



## PART 2A OF FORM ADV: FIRM BROCHURE

As of March 30, 2021

333 West 34<sup>th</sup> Street  
New York, NY 10001-2402

212.251.5900  
[tdumas@segalmarco.com](mailto:tdumas@segalmarco.com)  
[www.segalmarco.com](http://www.segalmarco.com)

This brochure provides information about the qualifications and business practices of Segal Advisors, Inc., doing business as Segal Marco Advisors and Rogerscasey, a division of Segal Advisors (collectively, "Segal Advisors", or the "Firm"). If you have any questions about the contents of this brochure, please contact Todd Dumas at 212-251-5116 or by e-mail at [tdumas@segalmarco.com](mailto:tdumas@segalmarco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The firm's CRD number is 114687.

## Item 2 — Material Changes

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This brochure, revised as of March 30, 2021, contains the following changes from the prior version, dated March 30, 2020:

1. Routine revisions and updates to formatting and non-material edits to previous disclosures (including moving text within the document) are intended to provide added clarity;
2. Updated to reflect both (i) non-discretionary assets (ii) discretionary assets advised on as of December 31, 2020 (see Item 4 – Advisory Business, page 10); and
3. The following material changes:
  - a. **Item 4 – Advisory Business: Under the heading “Implemented Solutions”:** This section was updated to provide additional information regarding the Firm’s planned wind down of the RCTS Fund offerings in this area.
  - b. **Item 4– Advisory Business: Under the Heading “Client Assets”:** This section was updated to provide updated information on the Firm’s assets under management.
  - c. **Item 9 – Advisory Business: Under the heading “Legal or Disciplinary Information”:** This section was updated to reflect the Marco Consulting Group Trust I current litigation action against Allianz Global Investors.

At any time, you may view Segal Advisors’ current ADV Part 2A brochure on-line at the SEC’S Investment Advisor Public Disclosure website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

**To review the firm information for the Firm:**

- Click “**Investment Advisor Search**” in the left navigation menu and enter.
- Select the option for Investment Advisor Firm and enter **114687** (Segal Marco Advisors’ CRD number) in the field labeled “**Firm IARD/CRD Number**”.
- ADV Part 1 will be displayed.
- On the left navigation menu, ADV Part 2A is located near the bottom.

You also may request a copy of the Firm’s current brochure at any time by contacting Weslee Damiano at 212-251-5226 or [wdamiano@segalmarco.com](mailto:wdamiano@segalmarco.com).

# Item 3 — Table of Contents

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## Item 4 — Advisory Business

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Segal Advisors began conducting business in 1969. The Firm is an SEC-registered investment adviser with its principal place of business located in New York. The Firm is wholly-owned by its parent company, The Segal Group, Inc. (“The Segal Group”).

Segal Advisors operates primarily under the d/b/a Segal Marco Advisors. With respect to its financial intermediary practice, the Firm does business under the name of Rogerscasey, a division of Segal Advisors.

### Overview of Advisory Business

The Firm offers a range of consulting, investment advisory and investment management services, which include:

- Non-Discretionary Investment Consulting Services
- Discretionary Investment Consulting Services
- Implemented Solutions<sup>1</sup>
- Management Services for High Net-Worth Individuals
- Proxy Voting and Corporate Governance Services

The Firm’s clients for these services include (i) qualified employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including multiemployer and single-employer plans, (ii) non-qualified employee benefit plans, including deferred compensation plans and other supplemental benefit funds; (iii) governmental plans, (iv) charitable and other tax-exempt organizations; (v) commingled index funds and (vi) high net worth individuals.

In addition, through Rogerscasey, a division of Segal Advisors, the Firm provides financial intermediary clients with investment solutions for institutional investors and high net worth individuals. These services include:

- Model Portfolio Services
- Research and Investment Manager Due Diligence

More information about each of these services is provided below.

For the avoidance of doubt, the Firm **does not** provide financial planning services nor does it provide legal, accounting or tax advice. Clients are advised to engage other qualified professionals with respect to such matters.

### Non-Discretionary Investment Consulting Services

The Firm’s non-discretionary consulting services are primarily offered to private sector and governmental pension and welfare plans, and charitable and tax-exempt organizations. In general, these services include assisting in the formulation of investment policies, assisting in the development of appropriate asset allocations, recommending investment vehicles and managers,

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<sup>1</sup> Implemented Solutions include the MasterManager<sup>SM</sup> Program and the Marco Group Trust.

measuring and evaluating investment performance, conducting asset liability modeling, and conducting defined contribution plan assessments and vendor searches. The Firm provides these services alone or in combination, and clients can choose to use any or all of these non-discretionary consulting services. The Firm earns fixed fees or asset-based fees for these services as described in Item 5 below. In certain instances, when requested by a client and pursuant to an agreement with the client, the Firm also provides investment operations services to the Firm's non-discretionary consulting client accounts.

**Formulating Investment Policies:** The Firm will confer with the client to identify the client's investment objectives for management of the overall portfolio and an appropriate investment strategy that reflects those objectives. The Firm then assists the client in drafting a written Investment Policy Statement ("IPS") (or modifying the client's existing IPS) for the client's adoption. The IPS is intended to address the client's stated investment objectives and includes criteria for selection of investment managers, along with procedures (e.g. methodology and timing intervals) for monitoring investment performance.

**Developing Appropriate Asset Allocation:** The Firm assists clients in constructing an appropriate asset allocation for their overall portfolio. The Firm will review the client's current investment program and may recommend changes to existing investment strategies, styles and managers that the Firm believes are appropriate to implement the IPS.

In certain instances, the Firm may recommend the use of alternative investments including, but not limited to, private equity/debt, hedge funds, multi-asset class solutions, hard assets (e.g. real estate, infrastructure and natural resources) and inflation hedging strategies, including TIPs, GTAA and commodities. These investments involve certain additional or different risks as compared to more traditional equity and fixed income investments and are recommended only when consistent with the client's tolerance for risk and stated investment objectives.

*Clients retain sole and absolute discretion over what actions to take with respect to the Firm's recommendations with regard to asset allocation implementation.*

**Recommending Investment Vehicles and Managers:** In addition the Firm recommends investment managers and investment products, including, but not limited to, any of the following: registered investment advisers, banks or insurance companies, mutual funds (both index and managed), exchange-traded funds, commingled funds (e.g. collective trust funds; group trusts (if appropriate)), insurance company pooled separate accounts, and interests in private placement investment vehicles such as limited partnerships, limited liability companies, trusts and similar pooled investment structures. In this brochure, references to an "investment manager" will include: the sponsors of investment vehicles or funds; separate account managers; and, in certain instances, includes an "investment manager" as that term is defined in Section 3(38) of ERISA.

