg Equities US and these affiliated Advisers are parties to intercompany fee sharing and expense recharge arrangements as described under “Our Parent Company – AXA Investment Managers” below.

#### **OUR PARENT COMPANY – AXA INVESTMENT MANAGERS**

Rosenberg Equities US along with our affiliated Advisers, represent the systematic global equity investment management platform within the AXA Investment Managers group (“AXA IM”), of which AXA Investment Managers Paris is a registered investment adviser with the Financial Markets Authority in France.

Accordingly, certain functions, such as sales and distribution, control (compliance, legal and risk) and business support (HR, Finance) are provided through AXA IM as shared functions across all of its geographical entities. Rosenberg Investment Management activities focus on the investment platform, which primarily includes research and investment models, investment implementation (portfolio management and trading), technology and data, while benefiting from the broader resources, experience and global footprint of AXA IM’s shared support infrastructure. Notably, some of the AXA IM shared functions, such as risk management, are wholly dedicated to Rosenberg Investment Management and dually accountable to Rosenberg Investment Management and AXA IM. AXA IM solicits clients and provides certain client services on our behalf.

AXA Investment Managers Inc., an affiliated SEC registered investment adviser located in Greenwich Connecticut (File No. 801-60374), is the AXA IM company responsible for sales, distribution and client service activity for North America, on behalf of Rosenberg Equities US. (See Item 14 “Client Referrals and Other Compensation” for more information regarding these solicitation activities.) As a natural part of this interaction, in order to properly provide support to Rosenberg Investment Management and its clients, client information is naturally shared among AXA IM and Rosenberg Investment Management employees as appropriate for us to provide contractually agreed products and services to our clients, including compliance with any regulatory requirements such as anti-money laundering laws. All AXA IM entities are subject to standards of confidentiality and data privacy.

To effectuate the business model described above, Rosenberg Equities US and relevant affiliates within AXA IM (including AXA Investment Managers Inc.) are parties to fee allocation, business recharge and revenue sharing arrangements that allocate both revenue and expenses among these various entities by function (e.g., research, sales, marketing, client service, trading, operations, and business support services), according to metrics intended to reflect the respective proportion of services provided by each entity (or its employees or department(s)) in connection with a client account. Certain business support services provided by AXA IM Inc. include not only distribution support, but also compliance support; finance support including tax, accounting and CFO assistance; client services; legal support; and select operational/audit support.

In addition, because of joint marketing arrangements that exist among AXA IM and its subsidiaries representing its various business lines, client information is shared among AXA IM and its affiliates so that, for instance, AXA IM can best assess the suitability of products and services for all of its clients, including those directly contracting with Rosenberg Equities US. Regardless, any client information that is shared with AXA IM will be subject to physical, electronic and procedural safeguards as required by applicable law and standards to guard confidential or non-public information.

Our personnel or those of certain affiliates could come in possession of inside information concerning various companies. However, it is not Rosenberg Investment Management’s practice to meet or obtain information directly from companies or research analysts covering these companies. We also do not utilize the services of expert networks to obtain information about companies. We have taken measures to establish inside information controls that serve to restrict firm and employee trading when certain affiliates

have material non-public information on an issuer. The investment management functions of Rosenberg Equities US and our affiliated Advisers are independent from those of AXA IM or AXA Group. Nevertheless, if we or certain affiliates possess such information, our ability to buy or sell securities of such issuers for our clients will be restricted.

## **MANAGEMENT AND COMPENSATION**

Internal members of the AXA Rosenberg Group Board of Directors (including the Rosenberg Equities US Chief Executive Officer) are also directors/officers of AXA IM entities. Some of our associated persons are also officers or serve on various committees of our affiliated Advisers and/or AXA IM affiliated companies. In addition, our employees and employees of our affiliated Advisers and/or AXA IM affiliated companies regularly work together on the development of investment products and strategies.

Financial rewards to management and core members of our investment and research teams include base salary, discretionary variable remuneration (which would include discretionary cash bonus and possible deferred remuneration, and long-term incentives), and employee benefits. Variable remuneration could include AXA IM Deferred Incentive Plan and AXA Performance Shares. Annual variable remuneration pools are determined globally based on AXA IM profitability, taking into account current and future risks. Allocations of variable remuneration pools to functions takes into account a range of factors such as profitability, investment performance, risk and compliance factors and other achievements relative to targets that are subjectively measured.

In conjunction with our parent entity, Rosenberg Investment Management's remuneration structure aims at recognizing employees who contribute the greatest value to the firm and our clients, considering employee performance, behaviors, experience and critical skills. The intent of this approach is to attract and retain the best skills and talents, to foster employee engagement and to strengthen leadership while ensuring corporate responsibility that will provide the best results to our clients over the long term, which in turn will ultimately strengthen AXA IM and Rosenberg Investment Management through higher client and asset retention.

Rosenberg Investment Management seeks to provide market-competitive benefit packages to employees in each of our geographic locations. Non-financial awards are also provided to employees and include access to learning and development programs, career development, opportunities for international assignments and work-life balance programs.

Variable compensation for our investment and research teams is not directly tied to the investment returns of any individual client account. Because of the systematic nature of our investment process, the performance of our portfolio managers and analysts is in part based on ensuring effective execution of the process, and fulfilling the investment intentions in changing market environments, with particular attention given to the value of their discretion and contribution to the evolution of the investment process.

## **AXA GROUP AND OTHER AFFILIATE RELATIONSHIPS INCLUDING AFFILIATED BROKER-DEALERS:**

Rosenberg Equities US is an indirect subsidiary of AXA Group, a diversified, global financial services company. AXA SA, a French public limited company whose common shares are traded on the Euronext, and its subsidiaries constitute a global company that provides insurance and asset management services worldwide. Rosenberg Equities US, through its relationship with AXA SA and its subsidiaries, are considered to be affiliated with other members of AXA Group, including certain registered broker-dealers and investment advisors located in the U.S. and outside. These members include affiliates and other subsidiaries of AXA Investment Managers. These affiliates provide a broad range of financial services including investment management and investment advisory services. In that Rosenberg Equities US (and our affiliated Advisers implementing the same or similar strategies) generally conduct our business independently of these affiliates (other than common administrative and marketing resources shared with AXA IM Group affiliates, as described above), we do not believe these affiliations give rise to material conflicts of interest.

Rosenberg Equities US currently does not trade with any AXA Group affiliated broker-dealers.