While the Firm provides advice on investment vehicles and managers, the Firm does not provide advice or counsel related to individual securities.

*Clients retain sole and absolute discretion over what actions to take with respect to the Firm's recommendations regarding the selection of investment vehicles and managers.*

Please refer to the discussion of “Methods of Analysis, Investment Strategies and Risk of Loss” (Item 8) in this brochure for additional information about the Firm’s process for reviewing and recommending investment managers and investments, including alternative investments.

**Measuring and Evaluating Investment Performance:** The Firm monitors the performance of the client's total portfolio and investment managers based on the procedures set for in the client’s IPS or based upon generally accepted industry practices. The Firm’s recommendations will take into account current market factors and the client’s investment objectives. Where appropriate, the Firm may make recommend changes to the investment manager line-up, including the termination or replacement of current managers and the addition of new managers.

While the Firm monitors the overall performance of investment vehicles and managers, the Firm does not monitor the purchase and/or sale of individual securities.

*Clients retain sole and absolute discretion over what actions to take with respect to the Firm’s recommendations regarding termination of managers.*

Please refer to the discussion of “Methods of Analysis, Investment Strategies and Risk of Loss” (Item 8) in this brochure for additional information about the Firm’s manager performance monitoring processes.

**Investment Operations Services:** The Firm can assist clients with the implementation and administrative needs related to their investment programs. When engaged to provide these services, the Firm is authorized to work directly with the client’s investment managers and custodians to implement client decisions related to its investment program (e.g. portfolio rebalancing, funding a new investment, raising cash, and directing capital calls and distributions).

**Conducting Asset Liability Modeling (“ALM”):** The Firm offers clients ALM studies that provide projections of benefit plan funding under various sets of assumptions about future conditions, such as demographic trends, the effects of inflation, and the performance of capital markets. Each Client may consider these results in developing its IPS with the Firm’s assistance.

**Preparing Defined Contribution, including 401(k), 457 and 403(b) Plan Assessment, and Conducting Defined Contribution, including 401(k), 457 and 403(b) Plan Vendor Searches:** The Firm assists sponsors and fiduciaries of participant-directed pension and profit-sharing plans with their selection of investment offerings to plan participants and their compliance with applicable regulations. The Firm also assists plan sponsors and fiduciaries by providing assistance with vendor selection and plan services implementation. In this role, the Firm may assist in the selection of bank custodians, record-keepers and other service providers; however,

*Clients retain sole and absolute discretion over what actions to take with respect to the selection of service providers.*

## Discretionary Investment Consulting Services

If the Firm is engaged to provide discretionary investment consulting services for some or all of the assets of a client, the Firm will undertake discretionary responsibility for selecting, monitoring and removing investment managers as appropriate to implement the client's investment objectives and asset allocation policies, as set forth in the IPS. When consistent with the client's IPS and the Firm's advisory agreement with the client, the Firm will implement and monitor a portfolio of alternative investments on behalf of the client.

When providing discretionary investment consulting services, the Firm will negotiate and enter into appropriate investment management or similar agreements on behalf of the client. The Firm will not serve as a "nominee" and will not hold any client assets in its own name, but will enter into transactions as agent to the client. While the Firm may assist in the purchase of shares of registered investment companies, the Firm does not effectuate the purchase or sale of individual securities for or on behalf clients.

On a regular basis, the Firm monitors the performance of investment managers in a client's discretionary account. If the Firm deems it appropriate, the Firm will terminate an investment manager or add new investment managers to a client's account from time to time. Where it is part of the Firm's agreement with the client, the Firm will also periodically rebalance the investment of the client's assets among asset classes and investment managers in accordance with the client's IPS. In certain instances, when requested by a client and included in the Firm's agreement with the client, the Firm also provides administrative services to the Firm's discretionary consulting client accounts in the same manner as described above under Investment Operations Services.

The Firm's fees for discretionary consulting services includes fixed fees and/or asset-based fees, as negotiated.

Additional information about the Firm's manager performance monitoring and manager search and selection processes is described in "Methods of Analysis, Investment Strategies and Risk of Loss" (Item 8) of this brochure

## Implemented Solutions

### MasterManager<sup>SM</sup> Program

The Firm serves as an investment adviser for a consultative multi-manager investment platform for institutional clients meeting required regulatory qualifications, such as pension plans, endowments, foundations, and health care organizations. These relationships take the form of a consulting relationship in which the Firm initially advises clients on asset allocation and investment structure.

The Firm maintains Rogerscasey Target Solutions, LLC ("RCTS") as a platform for a series of institutional commingled investment funds that are available in the MasterManager<sup>SM</sup> Program (the "RCTS Funds"). The Firm's fees are earned through a separate advisory and consulting services agreement (see Item 5 – Fees and Compensation) with the investors. **Note that the Firm is in the process of winding down the MasterManager<sup>SM</sup> Program and, as of**



**December 31, 2020, only two of the RCTS Funds (i.e, RCTS Emerging Markets Equity and RCTS Emerging Markets Equity SP<sup>2</sup>) are still in operation. The firm expects to wind down and liquidate the remaining RCTS Funds by Year End 2021.**

RCTS is a Delaware limited liability company and is exempt from registration as an investment company under the Investment Company Act of 1940. RCTS Management, LLC is the Managing Member of RCTS. The Firm is the sole member of RCTS Management, LLC.

### Group Trust

The Firm also services and is the sponsor of a group trust for certain of its clients that are qualified pension or profit-sharing plans under Internal Revenue Code (“I.R.C.”) Section 401(a) (the “Group Trust”). The Group Trust was formed under the authority of Internal Revenue Ruling 81-100 and is fully exempt from taxation pursuant to I.R.C. Section 501(a). The Group Trust enables the Firm’s clients to invest in comingled vehicles which affords them such benefits as efficient management of assets, increased diversification, potentially lower investment management fees than accessing the same or similar investments through a non-Group Trust allocation with similar objectives, timely implementation of new managers/strategies, and simplified audit and Form 5500 reporting. The Firm receives no compensation for serving as the sponsor of the Group Trust.

### Management Services for High-Net-Worth Individuals

On a limited basis, the Firm offers certain advisory services to high net worth individuals, as described above. The Firm provides these services on a discretionary and non-discretionary basis, as set forth in the specific client agreement. The Firm’s investment recommendations are not limited to specific types of investments, except that the Firm will not recommend or provide advice with respect to purchases and sales of individual securities, such as stocks and bonds

The Firm’s fees for services to high net worth clients are individually negotiated and can include fixed fees and/or asset-based fees.

### Proxy Voting and Corporate Governance Services

The Firm provides proxy voting and corporate governance services either in conjunction with its non-discretionary and discretionary investment consulting services provided to clients or on a standalone basis. The Firm also provides proxy voting services for certain commingled index funds that are sponsored, owned, affiliated or used by its benefit fund clients, at the request of those benefit fund clients. Please refer to Item 10 for a discussion of the conflicts of interest associated with such services.

As part of these services, clients have the ability to grant the Firm with authority to vote proxies at shareholder meetings, on their behalf, as a proxy voting agent. The Firm casts votes in favor of shareholder interests, and in accordance with the Firm’s proxy voting policies and fiduciary duties. The Firm receives proxy research services from multiple service providers as well as

<sup>2</sup> The Emerging Markets Equity SP fund was established solely to permit The Segal Group, as sponsor of The Pension Plan of the Segal Company (the “Segal Plan”), to invest Segal Plan assets in the MasterManagerSM Program and to avoid any conflict of interest between the Segal Plan and the Firm’s other clients. The Emerging Markets Equity SP fund was, to the extent possible, set up to mirror the Emerging Markets Equity fund in terms of sub-advisor and account type. The Firm takes care to ensure that the Segal Plan is treated in the very same manner as the Firm’s other clients when making investments.

access to a web-based voting and research platform containing vote recommendations, research reports, and vote instructions. Please refer to Item 5 “Fees and Compensation” for further information regarding the fees associated with the Firm’s proxy voting services. Also, refer to Item 17 “Voting Client Securities” for additional information regarding the proxy voting services the Firm provides.

## Services for Financial Intermediaries

**Model Portfolios:** The Firm provides the Firm’s financial intermediary clients with customized model portfolios and asset allocation guidance. Based on the Firm’s proprietary capital market assumptions, the Firm provides financial intermediary clients with model portfolios that include an array of asset classes that span the expected risk and return spectrum. Each financial intermediary client implements the Firm’s asset allocation guidance at its sole and absolute discretion with its retail advisory clients. The Firm earns an annual retainer fee from the financial intermediary clients for these advisory services.

**Research and Due Diligence:** The Firm provides its financial intermediary clients with investment manager due diligence, investment program design and performance monitoring services. Based on each client’s unique requirements, the Firm designs an investment program of diversified investment strategies based on the Firm’s proprietary research opinions. Each client implements these recommendations at its sole and absolute discretion with its retail advisory clients. The Firm monitors the recommended investment strategies and provides ongoing performance information, updated research opinions and recommendations. The Firm earns an annual retainer fee for these advisory services.

## Wrap Fee Programs

The Firm does not participate in any wrap fee programs.

## Client Assets

As of December 31, 2020, the Firm provided (i) discretionary consulting services with respect to approximately \$10.5 billion in assets, (ii) non-discretionary consulting services to clients with approximately \$360 billion in total assets and (iii) proxy voting only services to clients whose aggregate plan holdings total approximately \$148 billion.<sup>3</sup> In addition, the Firm provided model portfolio, manager research and due diligence services to financial intermediary clients that consult to approximately \$161 billion in total assets.<sup>4</sup>

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<sup>3</sup> Segal Advisors only votes proxies for the equities portion (not the total plan) of its proxy voting only clients.

<sup>4</sup> This figure is derived from a variety of sources, including industry databases and information provided to Segal Advisors by its Financial Intermediary clients.

## Related Entities

The Firm owns 100% of the equity in Rogerscasey Canada, Inc., d/b/a Segal Rogerscasey Canada. Segal Rogerscasey Canada is registered as an investment counselor and portfolio manager in each province of Canada and provides investment consulting services, including but not limited to program design, portfolio construction and performance evaluation services for institutional investment program sponsors and retail investment program sponsors in Canada. Segal Rogerscasey Canada is located in Toronto.

In addition, as noted above, the Firm is the sole member of RCTS Management, LLC, which is the managing member of the RCTS Funds.

# Item 5 — Fees and Compensation

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## General Information

The Firm's fees for services and the specific manner in which the Firm charges fees is established in each client's written agreement with the Firm. In general, the Firm offers services for: (1) fixed annual or per service fees; (2) asset-based fees; or (3) hourly time-charges based on time spent at the Firm's hourly rates, as amended from time-to-time. Expenses, such as travel, are billed separately to clients at cost, unless otherwise agreed to in the client agreement.

In connection with its proxy voting and corporate governance activities, the Firm charges a flat annual fee per equity portfolio over which the Firm is directed to act as proxy voting agent, provided that such fee can be adjusted dependent upon the number of portfolios maintained by the client and the number of equity investments within each such portfolio.

The Firm typically bills clients directly for fees as set forth in the client's agreement with the Firm. In addition, some clients that receive only proxy voting services are billed annually at mid-year.

Client agreements can be terminated at any time, by either party, for any reason upon 30 days' written notice, unless otherwise agreed to in writing. Upon termination of the Firm's agreement, the Firm will charge the client for all work successfully performed prior to termination or refund any prepaid, unearned fees. The Firm will pro rate the amounts owed or subject to reimbursement according to the number of days remaining in the billing period.

General Note on Advisory Fees—Clients should note that similar advisory services are available from other investment advisers for similar or lower fees.

## Additional Fees and Expenses Paid by Clients to Third Parties

In addition to the fees paid to the Firm, clients are responsible for paying other fees and expenses to third parties incurred in connection with the management and administration of the client's investments.

These include, but are not limited to, brokerage commissions, transaction fees, and other related costs and expenses that are incurred with respect to the client's investments. Clients will also incur charges imposed by custodians, brokers, and other third parties, including third-party managers the Firm recommends. Such fees include management fees charged by third-party managers (including mutual fund and exchange traded funds), stock distribution management fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Please refer to Item 12 for additional information on brokerage practices. Such fees and expenses are described in each investment manager's prospectus. The Firm does not receive any portion of these commissions, fees, and costs.