## **CLIENTS – US CLIENTS AND NON-US INVESTMENT ADVISER AFFILIATES**

The clients and prospects of Rosenberg Equities US and our affiliated Advisers generally include other investment advisers or intermediaries, pooled and/or mutual fund sponsors (and their international equivalents), corporate and public pension funds, insurance companies, banks, and other corporate or institutional investors.

Rosenberg Equities US does not invest securities for our own account. However, as we manage accounts and/or funds for certain affiliates, as noted above, clients should be aware that this is considered a potential conflict of interest for Rosenberg Equities US since there could be an incentive for Rosenberg Equities US to allocate investment opportunities to these accounts and/or funds at the expense of other advisory clients.

While favoritism could occur, under such circumstances, during the investment of client portfolios such as in allocating investment opportunities, allocating aggregated trades, or trading between client accounts, we believe that our quantitative investment process and compliance policies and procedures effectively mitigate this potential conflict of interest. See “Allocation of Investment Opportunities” for more information.

As a matter of the utmost importance in managing our client’s assets, we seek to treat all of our clients fairly and equitably and will act in a manner that we believe to be in the best interest of our clients. Consequently, in addition to relying on our systematic process, our investment teams are instructed not to favor one client over another in the investment process. This is documented in our Code of Ethics and Fiduciary Duties policies which describes principles of fiduciary care. Additionally, our supervised persons are not individually compensated based on an individual client account’s performance; thereby reducing the incentive to favor one account over another.

Rosenberg Equities US currently provides and has from time to time provided research and models, and investment management or related services to our affiliated Advisers, AXA SA and/or its insurance subsidiaries (including both general and separate accounts) and AXA IM. This includes accounts that are investment vehicles for insurance products sponsored by an AXA Group affiliate and/or for which AXA IM or another AXA Group affiliate is the adviser. From time to time, Rosenberg Equities US also provides investment management services to various pooled investment vehicles, collective investment trusts and private investment funds and/or mutual funds for which Rosenberg Equities US, AXA IM or another affiliate may act as sponsor, general partner, managing member, or in a similar capacity for certain funds.

## **PUBLICLY TRADED SECURITIES**

We may purchase publicly traded equity securities issued by one of our related parties if it is recommended by our investment models. However, these purchases are subject to client constraints, applicable laws or regulations (e.g., where Rosenberg Investment Management does not possess material nonpublic information about the issuer and where effective information barriers exist between Rosenberg Investment Management and the issuer).

We recommend securities or other investments to clients or engage in transactions on behalf of clients and our employees, their family members, and our affiliates may also own and transact in securities, where a related person has a financial interest. We have a Personal Trading and Insider Trading Policy intended to regulate personal transactions in such a manner to satisfy our primary obligation of loyalty to our clients. See “Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading,” below.

We prohibit the use of material, non-public information (“inside information”). Our personnel or those of our affiliates may come into possession of inside information concerning various companies. We and our investment adviser affiliates have taken measures to establish restricted and watch-list controls that serve to restrict the dissemination of such information including trading within employee or client portfolios. While the investment management functions of Rosenberg Equities US are independent from those of AXA IM or AXA Group more generally, if we or certain affiliates possess such information, our ability to buy or sell securities of such issuers for our clients will be restricted. Nevertheless, our systematic approach to stock valuation and selection creates a large universe of potential buy candidates. Consequently, there will be alternative stocks from which to choose, and any effect on expected performance should be mitigated.

Please see Item 6. Performance-Based Fees and Side-By-Side Management for procedures designed to address other potential conflicts of interest.

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

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

### CODE OF ETHICS

Our Code of Ethics (the “Code”) and Personal Trading Policy applies to all Rosenberg Equities US employees. Designated Access Persons of Rosenberg Equities US employed by an affiliated Adviser are subject to AXA IM Code of Ethics Standards as well as applicable personal trading policies. Rosenberg Equities US is committed to conducting our business in accordance with best international practice, and within the laws of the countries in which we operate, in a manner that manages conflicts of interest appropriately and seeks to avoid the appearance of conflict of interest. Employees are expected to observe a high standard of business and personal ethics and exercise proper judgment in conducting advisory related activities. The Code describes the standard of conduct we require of our employees and sets forth certain restrictions on activities such as personal trading, outside business or investment activities. Compliance with the Code is a condition of employment for all employees, and a serious violation of the Code or related policies may result in dismissal. Certain key provisions of the Code are summarized below.

Our Personal Trading and Insider Trading Policy is incorporated as an aspect of our Code of Ethics. The Code is designed to:

- Protect our clients by deterring misconduct
- Educate employees regarding our expectations and the laws governing their conduct
- Remind employees that they are in a position of trust and must act in accordance with this position of trust and responsibility
- Require employee pre-clearance for personal “covered” securities against client activity through our automated Compliance tool
- Review and resolve trade alerts or exceptions within an automated compliance tool
- Require quarterly/annual certification of accounts, transactions, holdings and acknowledgment of understanding the Code as well as other ethical policies
- Block employees from purchasing restricted or watch list securities via the automated compliance tool and other processes
- Establish procedures for employees to follow so that we can determine whether persons covered by the Code are complying with our ethical principals
- Protect our reputation
- Guard against violation of the securities laws and violations of ERISA
- Summarize the values, principals, and business practices that guide our business conduct

### PERSONAL TRADING

Rosenberg Equities US Access Persons (within the meaning of Rule 204A-1 under the Advisers Act) may purchase and sell for their own accounts the same securities held by our clients. Because the Code permits employees to invest in the same securities as our clients, there is a possibility that such persons might benefit from the market activity by a client in a security held by an employee. To mitigate this potential conflict of interest, Access persons must obtain written approval before trading in a Covered Security (as defined in the Advisers Act) which is provided through an automated compliance monitoring system that gives feedback to an employee as to whether a request is approved or denied. Access Persons are generally unable to purchase or sell a security that is being traded the same day within our client accounts.



Access Persons are discouraged from conducting short-term trading in their personal trading accounts. Accordingly, they are expected to hold a Covered Security for at least 30 days. However, if the price of an investment in a Covered Security falls after purchase, resale can be permitted with approvals from the Compliance Officer. Compliance can override the holding period where there are exceptional reasons or circumstances.

Access Persons are required annually to attest to their personal securities account holdings and that they have complied with the Code of Ethics. On a quarterly basis, employees attest to their personal securities trading activity and covered accounts. They are required to report personal securities transactions in all Covered Securities.

Access persons are not permitted to trade for their personal accounts in securities of issuers that are placed on any AXA IM restricted list, established from time to time.