Clients should review all of the fees, charges, and expenses associated with the management and administration of their investments, including the Firm's fees and expenses as well as fees, charges and expenses payable to third parties, to fully understand the total amount of fees and other charges that will apply.

### Other Compensation

The Firm does not accept any compensation from third parties in connection with purchases or sales of securities or other investments made by the Firm's clients. Specifically, the Firm does not receive any sales charges, service or other fees, or any finders' or placement fees in connection with sales of mutual funds or any other securities or investment products.

As noted, the Firm plays a limited role in the placement of individual annuities. Other subsidiaries of The Segal Group occasionally receive requests from clients to obtain annuity quotes for individual annuities for plan participants. Because there is an investment related component to such requests, the Firm assists with such placements. The Firm requests quotes from one insurance company, the Metropolitan Life Insurance Company, through a master contract between Metropolitan Life and the Firm's affiliate, The Segal Company (Eastern States), Inc. ("Segal Eastern"). The Firm relays the quotes to the client, which, in turn, communicates the quotes to the individual. The Firm does not receive commissions directly from the insurer. Any commissions are paid to Segal Eastern who, in turn, pays the Firm for its services an amount equal to the commission received.

## **Item 6 — Performance-Based Fees and Side-By-Side Management**

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The Firm does not currently charge performance fees (i.e. fees based on a share of capital gains or an appreciation of the assets of a client).

## Item 7 — Types of Clients

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The Firm provides services to (i) qualified employee benefit plans that are subject to ERISA, including multiemployer and single-employer plans, (ii) non-qualified employee benefit plans, including deferred compensation plans and other supplemental benefit funds; (iii) governmental plans, (iv) charitable and other tax-exempt organizations; (v) commingled index funds and (vi) high net worth individuals.

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

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The Firm uses the methods of analysis and investment strategy described below in formulating investment advice for its clients and for managing client assets. The Firm cautions its clients that investing in securities involves risk of loss that the client should be prepared to bear.

### Investment Strategies and Analysis

The Firm uses the following strategies and methods when providing non-discretionary and discretionary investment consulting services.

**Establishing Investment Objectives:** An initial goal in consulting with a client is to establish an investment policy reflecting the client's stated investment objectives. The Firm also studies the client's projected liabilities and cash flow, plan demographics, liquidity needs and expense characteristics, including annual cash flow requirements and projections of annual contributions vs. spending and expense disbursements.

**Asset Allocation Strategy:** The Firm believes that investment success derives primarily from a strategic plan for allocating assets. Accordingly, in connection with the establishment of the client's investment policy, the Firm assists with defining asset allocation guidelines for the client's portfolio.

If an asset/liability study has been undertaken and an investment policy established, the Firm will begin with the client's existing strategic asset allocation policy designed to satisfy the investment objectives detailed in the investment policy statement. Otherwise, the Firm will begin with the existing asset allocation, which typically sets the starting point for discussions concerning optimal asset class inclusion given client specific objectives, risk tolerances and liability/cash flow needs. The Firm's approach is centered on the allocation of risk across asset classes. Assets are allocated in terms of expected impact on the overall portfolio's returns, risks and net cash flows, broadly across different asset classes and strategies.

In the Firm's analysis, the Firm recommends an approach that encompasses both a view of the long-term (strategic asset allocation) and the need for monitoring and/or management over shorter periods (structural considerations). The Firm suggests a time horizon of 10 to 20 years for the long-term view and include strategic asset classes that have a long-term risk premium relative to other classes and those which demonstrate beneficial correlations with other classes. The long-term view would be used to develop an appropriate strategic allocation. The Firm then focuses on a shorter time horizon (typically defined by client specific objectives, risk tolerances and risk preferences as well as the Firm's best practices related to portfolio structure) to discuss the allocation structure within the broad classes; for instance, how much of the equity allocation should be invested in large cap versus small cap, or value versus growth, and how much international exposure should be in international small cap. Clients can use these perspectives to inform their rebalancing or allocation of cash flows at their discretion. Given the volatility in today's markets, the Firm also reviews the client's primary objectives to ensure a balance between medium and long-term cash flow needs.



**Investment Program Review:** Following establishment of investment policy and asset allocation guidelines, the Firm reviews with the client the current structure of the client's investment program for consistency with investment policy and asset allocation guidelines, and if appropriate, suggests alternative asset allocations. The principals underlying the Firm's investment structure analysis include:

- Defining the benchmark for each asset class as well as the total fund
- Taking on active risk when the portfolio has a high probability of being rewarded for that risk after all fees
- Structuring each asset class as well as the total fund to help avoid unintended style biases
- Exploring a range of implementation options within each asset class
- Considering a client's governance structure with regards to implementation and ongoing monitoring of each type of asset and investment manager and program

In reviewing a client's investment program, the Firm may also:

- Describe the risk and return characteristics of various categories of investments either on an asset only basis or relative to a client's specific liability stream;
- Review the client's ability to bear the risk associated with portfolios comprising various combinations of asset categories and/or strategies;
- Address the advantages and disadvantages of alternative ways to divide responsibilities among investment managers and asset classes in order to effectively implement decisions regarding asset allocation, minimize costs, and maximize risk-adjusted returns to meet the goals for each particular client situation.

**Selecting Investment Managers:** Another objective for clients is to implement procedures for identifying and selecting new investment managers. For this purpose, references to investment managers include managers who will be engaged to manage separately managed accounts, and also investment vehicles, such as mutual funds, exchange-traded funds, common or collective trust funds, group trusts, private placement investments, and other pooled vehicles through which investment managers provide their management services. The Firm conducts due diligence reviews of candidate investment managers, including meetings with representatives of candidate firms, applying both qualitative and quantitative factors, and performing proprietary analysis. The Firm develops and maintains individual profiles of management firms and subscribes to various independent services, which provide data with regard to management firms' activities, resources and results.

Generally, the Firm's reviews of investment managers include the following areas:

- Stability and size of organization, client retention, asset growth, ownership, business affiliations, and types of accounts managed;
- Depth and experience of investment staff, roles of investment professionals in the decision-making process and compensation;
- The nature of the investment strategy, and whether the thesis represents a compelling and potentially sustainable opportunity;

- Historical investment performance, including variability and dispersion of investment results among accounts with similar objectives;
- Implementation of and adherence to investment policy and process;
- Appropriateness of terms and fees relative to peers, strategy type and firm capabilities; and
- Internal control procedures to monitor conformity with regulatory, firm wide, and/or client guidelines, operational protocols/compliance and usefulness of reports and communications.