Rosenberg Investment Management may invest in publicly traded securities which are owned or controlled by its related persons (including but not limited to, employees or family members), or for which such related persons serve in management of the issuer. However, our investment in and disposal of any such securities, if any, shall be based on publicly available information and on our investment process.

Employees who violate our Code are subject to some or a combination of the following actions in accordance with applicable policies and procedures: issuance of warning memos; suspension of personal securities trading privileges; reversal of transactions regardless of loss incurred; or donation of profits resulting from an unauthorized trade to a designated charity. Violation of the Code can also result in more serious disciplinary action including disgorgement of profits, suspension of employment and/or termination.

We will provide a copy of our Code to any client or prospective client upon request. To request a copy, please contact:

AXA Rosenberg Investment Management LLC  
4 Orinda Way, Building E  
Orinda, CA 94565  
Attn: Chief Compliance Officer

In addition to the Code of Ethics and Personal Trading Policy, employees are required to adhere to a number of other specific policies including those listed in the sections below.

#### GIFTS AND ENTERTAINMENT

A conflict of interest occurs when personal interests of employees interfere or could potentially interfere with their responsibilities to Rosenberg Equities US and our clients. Employees should never encourage a quid pro quo (i.e., "favor for favor") business transaction or feel beholden to a person or firm. The overriding principle is that employees should not accept inappropriate gifts, favors, entertainment, special accommodations, charitable contributions or other things of material value that could be construed as an actual or perceived conflict of interest. Similarly, employees should not offer gifts, favors, entertainment, or other things of value that could be viewed as excessive or lavish or aimed at influencing decision making. Details related to compliance with gifts and entertainment related guidelines are detailed in our Gift, Entertainment and Charitable Contribution Policy.

#### POLITICAL CONTRIBUTIONS

Rosenberg Equities US and our employees are not permitted to make a payment of any kind, directly or indirectly, to any official of any government or government instrumentality, any political party, political official or any candidate for any political office (domestic or foreign), for the purpose of influencing any act or decision in order to help Rosenberg Equities US obtain or retain business for or with, or direct business to, any person, as outlined in our Political Contributions Policy.

### CONFLICTS OF INTEREST - OUTSIDE ACTIVITIES

Rosenberg Equities US takes steps to identify, manage or prevent conflicts of interest, minimizing over-reliance on disclosure where a conflict cannot be adequately prevented or managed. Through reporting and internal monitoring, management performs oversight of conflicts processes and policies.

Regardless of whether an outside activity is specifically addressed in the Code, employees must disclose to their manager and obtain approvals prior to engaging in any outside business activity.

### INSIDER TRADING POLICY

Rosenberg Equities US policy prohibits employees from trading on material non-public information as outlined in our Insider Trading Policy. Employees are required to escalate receipt of non-public information to Compliance for further evaluation and monitoring. Information is deemed non-public if it has not been disseminated in a manner making it available to investors or the market generally. Information is “material” if there is a “substantial likelihood that a reasonable investor would consider it important in making an investment decision.

### POLICY ON ANTI-BRIBERY AND CORRUPTION IN INTERNATIONAL BUSINESS TRANSACTIONS

Rosenberg Equities US policy prohibits the paying, offering, giving, authorizing, or promising, either directly or indirectly, of money or “anything of value” to any government official in order to secure an improper benefit, obtain or retain business, or direct business to any person or entity, as outlined in our Anti-Bribery and Corruption in International Business Transactions Policy.

### INFORMATION SECURITY

Rosenberg Equities US Information Security Policy addresses employee and firm obligations in connection with administrative, technological and physical safeguards of proprietary, client and personal information. This includes management of removable media, transfer of confidential information to third parties, supplier relationships, the use of third-party software, virus and spyware protections and internet use.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise. Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Potential conflicts of interest exist for asset managers when managing affiliated assets with various client fee structures. Rosenberg Equities US does not invest securities for our own account, but we do manage accounts and/or funds for our affiliated Advisers. Clients should be aware that this creates a potential conflict of interest for Rosenberg Equities US since there could be an incentive for Rosenberg Equities US to allocate investment opportunities to these accounts and/or funds at the expense of other advisory clients.

While favoritism could occur, under such circumstances as allocating investment opportunities, allocating aggregated trades, or trading between client accounts, Rosenberg Investment Management mitigates these risks via our quantitative investment process and compliance policies and procedures to identify, manage and/or eliminate potential conflicts of interest. See “Allocation of Investment Opportunities” and Performance-Based Fees” for more information.

We seek to treat all of our clients in a fair and equitable manner and will act in a manner that we believe to be in the best interest of our clients. Consequently, in addition to relying on our systematic process, our investment teams are instructed not to favor one client over another in the investment process. In addition, the current policy of Rosenberg Equities US does not permit cross trades between clients. As noted previously, should we determine it is in the best interest for both clients to conduct a cross trade between

client accounts, we will implement compliance policies and procedures that define internal approval procedures as well as client consent and notification procedures.

- C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.
- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

#### OTHER CONFLICTS OF INTERESTS

Outside the US, Access Persons may have the opportunity to invest in non-US pooled investment vehicles that we either manage exclusively or alongside our affiliated Advisers. Access Persons request pre-clearance for any purchases involving public funds managed or sub advised by Rosenberg Equities US and/or our affiliated Advisers outside of reinvestment programs.

From time to time, we may recommend certain securities for our clients in which AXA Group, our ultimate parent company, has a material interest, e.g., AXA SA publicly traded stock. These recommendations would generally be derived from our investment models, and in most cases tied to benchmark representation.

### **Item 12. Brokerage Practices**

- A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

#### **BROKER SELECTION AND COMMISSIONS**

When Rosenberg Equities US selects or recommends a broker-dealer for transactions in our clients' accounts, we weigh a combination of criteria regarding the broker-dealer and the reasonableness of its compensation including:

- Quality of executions, which includes the accuracy and timeliness of executions, clearance of transactions and error/dispute resolution
- Ongoing reliability and speed with which transactions are executed
- Integrity to handle transactions and ability to maintain the confidentiality of trading activity and information
- Reputation, financial condition, disciplinary history and stability
- Compensation and competitiveness of rates and spreads
- Status as women-, veteran- or minority-owned business, if applicable
- Block trading and block positioning capabilities and ability to execute difficult transactions
- Responsiveness to our traders

When selecting broker-dealers to execute transactions, we are not obligated to seek the lowest available commission cost, but rather best overall execution.

Rosenberg Equities US and certain of our affiliated Advisers (listed below) conduct trading in securities on behalf of our client accounts.

Affiliated Advisers	Location
AXA Investment Managers Asia (Singapore) Ltd.	Singapore
AXA Investment Managers UK Ltd	United Kingdom



Rosenberg Equities US and our affiliated Advisers maintain a list of approved broker-dealers through which portfolio transactions are executed. Our trading desks have established standard commission rates with the broker-dealers with which we transact, with an exception for some of the emerging markets. The standard commission rates vary based on the type of transaction.

Each portfolio pays the brokerage commissions attributable to its transactions. For aggregated trades, each account participating in a trade receives the average price and average transaction cost of the trade.

As requested by some clients with investment mandates that include securities traded outside of the US, we may leverage a third party or custodian to conduct currency hedging for their portfolios with the goal of compensating for shifts in the relative value. Foreign exchange transactions (FX) are conducted through the respective portfolio's custodian bank or through third-parties.

## **TRADE EXECUTION**

We seek best execution in conducting trades on behalf of the portfolios we manage. We consider best execution not to be simply the lowest commission cost for a transaction, but a process to obtain the best qualitative execution for transactions. As a part of this process, our traders consider a combination of various factors, including but not limited to:

- The broker-dealer's effectiveness in executing trades
- The reliability, integrity, confidentiality, promptness, reputation, and financial condition of the broker-dealer (including Rosenberg Investment Management past execution history with the broker-dealer)
- The size of the trade, its relative difficulty and the security's trading characteristics and liquidity
- The nature and frequency of the coverage
- The trading expertise and market knowledge of the broker
- The quality and breadth of products offered by the broker-dealer including the ability to handle a mix of trades and to "work" large or difficult trades
- Adequacy of back office staff to efficiently handle trading activity, especially in volatile or high-volume markets
- Statistics on securities executions and frequency of trading errors
- The broker-dealer's willingness to accept our standardized commission rates

It should be noted that we may conduct transactions where portfolios may pay one broker a higher commission than another broker for effecting the transaction if we determine in good faith that the commission is reasonable in relation to these factors.

## **TRANSITION MANAGERS**

From time to time, a new client will utilize a transition manager for purposes of transitioning authority to us over an account previously managed by a different investment manager or according to a different benchmark or strategy. We may provide the transition manager with a target portfolio which is to be implemented by the transition manager in advance of our acceptance of discretionary authority over the account. During this transition period, the transition manager assumes trading authority for the new account including investment in the target portfolio provided by us. As a result of possible limitations on liquidity in the equities markets, the implementation by the transition manager of the target portfolio may adversely affect the liquidity or pricing of securities which we actively trade for accounts under management.

1. **Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.
  - a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

- b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.
- c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

### SOFT DOLLAR PRACTICES

We do not engage in soft dollar practices.

- d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

None

- e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.
- f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

### MIXED-USE PRODUCTS AND SERVICES

We do not engage in soft dollar practices.

### SOFT DOLLAR PRODUCTS AND SERVICES OBTAINED

We do not engage in soft dollar practices.

- 2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.
  - a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.
  - b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

### BROKER REFERRALS

We do not receive client referrals from brokers through which we conduct client portfolio transactions.

- 3. Directed Brokerage.
  - a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.
  - b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

## DIRECTED BROKERAGE

Our clients can direct us to conduct transactions for their portfolios through specific brokers or specific types of brokers. In some instances, clients may request us to direct transactions through certain brokers because they have established a directed brokerage/commission recapture relationship with the brokers. Certain clients may also request that we direct transactions through brokers with certain designations such as emerging, minority-owned and women-owned. We may accept such direction to the extent that it is consistent with our regulatory obligations and constraints. Our clients should be aware, however, that due to our trading processes, we cannot guarantee that a specific portion of a client's trades will be executed with the brokers or types of brokers specified by the client.

Additionally, a client may pay higher commissions and/or receive less favorable prices in the event we do not aggregate their order and/or result in lost opportunities to purchase securities for the client's account that other clients participating in block trades were able to take advantage of. In addition, when a client does not participate in block trades as a result of directing brokerage, the client may pay higher commissions on some transactions and/or may receive less favorable execution of some transactions. Our optimization-based portfolio construction process makes recommendations for each client's account, which allows for aggregating transactions across multiple accounts when appropriate. Our traders then place the aggregated order with a broker that our traders believe will provide the best execution. Consequently, our general practice of aggregating trades, as opposed to instructing transactions for each portfolio separately, is not conducive to directing trades to brokers in order to fulfill a client's directed brokerage expectations. Nevertheless, a client may receive directed brokerage credit if any of the US brokers with whom the client has directed brokerage/commission recapture arrangements are on our Approved Broker list, and Rosenberg Equities US executes trades with this broker.

Our traders determine which brokers they will place orders with based on their consideration of best execution. Clients should be aware that many non-US broker-dealers do not participate in directed brokerage/commission recapture programs; therefore, we cannot guarantee that a fixed dollar amount or percent of commission will be paid to a broker with which our client has a directed brokerage relationship. Furthermore, because we have negotiated very competitive commission rates with the broker-dealers with whom we trade, clients with directed brokerage arrangements may not receive the directed brokerage benefit(s) from the broker-dealer. At this time, we have no such directed brokerage arrangements.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

## AGGREGATION AND ALLOCATION OF TRADES

In general, subject to our duty of best execution and each client's investment guidelines, our authority to select the securities and amount of securities to be traded for client portfolios, to determine the broker with which to conduct a transaction, and to determine the commission rates for transactions is not limited. We aggregate Rosenberg Investment Management client orders when purchasing or selling particular securities, where possible and advantageous to clients. Our aggregation of trade orders and the allocation of the trades are based upon the recommendations of our optimization systems. We believe the practice of aggregating orders provides an overall benefit to our clients by aligning like orders and preventing clients' orders from competing in the marketplace. Aligning orders through aggregation can reduce market impact and other factors that influence execution levels.

Our policy is to allocate aggregated trades both fairly and equitably among client accounts as well as in a manner that is economically efficient for them. We are aided by automated tools to make, fill and allocate aggregated orders among accounts. The allocation algorithms are intended to treat all accounts equally, regardless of the fee arrangement (i.e., asset-based or performance fee-based) for the account or the type of client (e.g., investment company accounts are treated the same as separate accounts or private fund accounts).