In assisting the client in the selection process, the Firm's goal is to develop systematic procedures to make the investment manager selection process as objective as possible and provide a foundation for a successful portfolio to meet the client's goals. The Firm will generally:

- Designate a list of investment management candidates based on the Firm's internal and external investment managers' database files; candidates considered may include existing managers consistent with the client's investment policy guidelines;
- Prepare requests for proposals and other questionnaires as needed for the candidate managers requesting information concerning their capabilities and services, including matters such as qualifications of personnel, fees, prior investment performance, and operational protocols/compliance;
- Prepare a summary report for review with the client;
- As appropriate, arrange and participate with the client in interviews of finalist candidates;
- Assist the client in the engagement of the new manager, including matters such as negotiating fees, reviewing product/fund offering terms for market reasonableness, and working with the manager to develop appropriate ongoing reporting procedures.

In providing discretionary consulting services, where appropriate, the Firm will undertake to implement the client's investment program including engaging and replacing investment managers from time to time and as consistent with agreed upon procedures and goals.

**Interviews and Due Diligence:** The Firm does not rely solely on quantitative screens to narrow the universe of investment strategies; instead, the Firm's team conducts bottom-up research to construct a universe of investment strategies that are recommended to clients. This process may involve face-to-face meetings with asset managers in conjunction with the information provided by the asset managers to form the base of information that the Firm relies on in the Firm's evaluation. The Firm supplements manager-provided information with other publically available information, commercial databases, historical portfolio holdings, historical return strings, back-tested data, and other information provided by the manager such as SSAE16 (formerly known as SAS 70) reports, audited financial statements, GIPS compliance verification letters, and recent SEC audit letters. Initial face-to-face meetings in the Firm's offices are typically followed by onsite due diligence meetings in the asset manager's office. During onsite due diligence meetings, the Firm's team conducts an in-depth review of the investment processes through interviews with portfolio managers, research analysts, and traders. The Firm may also conduct an operational review by interviewing compliance officers and middle and back office personnel. Additionally, if they have not already done so as part of the ongoing due diligence process, the Firm generally meets with senior management to assess the overall investment and firm culture at asset management organizations. Onsite due diligence analyses are generally conducted only

on those firms that look promising and have passed the Firm's initial qualitative review. In certain instances, the Firm conducts multiple onsite due diligence meetings before forming an opinion on an asset manager and its investment strategy. The Firm does not mandate the length of time necessary to complete the manager evaluation process.

**Manager Research & Ranking (MR<sup>2</sup>) Process:** The Firm relies on its proprietary MR<sup>2</sup> process to ensure consistency in the research and evaluation of investment strategies. MR<sup>2</sup> encompasses seven principals and thirty-seven elements of qualitative and quantitative success and risk factors. Assignment of a final rating begins with the lead analyst who is responsible for the due diligence and evaluation process and is reviewed and corroborated by the specific asset class research unit leader. As a result of having been evaluated in accordance with the Firm's proprietary MR<sup>2</sup> process, investment strategies are assigned a suggested rating. Actionable ratings include "Recommended," "Not Recommended" and "Sell". "Under Consideration" and "Hold" are temporary ratings that require further action by the research department. Before such a rating is finalized, there is a final senior research leadership review of all changes involving actionable ratings. The Firm's Alpha Manager Review Committee reviews the appropriateness of ratings based on documentation of investment thesis and supporting analyses. The review committee is responsible for ratification of the rating action proposed by the asset class specialists.

**Reviewing Client Account and Manager Performance—In General:** The Firm reviews client accounts and manager performance periodically, as specified by the Firm's management agreement with each client (typically, quarterly). The objective of the Firm's account review and performance measurement services is to assist clients in evaluating the strengths and weaknesses of their investment program and individual managers.

The Firm's performance presentation typically includes overall results, results for each major asset class, and, in the case of multiple managers, results for each investment manager over various time periods. The performance in each of these areas is compared to relevant benchmarks including market indices and universes of other similar professionally managed institutional accounts. The Firm also presents sources of growth or decline in total assets arising from contributions, investment income, and capital appreciation/depreciation for each investment manager on an annual and quarterly basis.

The Firm monitors its clients' portfolios in terms of the individual sub-portfolios (which include separate asset classes or separate investment managers that exist as underlying components of the total portfolio). Each sub-portfolio is monitored against benchmarks established for the particular management relationship. For each portfolio managed by a separate investment manager, the Firm may include a detail of the commitment to the major asset categories, and shifts in those commitments, for the overall investment program.

The Firm may include performance attribution analysis to measure the components of the portfolio return that are attributable to the portfolio managers and active management decisions, as compared to the relevant market indices and asset mix policy. This analysis measures the returns due to total active management, timing relative to asset allocation or sector allocation, and security selection. When appropriate, attribution analysis also seeks to attribute a manager's performance to other risk factors such as security selection, country and currency weights, investment style, and risk exposure. For bond managers, this analysis also generally includes

duration, credit quality, and industry/sector/country allocation, all compared to appropriate indices.

The Firm uses various risk measures in analyzing a Fund and manager's performance. Standard deviation, a measure of variability, is used to determine the volatility of returns. These risk measures are compared to those of the client's designated benchmarks in order to assess the risk assumed by the investment manager. The Firm also assesses whether the manager's performance is consistent with the manager's stated style and expertise and test a manager's performance over time to assess whether the manager's investment process has historically generated value through the risks it has taken. The combination of risk characterization and attribution analysis gives the Firm, for each manager in the portfolio, a clear picture of what types of risks are normal, desirable, and likely to represent value creation opportunities. The Firm may evaluate a product's performance against any of the benchmarks the Firm tracks as well as against standard peer groups derived from the Firm's proprietary database of investment management firms, institutional products, and investment products. This form of returns-based analysis helps in the Firm's understanding of how well a manager performs relative to the market and its peers.

In providing evaluations of portfolio and investment manager performance, the Firm relies on information—including valuations of assets and/or liabilities—provided by the client's custodian and investment managers or actuary. The Firm does not independently verify the value of client assets as reported to the Firm by a client's custodian. The Firm provides evaluations and make recommendations based on a wide variety of private and public information sources and services, including publicly available data on mutual funds and accounts or funds managed by banks, insurance companies, and other investment managers, various stock and bond market indices, and commercially marketed research services to which the Firm subscribes. Although the information the Firm collects is believed to be reliable, the Firm cannot verify or guarantee the accuracy and reliability of this information or the manner in which it was prepared.