Our trade allocation process integrates each account's demand for a particular trade, as determined by our investment models. Trades are generally allocated pro-rata based on each account's respective demand for a trade, which may change during the trading day based on the investment models' output. With respect

to partial fills, if an aggregated order is placed for more than one client on a particular day and that order is not fully completed, the algorithm will allocate the order primarily in pro-rata fashion while respecting economic size.

As part of the allocation process, an allocation may be adjusted to keep the accounts within their respective high and low limits for cash by readjusting trade allocations if necessary.

At the end of the trading day when the allocation processes have been completed, the Trading team, with PM oversight, has the discretion to manually adjust the trade allocations based on the following factors:

- Cash management; inflow/outflow
- PM investment strategy decision
- Client-specific investment guideline constraint
- Liquidity constraint for the portfolio
- Avoidance of odd lots or excessive transaction costs

Traders are restricted from allocating trades to an account if the security was not a model recommendation for the account, or if the number of shares exceeds the model's recommendation for the total number of shares for that account. These adjustments are monitored by Head of Global Trading and regional compliance teams. We may also exercise our discretion not to make allocations to any given account on the basis of immateriality of the position to the account.

As described above, client orders for trades are generally aggregated based upon the recommendations of our optimization process. Nevertheless, if an account has certain requirements (restricted approved broker lists, redemptions/subscriptions, more frequent or less frequent rebalancing, etc.) we may intentionally exclude an account in the aggregated order. We will usually instruct a broker to execute on a best-efforts basis all recommended security transactions for a particular account in order to prevent a potential issue. Although the account may be buying or selling the same security as other accounts whose orders have been aggregated, our traders will respect the different strategies for each order, and will monitor for market impact. Nevertheless, the accounts that are traded separately may potentially receive better or worse trade execution than the accounts for which the trades are aggregated. A client's non-participation in block trades may result in lost opportunities to purchase securities for the client's account that other clients participating in block trades were able to take advantage of. In addition, when a client does not participate in block trades, the client may pay higher commissions on some transactions. We believe, however, trade execution for all accounts is fair and equitable over time and in accordance with our Best Execution and Trading policies.

Although Rosenberg Equities US's goal is to be fundamentally fair on an overall basis with respect to all accounts, there can be no assurance that on a trade-by-trade basis that one account will not be treated differently from another. The allocation procedures will sometimes cause an account to receive a different price or amount of assets than it would have otherwise received. For example, if Rosenberg Equities US did not manage multiple client accounts, each client individually would be able to receive or sell a greater percentage of limited opportunity securities. Consequently, when multiple clients participate in limited opportunity trades, each participating account reduces the opportunity available to other participating accounts. Furthermore, since certain accounts include assets of Rosenberg Equities US or affiliated subsidiaries of the AXA Group, the allocation of limited opportunity trades to such accounts will reduce the opportunity available to unrelated client accounts.

#### **ALLOCATION OF INVESTMENT OPPORTUNITIES**

While a potential conflict of interest or incentive to favor an account or fund of an affiliated entity exists, we have established procedures to allocate investment opportunities and to order and allocate trades fairly and equitably, without regard to client affiliation. While affiliated or related accounts and funds receive negotiated investment management fee discounts from our standard pricing, they do not receive

preferential treatment in the investment process; their allocations of investment opportunities are consistent with those of our other similarly situated clients.

Certain accounts, including affiliated or related accounts have frequent and/or significant cash flows, limit/restrict the brokers with whom Rosenberg Equities US can trade, or may require more or less frequent rebalancing of their portfolio. Consequently, these accounts can be traded separately from other accounts, and potentially receive better or worse trade execution than the accounts for which trades are aggregated. Our goal is for trade execution for all accounts to be fair and equitable over time and implemented in accordance with our Best Execution and Trading policies.

### Item 13. Review of Accounts

- A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.
- B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

We regularly review and evaluate client accounts for compliance with the client's investment guidelines, restrictions and any applicable regulatory requirements.

#### POST-TRADE REVIEW

A compliance monitoring application is used daily to review quantifiable regulatory and client investment guideline rules for each portfolio. At the end of each trading day, the compliance application tests the rules coded for each portfolio against the portfolios holdings and identifies any potential incidents. An Investment Guidelines Officer will on a daily basis, review and investigate incidents and determine whether or not the incident represents a regulatory or investment guideline breach. Portfolio managers will be asked to remediate and take appropriate action. The Investment Guidelines Officer will review the portfolio manager's actions and liaise with Risk and Compliance teams as needed. If an exception is determined to be an investment guideline breach, it is escalated for further review according to our Trade and Investment Process Error Correction Policy.

#### INVESTMENT REVIEWS

Rosenberg Equities US offers an objective, data intensive, model-driven approach that is applied systematically, overseen by investment professionals and subject to their ultimate discretion. Research, modeling and investment implementation activities are fully integrated firm wide. Our investment process is applied globally and implemented by strategy by our investment team in the US, Europe and Asia.

Although our process is largely quantitatively driven, Portfolio Managers, along with Investment Strategists designated by strategy, ensure compliance with a client's stated objectives and risk tolerance, client investment guidelines and/or regulatory requirements. The Chief Investment Officer (CIO), the Head of Investment Strategy and Research, the Investment Strategists, and the Portfolio Managers are collectively responsible for reviewing the investment models' recommendations, portfolio construction, adherence to client and internal guidelines, and portfolio performance.

In addition to these regular reviews, reviews can be triggered by client flows and the rebalancing of portfolios, or if an account exceeds a warning threshold of our internal investment guidelines, which are used to keep the account within our risk-based expectations.

The Investment Committee ("IC") provides oversight of research and investment management processes (although not necessarily individual client portfolios) including monitoring the effectiveness of modelling and the key metrics of the investment strategy. The responsibilities of the IC include, but are not limited to, timely evaluation, approval and implementation of model enhancements; setting Rosenberg Equities investment policies; review of our strategies' performance; prioritization of research and investment technology initiatives; and timely review and resolution of open breaches and items requiring IC attention. Some of these activities



may be delegated to other forums and sub-committees of the IC. For example, the prioritization of research initiatives is performed by the Research Strategy Committee.

In addition to IC oversight, each strategy is assigned to an Investment Strategist who has responsibility for implementation of the investment process within that strategy. The Investment Strategist and other strategy team members meet to review performance and risk analysis, portfolio exposures, research, and model effectiveness to ensure the efficacy of the investment process and the systematic implementation approach.

The Risk Management team monitors portfolio exposures, diversification and performance and meets at least monthly with investment teams providing a detailed risk management dashboard.