Unless otherwise expressly agreed in writing with the Firm's clients, the Firm does not monitor the securities lending arrangements of the Firm's clients or their investment managers (including securities lending arrangements of mutual funds, common or collective trust funds or other pooled investments in which clients invest). The Firm also does not evaluate the performance, credit ratings or propriety of individual stocks, bonds or other investments selected by the client's investment managers. The Firm also does not evaluate the performance, credit ratings or propriety of investments where information is not available to the Firm or has been excluded from evaluation through agreement with the client.

**Manager Monitoring—Manager of Manager and Discretionary Programs:** The Firm selects investment managers for the Firm's proprietary implemented discretionary investment solutions that includes the Equity Group Trust (EGT), Fixed Income Group Trust (FIGT), Alternative Group Trust (AGT), as well as MasterManager<sup>SM</sup> program based on MR<sup>2</sup>. Where appropriate, the Firm identifies investment managers with differentiated strategies that are deemed to be complementary to the other existing managers in the respective programs. In addition to reviewing the Firm's manager research reports and historical meeting notes on these investment strategies (qualitative analysis), a significant amount of returns and holdings-based analysis is conducted (quantitative analysis); both of these approaches are supplemented by meetings with the investment managers in an effort to form an opinion and judgment. After additional analysis and modeling, a selection is made.

After a manager is selected, that strategy is monitored on an ongoing basis to ensure that it is appropriately fulfilling the role for which it was hired. This exercise includes a monthly review of investment performance that could trigger a call or meeting to discuss anything of interest. In addition, a quarterly review is conducted that may include a more detailed attribution analysis and deeper evaluation, as well as a meeting or conference call with the portfolio manager of the sub-advisor. There is an ongoing dialogue with the Firm's Alpha Investment Research Group as it pertains to the sub-advisors' ratings status, schedule for meetings and onsite visits, and also general discussion around best ideas. Investment manager changes occur when a strategy is downgraded or when a higher conviction recommendation emerges.

Each program's investment plan is developed by designated Alpha Research team sector specialists serving as portfolio managers or in collaboration with the Global Portfolio Solutions group and third-party managers as appropriate. These plans and ongoing investment decisions are approved, monitored and governed by the Portfolio Management Committee, and are further ratified by the Discretionary Oversight Committee.

**Alternative Investments:** Where appropriate, the Firm considers and recommends the use of alternative investments, including, but not limited to, private equity (all segments), private credit, hedge funds, hedge fund of funds (i.e., multi-strategy), multi-asset class solutions, equity real estate (core, value add and opportunistic, closed and open ended), real estate debt, infrastructure, natural resources and inflation hedging strategies, including TIPs, GTAA and commodities.

It is the Firm's view that in most cases, the unique characteristics of alternative investments require case-by-case due diligence and analysis to determine the extent to which they are appropriate for the client's investment program. The Firm organizes its customized analysis as follows:

- Determining the role the asset class is expected to play in meeting the program's objectives;
- Quantifying potential return enhancing or risk reducing characteristics of each asset class/strategy for the total portfolio;
- Assisting in identifying and evaluating the various risks involved with the specific asset class;
- Serving as a fact-finding resource including the development of appropriate benchmarks for ongoing performance evaluation; and
- Coordinating the management of the alternatives program with a client's internal staff and other professionals serving the client (*i.e.*, actuaries, administrators, attorneys, accountants, etc.)

Certain clients engage the Firm to provide discretionary consulting services with respect to a portfolio of alternative investments. Where the Firm is engaged on this basis, it is the Firm's goal to seek superior long-term, risk-adjusted returns and provide diversified exposure among managers, strategy (such as venture capital, growth capital, buyouts, private equity real estate, infrastructure, and private equity energy and natural resources), geography, sectors, industries, and vintage years or pursue a more opportunistic or "best ideas" approach.

Because alternative investments generally will be made through investments in closed-end funds or private placement investment vehicles that impose "lock-up" provisions, they provide limited

liquidity for investors. Accordingly, many alternative investments are appropriate only for clients able to commit to the long-term investment horizon of this asset class.

## Risk Measurement and Management

The Firm counsels every client concerning the inherent risk in public and private investing and actively seeks to manage risk. The Firm generally employs a multi-faceted approach to risk management. The risk characteristics of a client's funds are based on various factors, including the client's expected future liabilities and/or cash flows and risk tolerance. Market, asset class specific, absolute (i.e., standard deviation) and relative (i.e., tracking error) risks are considered when recommending an asset allocation and subsequent investment structure. Portfolio risk is principally measured by standard deviation or return variability. Risk is controlled by diversifying the investment of assets both by asset class and investment style. In addition, additional risk considerations include liquidity, inflation, interest rate, credit and equity risk, among others. Asset class targets and ranges are typically identified within the IPS. Standard deviation and tracking error risk is monitored on a portfolio and individual manager level respectively, and is reviewed on an ongoing basis. As noted, however, the Firm generally does not monitor the risk of investments in individual stocks, bonds or other securities by an investment manager.

The Firm will generally examine the risk traits of a client's entire portfolio through a graphic representation of portfolio returns and their standard deviation or variability. Clients with defined benefit plans can also engage the Firm to monitor portfolio performance relative to the liabilities of a plan. The risk and return characteristics of each sub-portfolio/managers are also examined to provide a comparison of each manager with its individual benchmarks.

The Firm calculates risk associated with a particular investment manager in terms of return volatility, as measured by standard deviation (a statistical measure of variance from the mean) of the manager's portfolio by major asset class and total. The Firm compares the risk characteristics to relevant market indices and a universe of similar managers. The Firm evaluates the extent to which investment policies and objectives have been carried out and how they have affected the actual results. The Firm may employ other risk statistics in addition to standard deviation.

The Firm calculates return and risk statistics (time weighted and internal rate of return calculations along with all risk and risk-adjusted measures) over rolling, annualized and year-by-year time periods.

## Material Risks of Investment Strategies and Methods of Analysis

**Overall Market Risk:** The direction of the stock market is difficult to predict and is dependent upon changes in interest rates, inflation, and a host of additional economic and political factors. There is always a risk that the stock market as a whole will decline, bringing down the values of individual securities regardless of their fundamental characteristics. The same is true for the markets for other asset classes.