Portfolio Managers instruct traders to implement recommendations generated by the model. Traders are organized around centralized trading desks in each regional office and implement in the most cost-effective manner. The Global Head of Portfolio Management and the Global Head of Trading are responsible for oversight of trade completion, best execution, and market impact. Additionally, there is quarterly oversight of performance and portfolio exposures at the strategy level within the IC.

Manual investment actions are also integral to our oversight activities. Investment actions can be taken at the discretion of our investment teams to help ensure the intention of the models is reflected in the client's portfolio positioning and the portfolio risk profile is appropriate for market conditions. Investment actions vary widely based upon potential impact, breadth of that impact and associated investment risk and can include anything from actions affecting a single portfolio, to those affecting selected or all portfolios within a strategy or all portfolios managed within a region. Investment actions that have potentially broad impact across many portfolios or significant impact within selected portfolios require pre-approval by the CIO, the IC or other parties before investment implementation.

## **INVESTMENT OPERATIONS OUTSOURCING**

Rosenberg Investment Management manages its operational activities on a global basis from the offices of Rosenberg Equities US and our affiliated Advisers located in Singapore and London. We outsource our middle and back office activity to Northern Trust. The services that have been outsourced include:

- Operations Activities
  - Trade Matching and Settlement
  - Dividends and Corporate Actions Processing
  - Reconciliation
  - Accounting and Valuation
  - Cash Management (execution of foreign exchange)
- Performance Measurement Activities
  - Performance Measurement
  - Composite Management
- Client Reporting
  - Accounting Reports
  - Performance Reports
  - Note, Investment Reports have been retained internally

Northern Trust's activities are overseen internally by the Rosenberg Investment Management Operations Oversight Team (Operations). The team is responsible for managing the relationship with Northern Trust, overseeing their activities and acting as the liaison between our retained front office functions and Northern Trust.

## **ACCOUNT AND TRADE RECONCILIATION**

On a daily basis, the traders and Operations team monitor trade transmissions to Northern Trust as well as address trade matching and settlement exceptions notified by Northern Trust. The Operations team also monitors failed trades daily. Northern Trust records all trades into each client account on a daily basis. Northern Trust is also responsible for reconciliation of cash and positions against the custodians' records

on a daily basis and total assets against custodians'/third party providers' records on a monthly basis. The Operations team monitors all key services outsourced to Northern Trust.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

## CLIENT REPORTING

Client reporting on behalf of our clients is performed by AXA IM client services teams. The Operations team oversees the portion of the client report generated by Northern Trust. Client reporting is generally provided in electronic format and may include the following:

Client Type	Report Frequency	Content
Separate account/pooled funds	Monthly	Monthly book <ul style="list-style-type: none"> <li>• Performance</li> <li>• Market value of holdings</li> <li>• Investment, foreign exchange cash transactions</li> <li>• Interest, dividends and expenses</li> <li>• Portfolio characteristics and risk return details</li> </ul>
	Quarterly	Quarterly report – In addition to the content listed above, the following information may also be included in the quarterly report <ul style="list-style-type: none"> <li>• Strategy and market commentary</li> <li>• Performance attribution</li> </ul>

We are able to provide additional customized reporting for clients with separate accounts, upon request or as arranged on an ongoing basis.

## Item 14. Client Referrals and Other Compensation

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

As described under “Item 10. Other Financial Industry Activities and Affiliations” above or Item 14B below, our parent company, AXA Investment Managers, provides employees annual discretionary bonuses, which are based on the employee’s performance, the performance of AXA Investment Managers or AXA Group, among other factors.

Except as described above under “Item 10 Other Financial Industry Activities and Affiliations” or Item 14 below, we do not receive an economic benefit from any parties other than the investment management fees (or allocation thereof) our clients provide for management of their portfolios or advisory services (i.e. investment recommendations only).

With respect to research and models as well as any implementation services we provide for the management of our affiliated Advisers’ accounts, Rosenberg Equities US and our affiliated Advisers utilize a set of transfer pricing policies and fee sharing arrangements to reasonably determine the allocation of any fees charged and allocated to each affiliate.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

AXA Investment Managers Inc. (“AXA IM Inc.”), an SEC registered investment adviser, provides certain client services, marketing and sales services on behalf of Rosenberg Equities US. In addition, for regulatory

purposes, employees of AXA IM Inc. who solicit prospective investors for interests in funds managed by Rosenberg Equities US are also associated with an unaffiliated registered broker-dealer that is not compensated for Rosenberg-related sales. Rosenberg Equities US, AXA IM Inc. and other affiliates within AXA IM are parties to various intercompany revenue and expense sharing/recharge arrangements.

If we pay a cash referral fee to anyone for soliciting clients on our behalf, we comply with the requirements of the SEC's cash referral fee rule. This rule requires that there is a written agreement between the investment adviser and the person soliciting clients on its behalf. Since we only use affiliated solicitors, the solicitors must disclose the nature of the affiliation to prospective clients at the time of the solicitation or as otherwise permitted by regulation, but no disclosure about the specific terms of the solicitation is required. The fact that we share a portion or percentage of the compensation we receive for investment advisory services will not result in charging any client fees at a rate in excess of, or less than, the rate or level of advisory fees we customarily charge to our investment advisory clients for similar services to comparable accounts.

## Item 15. Custody

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

With respect to certain proprietary pooled funds that we manage, we or one of our affiliates is considered to have custody of our clients' assets and securities. However, we do not maintain physical custody of our clients' assets; physical custody of assets is provided by the funds' and clients' custodians.

We do not have custody of client assets held in segregated accounts. Separate account clients receive periodic statements from their qualified custodians. We do, however, typically provide quarterly reports with information on transactions, holdings and portfolio values to our separate account clients. We urge our clients to compare these reports with the statements that they receive from their custodians, and to carefully review all the statements they receive from their custodians.

For separate accounts, if a client were to authorize us to deduct advisory fees directly from its account, we would be considered to have custody of the account's funds and securities. Where we obtain this authorization, we would ensure that a qualified custodian maintains those funds and securities in a specified manner and we would request the custodian to provide the client with quarterly account statements. These arrangements are not typical for Rosenberg Equities US, and there are no current arrangements of this nature. We would not enter into any such arrangement unless the "qualified custodian" provisions of the Custody Rule are met.

For the proprietary pooled investment vehicles for which Rosenberg Equities US serves as the investment manager, the general partner or managing member will select qualified custodians to custody the fund's assets, and will ensure that an audit of such funds is conducted at least annually by an independent public account duly registered with the Public Company Accounting Oversight Board (PCAOB) and that audited financial statements, prepared in accordance with or appropriately reconciled with US GAAP, are distributed to the funds' participants within 120 days of fiscal year end and upon liquidation. Rosenberg Equities US does not currently serve as general partner, managing member or other such capacity for any pooled investment vehicles that it advises (although AXA IM Inc. or another affiliate currently does).

## Item 16. Investment Discretion



If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

## SEPARATE ACCOUNTS

We manage separate account investment portfolios for our clients pursuant to investment management agreements that we negotiate on a client-by-client basis. Each client's investment management agreement stipulates the investment guidelines by which its portfolios are to be managed.

Pursuant to the terms of the investment management agreements entered into with our clients, we generally have complete discretion in managing the portfolio with respect to buying and selling securities and choosing the brokers with which to transact, as well as the transaction price and commission rates, subject to the investment guidelines and applicable law. Certain clients may have legal or other types of restrictions which may limit our authority in managing their portfolios.

In addition to investment guideline restrictions, our investment management agreements contain provisions relating to the following:

- Proxy voting. Whether or not the client has delegated the voting of proxy ballots for the securities held in their portfolios.
- Restricted securities. Certain clients provide us with lists of securities that are prohibited for purchase and/or sale by their portfolios. We restrict the applicable securities in our investment systems to prevent transactions in such securities for accounts that provide restricted lists.
- Socially responsible investing. We have managed portfolios with socially responsible and ethical investment constraints since 1991. We use data from third-party providers to help us assess companies along various responsible investment dimensions, and restrict transactions based on the criteria and/or criteria directed by our clients. We also use data from AXA IM's Responsible Investing team, an advisory affiliate, to research strategy ideas and build portfolios with the goal of seeking full ESG integration.
- Class action lawsuits related to portfolio securities. From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. As a general matter, Rosenberg Equities US has no obligation to determine if securities held by a client are subject to a pending or resolved class action lawsuit. We also have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, omissions, misconduct or negligence by corporate management of issuers whose securities are held by clients. That said, should AXA Rosenberg Equities US receive notice of a class action lawsuit, settlement or verdict affecting securities owned by a client, unless instructed otherwise, we will use reasonable efforts to forward notices, proof of claim forms and other materials to the client's custodian, including by way of electronic mail. We may retain a service provider to assist with all or any of this process.

## POOLED FUNDS

Rosenberg Equities US manages any pooled fund according to the investment management agreement between us and the pooled investment fund, and in adherence to the guidelines stated in the pooled investment fund's offering memorandum.

Participation in pooled funds typically requires execution of a subscription agreement, and in some instances, an explicit fee agreement.

## PARENT COMPANY INVESTMENT DISCRETION

In making investment decisions, Rosenberg Equities US will abide by the stock selection policies or restrictions agreed to between Rosenberg Equities US and/or its direct or indirect parent companies with regard to the holding of either individual securities or various categories or classes of securities for specific

AXA accounts. The stock selection universe for all client accounts may also be modified as a result of any local regulatory limitations or material non-public information known by certain AXA IM employees.

The non-U.S. based subsidiaries of AXA Group operate in compliance with applicable laws and regulations of the various jurisdictions where they operate, including applicable international (United Nations and European Union) laws and regulations. While AXA Group companies based and operating outside the United States generally are not subject to U.S. law, as an international group, AXA Group has in place policies and standards (including the AXA Group International Sanctions Policy) that apply to all AXA Group companies worldwide and often impose requirements that go beyond local law.

## Item 17. Voting Client Securities

- A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.
- B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

### POLICIES

Rosenberg Equities US will, when requested in writing, vote proxies for client accounts. We will vote proxies for ERISA accounts unless instructed otherwise. Clients always have the right to vote proxies themselves. Clients can exercise this right by instructing us in writing how to vote proxies in their account which we will do on a best-efforts basis.

In the cases where we are asked to vote proxies, it is our policy and the policy of our affiliated Advisers to vote proxy proposals (proxies) on behalf of our clients in a manner which is reasonably anticipated to further the economic interests of our clients and consistent with the goal of enhancing shareholder value. Our associated policies and procedures include the responsibility to set up or remove accounts through the Proxy Exchange Platform, to disclose potential conflicts of interest, to make information available to clients about the voting of proxies for their portfolio, and to maintain relevant and required records.

We have established a Proxy Policy and Procedures as well as adopted AXA IM's Corporate Governance and Voting Policy ("AXA IM Voting Policy"). Rosenberg Equities US has delegated certain responsibilities for voting proxies of its clients to the Corporate Governance team within an AXA IM advisory affiliate ("AXA IM CG team"). The AXA IM CG team develops customized guidelines to assist in performing their duties on behalf of Rosenberg Equities US. Currently, the AXA IM CG team retains the services of Institutional Shareholder Services Inc. ("ISS" or "Service Provider"), a third party proxy research and voting service, to assist in coordinating and voting proxies with respect to client securities in accordance with our Proxy Policy and Procedures and the AXA IM Voting Policy. It is our policy and practice to vote US contracted client accounts pursuant to AXA IM's custom voting guidelines, which follow a predetermined policy. If there is no custom recommendation on a resolution, we will defer to the ISS voting recommendation.

### PROXIES OF CERTAIN NON-US ISSUERS

Proxy voting in certain countries requires "share blocking." Shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting with a designated depository. During this blocking period, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the clients' custodian banks. We generally believe that the benefit to a client of exercising the vote does not outweigh the cost of voting (i.e., not being able to sell the shares during this period). Accordingly, if share blocking is required, we will generally abstain from voting these shares unless there is a compelling reason to the contrary as determined by the AXA IM CG team.

In addition, voting proxies of issuers in non-US markets can give rise to a number of administrative issues that may prevent us from voting those proxies. For example, we (or our service provider) may receive meeting notices without enough time to fully consider the proxy or receive the proxy information after the cut-off date for voting. In some markets, we (or our Service Provider) are required to provide local agents with powers of attorney prior to implementing the voting instructions. Although it is our policy to seek to vote all proxies for securities held in client accounts for which we have proxy voting authority, in the case of non-US issuers, we vote proxies on a reasonable best-efforts basis. Additionally, we will abstain from voting a proxy if we are required to make an affirmative representation of a client's ownership percentage of a particular issuer.

## PROCEDURES

Once it is deemed that we have the delegated responsibility to vote proxies on behalf of a client, we instruct Northern Trust to notify the Service Provider of this delegation, thereby enabling the Service Provider to automatically receive proxy information.