**Investment Manager Selection Risk:** The investment performance of a client's investment program will also vary with the success and failure of investment managers that are selected to manage the assets of the client's portfolio. An investment manager's past performance is not indicative of future results. Current and prospective clients should not assume that the future performance of any specific investment manager, investment strategy or investment will be profitable.

**Company Specific Risks:** These relate to a firm's business plans, stock valuation profitability, accounting practices, growth strategy, and other factors particular to a company rather than to the overall market.

**Product and Strategy Specific Risks:** These relate to the unique risks that relate to different investment products or strategies. An example of a strategy risk is when the value of sovereign bonds varies depending on a country's debt to GDP ratio, where it is in an economic cycle, the perception of its ability to cut spending or raise tax revenue, and other factors particular to that country rather than to the overall market. A product risk may involve investment capacity, liquidity or other structural issues.

**Selection Risk:** The risk that an investor chooses a security that underperforms the market for unanticipated reasons.

**Timing Risk:** The risk that an investment performs poorly after its purchase or better after its sale.

## Material Risks of Specific Types of Securities and Investments

Investing in stocks, bonds and other investments (including alternative investments) involves risk of loss that all clients should be prepared to bear. Clients and prospective clients may have investment losses, including loss of original principal. Clients should refer to the offering documents associated with the investments within their accounts, including private placement memoranda for private funds and prospectuses for mutual funds and offering documents for commingled vehicles, as well as the Form ADV Part 2A associated with any third party manager through whom the client invests, for additional disclosure regarding the risks associated with those particular investments or the strategies employed by a particular manager. While each client's portfolio will have different characteristics impacting specifics regarding implementation, the following risks are considered.

- **Equity, Debt and Options:** The Firm implements investment strategies for clients by recommending that clients invest across a wide range of investments, including in equities, preferred equities, options and debt instruments, and in foreign as well as domestic markets, all of which involve varying degrees of risk and different types of risk.
- **Equity Securities:** Equity instruments are subject to equity market risk, which is subject to the possibility that common stock prices will fluctuate over short or even extended periods. Equity securities generally have greater price volatility than fixed income securities. The market price of equity securities may rise or decrease, sometimes rapidly or unpredictably and result in full loss of value. Equity securities may decline in value due to factors affecting markets generally, particular industries, sectors or geographic regions represented in those markets, or individual issues.

- **Options and other Derivatives:** Options and other derivatives are complicated and risky investments because they require an investor not only to predict whether the price of a security is going up or down, but also predict the amount and timing of that movement. This requires a sophisticated understanding of the underlying security itself, the counterparties associated with the trades as well as the particular options strategy being used to speculate or hedge the security. Ongoing research on the price and market movements for the underlying security is necessary in order to accurately determine the potential gains or losses from the use of options. Additionally, options are a levered instrument that can magnify performance in up and down markets increasing volatility and the chance of losses. In addition, some options may expire with no value, which would cause a loss of capital.
- **Preferred Equity:** Holders of preferred equity sit between the bondholders and common stockholders within the capital structure. Preferred equity is subordinate to various levels of debt, so if a company declares bankruptcy, the holders of preferred equity do not receive payment until all of the company's secured creditors and bondholders have received payment. Also, like debt securities, the values of preferred equities are closely tied to interest rates. Typically, the longer the maturity, the more the preferred equity is affected by changes in interest rates.
- **Debt Securities:** Among other factors, debt securities are affected by changes in interest rates, corporate structures and the ability to pay back the bonds. When interest rates rise, the values of debt securities are likely to decrease. Conversely, when interest rates fall, the values of debt securities are likely to increase. The values of debt securities may also be affected by changes in the credit rating or financial condition of the issuing entities.
- **Foreign Markets:** in addition to the risks above, investments in foreign companies and markets may involve special risks, including risks relating to changes in currency exchange rates, unique political, economic and social events, as well as different market operations.
- **Alternative Investments:** Alternative investments generally involve certain different and additional risks that clients must consider. Lock-up periods and other terms may obligate investors to commit their capital investment for a minimum period of time, typically no less than one or two years and sometimes for up to 10 or more years. Illiquidity and lack of readily available market to trade or value the underlying investment is considered to be the most common risk and eliminates the ability of an investor to end an investment early regardless of its success and to determine a marketable value for an alternative investment. In some instances, there is limited availability of suitable benchmarks for comparison of performance; historical return data also may be limited. In some cases, there will be a lack of transparency and regulation providing an additional layer of risk. Some alternative investments will involve use of leverage and other speculative techniques. As a result, some alternative investments carry substantial, additional risk, which results in the loss of some or all of the investment. For tax-exempt investors, use of leverage and certain other strategies involve certain tax consequences, such as the possibility of "unrelated business taxable income" (or UBTI) as defined under the Internal Revenue Code.



## Item 9 — Disciplinary Information

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The Firm is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of the Firm's management.

On January 15, 2021, a lawsuit was filed in the U.S. District Court for the Southern District of New York against Allianz Global Investors U.S. LLC and several affiliated defendants by the Bank of New York Mellon, acting as the directed trustee, on behalf of the Group Trust. The complaint asserts claims under ERISA for breach of fiduciary duty and breach of contract arising from the gross mismanagement of the Structured Alpha Funds by Allianz Global Investors U.S. LLC.

## Item 10 — Other Financial Industry Activities and Affiliations

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The Segal Group's other subsidiaries (collectively, "Segal"), from time-to-time provide consulting services (not related to investment advisory matters) in a mutually-agreed upon manner to financial institutions, including those that provide investment management services or offer investment vehicles, which may have relationships with the Firm's clients. The Firm operates separately from Segal and maintains policies and procedures to ensure the Firm's employees are not aware of the nature, scope or timing of Segal's consulting services to financial institutions. These Procedures include maintaining, where possible, physical separation between the Firm's advisory employees and Segal's consulting employees and maintaining the Firm's client files separately from Segal's client files.

The Firm owns Segal Rogerscasey Canada; for further discussion, please refer to Item 4, "Related Entities".

The Firm is the manager of certain pooled investment vehicles, known as the RCTS Funds and is the managing member of RCTS Management LLC, which is the managing member of the RCTS Funds. The Firm also services and is the Sponsor of a Group Trust for certain of its discretionary investment consulting clients that are qualified pension or profit-sharing plans under I.R.C Section 401(a). For further discussion, please refer to Item 4, "Implemented Solutions".