The Service Provider will:

- Maintain a record of each vote cast by Rosenberg Equities US on behalf of a client, the policy/instructions followed when determining how to cast the vote, and any proposals that were not voted for which the client was entitled to vote
- Determine which accounts managed by Rosenberg Equities US hold the security to which the proxy relates
- Compile a list of accounts that hold the security, together with the number of votes each account controls and the date by which Rosenberg Equities US must vote the proxy in order to allow enough time for the completed proxy to be returned to the issuer prior to the vote taking place.

Members of the AXA IM CG team have worked with the Service Provider to develop a customized approach to applying the AXA IM CG Policy and continue to interact with the Service Provider as particular proxy voting issues arise during the year. Furthermore, this team monitors the Service Provider to ensure that proxies are being voted in accordance with our Proxy Policy and Procedures and the AXA IM Voting Policy. Rosenberg Equities US will periodically monitor the AXA IM CG team and Service Provider to assure that the proxies are being properly voted and appropriate records are being retained.

## CLIENT INSTRUCTIONS

We will vote proxies for clients in the following instances:

- Employee benefit plans and other clients that are subject to ERISA that have not explicitly reserved proxy voting responsibility
- Institutional clients, that are not subject to ERISA that have delegated proxy-voting responsibility to AXA Rosenberg
- Registered investment companies advised or sub-advised by Rosenberg Equities US and that have delegated proxy-voting responsibility to Rosenberg Equities US
- Limited partnerships and other pooled investment funds advised by Rosenberg Equities US

Where a client has directed Rosenberg Equities US to vote a proxy or proxies for its account in a specific way, Rosenberg Equities US will vote these proxies on a best-efforts basis. In the absence of specific voting guidelines from the client, our policy generally is to vote proxies in accordance with our Proxy Policy and Procedures and AXA IM Voting Policy. Rosenberg Equities US will abstain from voting a proxy if we are required to make an affirmative representation of a client's ownership percentage of a particular issuer.

For those advisory clients who have not delegated or who have expressly retained proxy-voting responsibility, Rosenberg Equities US has no authority and will not vote any proxies for those client portfolios.

## CONFLICTS OF INTEREST

We realize that situations may occur whereby an actual or apparent conflict of interest could arise. For example, conflicts could exist in situations where Rosenberg Equities US is called to vote on a proxy involving an issuer or proponent of a proxy proposal regarding the issuer where Rosenberg Equities US or an affiliated person of Rosenberg Equities US also manages money for an employee group of an issuer whose management is soliciting proxies. By voting in accordance with the AXA IM Voting Policy, Rosenberg Equities US generally avoids conflicts of interest because it votes in a predetermined manner as established by the Service Provider, an independent third party, and the AXA IM CG Team. Nevertheless, when votes are cast in accordance with our Proxy Policy and Procedures, with the AXA IM Voting Policy, corporate governance principles in the relevant market, and in a manner that we believe to be consistent with our fiduciary obligations, actual proxy voting decisions made may have the effect of favoring or harming the interests of other clients, AXA or its affiliates.

In the event that any potential or actual conflict of interest arises, Rosenberg Equities US will either disclose the circumstances of any such conflict to client(s) and forward the proxy materials to the client to vote, or vote according to ISS recommendations or otherwise in a pre-determined manner take such other action as appropriate under the particular circumstances. The AXA IM CG team does not take voting decisions on behalf of third-party clients who hold AXA shares. Decisions on AXA shareholder meetings have been contracted out to a third-party service provider and their recommendations are implemented for all third-party clients holding AXA shares.

In accordance with SEC staff guidance, AXA IM has policies and procedures to provide sufficient ongoing oversight of the Service Provider through the AXA IM CG team or 3<sup>rd</sup> party oversight team, which could include:

- Assessing the adequacy and quality of the Service Provider's staffing, personnel or operational capabilities; and
- Assessing whether the Service Provider has robust policies and procedures that enable it to provide proxy voting research based on current and accurate information; and
- Assessing capabilities to identify and address Service Provider Conflicts of Interest.

## HOW TO OBTAIN PROXY VOTING RECORDS AND AXA ROSENBERG'S PROXY VOTING POLICY AND PROCEDURES

We will provide a copy of our Proxy Policy and Procedures and the AXA IM Voting Policy to any client or prospective client upon request. Additionally, a client may request information on how the proxies were voted on their behalf if a client has delegated proxy voting responsibilities to Rosenberg Equities US. To request a copy of our Proxy Voting Policies, please contact:

AXA Rosenberg Investment Management LLC  
4 Orinda Way, Building E  
Orinda, CA 94563  
Attn: Chief Compliance Officer

## Item 18. Financial Information

- A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

Rosenberg Equities US does not require or solicit prepayment of client fees.

- B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

Currently, we are unaware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

Rosenberg Equities US has not been the subject of a bankruptcy petition during the past ten years.

## **Item 19. Requirements for State-Registered Advisers**

Rosenberg Equities US files notices with applicable states (Form ADV Part 1) but is not registered with any states.

### **Additional Information: Valuation Policy**

Rosenberg Equities US's valuation principles are intended to ensure that all instruments in client accounts are valued in a fair and accurate manner, that valuation services which have been outsourced are subject to appropriate third party due diligence and that the methodologies used are consistent with regulatory requirements and industry best practices. Official valuations for segregated accounts are determined and maintained by each client's respective custodian or designee. For funds advised or sub-advised by Rosenberg Equities US, official valuations are determined by the fund's independent custodian/administrator under a delegation agreement.

Our Performance and Valuation Sub-Committee, is responsible for oversight of the implementation of our Valuation Policy, including establishing standards for pricing and oversight of fair value activity. The Operations team is responsible for the overall implementation of valuation procedures as well as coordination and oversight of valuation activity performed by Northern Trust.

Our strategies and portfolios are invested in domestic and international equity securities actively traded on major stock exchanges or over the counter. Generally, investments listed or traded on a securities exchange or quoted over the counter are valued as of the close of trading on the valuation day. Such prices are obtained by Northern Trust from independent third-party service providers.

Where the standard pricing methodology cannot be applied, a fair value determination will be determined. Some circumstances where fair value determinations are triggered include: absence of price, state/static price, significant events and other circumstances identified at the discretion of the Performance and Valuation Sub-Committee.

For further information, a copy of AXA Rosenberg's Valuation Policy is available upon request.

## **Appendix A – Wrap Fee Program Brochure**

Rosenberg Equities US does not currently participate in wrap fee programs.