The Firm has certain business relationships and programs that, from time-to-time, present conflicts of interest. These relationships and programs, the potential conflicts of interest, and the Firm's policies and procedures to address such conflicts are described below.

**Provision of Consulting Services to Financial Services Companies:** From time to time, and in the ordinary course of business, the Firm enters into consulting arrangements with financial services companies (or their parent companies and/or affiliates) whose products or services are recommended to clients. The Firm could be viewed as having an indirect incentive to recommend products or services offered by companies that the Firm has a consulting arrangement with, however, the Firm maintains policies and procedures to separate the Firm from its consulting affiliates in order to mitigate this conflict of interest. All client manager search books must include appropriate disclosures if any of the investment manager candidates have consulting arrangements with the Firm. Also, the Firm has policies and procedures in place intended to ensure that the Firm does not favor recommending one company's products or services over another's on the basis of an existing consulting relationship.

**Fund Management Services:** RCTS Management, LLC serves as the Managing Member of certain limited liability companies formed for the purpose of managing and investing certain client assets (the RCTS Funds, see Item 4). The Firm serves as a discretionary investment manager to the RCTS Funds and has specific practices, policies, and procedures in place to manage potential conflicts of interest relating to the RCTS Funds. These include (1) structuring compensation directly with clients to create an economic indifference in terms of compensation to the Firm between the choice of the RCTS Funds or a client separate account, and (2) maintaining policies and procedures intended to preclude investment management teams from acting in advance of clients when replacing investment managers. In addition, there are policies

and procedures in place intended to ensure that the RCTS Funds stand in the same line as clients in terms of access to investment managers and access to investment manager capacity.

**Group Trust:** The Firm also serves as the Sponsor of a Group Trust for certain of its clients that are qualified pension or profit-sharing plans under I.R.C. Section 401(a). The Firm has specific practices, policies and procedures in place to manage potential conflicts of interest relating to the management and recommendation of the Group Trust. The Firm receives no compensation for serving as the sponsor of the Group Trust.

**Proxy Voting and Corporate Governance Services:** The Firm also provides proxy voting and corporate governance services for certain commingled index funds that are sponsored, owned, affiliated or used by its benefit fund clients, at the request of those benefit fund clients. The Firm receives either no fee or an annual hard dollar fee from the managers per the explanation above for Item 5.

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

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The Firm has adopted a Code of Ethics (the “Code”) which sets forth high ethical standards of business conduct that the Firm requires of its officers, directors, employees and others over whom it exercises supervision and control (collectively, “Supervised Persons”), including compliance with applicable federal securities laws.

The Firm and its personnel owe a duty of loyalty, fairness and good faith towards the Firm’s clients, and have an obligation to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code.

The Code is intended to ensure that the personal securities transactions, activities, and interests of the Firm’s employees and other individuals identified by the Firm’s Chief Compliance Officer (collectively, “Reporting Persons,”) will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing Reporting Persons to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt from personal trading restrictions, based upon a determination that these would not interfere materially with the best interests of the Firm’s clients. Reporting Persons’ trading is reviewed pursuant to the Code, in order to reasonably prevent conflicts of interest between the Firm and its clients. However, there is a possibility that a Reporting Person will benefit from market activity by a client in a security held by such Reporting Person because, in some circumstances, the Code allows Reporting Persons to invest in the same securities as the Firm’s clients.

The Code includes policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by Reporting Persons.

The Code also includes the Firm’s policy prohibiting the use of material non-public information. While the Firm does not believe that it has any particular access to material non-public information, all Supervised Persons are reminded that such information is prohibited from being used in a personal or professional capacity.

A copy of the Code is available to the Firm’s advisory clients and prospective clients, who can request a copy by contacting Weslee Damiano at 212-2151-5226 or [wdamiano@segalarmarco.com](mailto:wdamiano@segalarmarco.com).

The Firm and its Supervised Persons are prohibited from engaging in principal transactions and in agency cross transactions.

The Firm provides discretionary investments consulting services to the Segal Plan. When selecting investment managers on behalf of the Segal Plan, the Firm treats the Segal Plan in the same manner as it treats other unaffiliated clients to whom the Firm provides the same services.

## Item 12 — Brokerage Practices

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### Broker-Dealer Recommendations; Research and Other Soft Dollar Benefits

The Firm generally does not directly place orders for client portfolio transactions as part of its services. When the Firm has full discretionary authority regarding a client's investments, the Firm assists the client in making investments in certain types of investment vehicles, such as mutual funds, group trusts, exchange-traded funds, or private placements. Such transactions are generally effected directly with the investment issuer or underwriter and not through a broker-dealer.

Where a discretionary client is invested with a third party manager, such client's investment advisory agreement with that manager may give the investment manager recommended by the Firm the full authority to determine, without obtaining client consent or consulting with the client on a transaction-by-transaction basis, the broker-dealers through whom transactions for the client's account will be executed. Where a client authorizes a third-party investment manager to select the broker-dealers, the authority to select such broker-dealers is exercised by such investment manager. For a description of a particular investment manager's brokerage practices, clients should refer to the disclosures in such investment manager's Form ADV or other disclosure documents.

The Firm does not have any soft dollar arrangements with broker dealers. However, some third-party investment managers through which clients invest, have soft dollar arrangements with one or more broker-dealers. For more information, clients should refer to the particular investment manager's Form ADV and other relevant soft dollar disclosures.

From time to time, a client will ask the Firm to assist in choosing broker-dealers. The Firm maintains information on broker-dealers and will, at the client's request, assist in the selection of a broker-dealer, usually in a competitive process based upon a combination of pricing, best execution, capabilities, and the quality of services being provided. The client has the sole and absolute discretion over the final selection of the broker-dealer. The Firm does not receive compensation from any broker-dealer whatsoever.

Additionally, when a client transfers securities into their account, pursuant to the authority granted to the Firm, the Firm typically engages a third-party broker-dealer to act as transition manager. The transition manager will work to liquidate existing securities positions held in a client's portfolio in order to fund the investments recommended by the Firm. Clients are responsible for any transaction costs, including commission, associated with transactions made by the transition manager for the client's account. These costs are generally deducted from the assets within a client's account.

### Directed Brokerage

The Firm has discretionary and non-discretionary clients who participate in directed brokerage programs. The purpose of client participation in these programs is to, if appropriate, recapture operating costs through reimbursement of a portion of brokerage commissions. The Firm will execute or assist clients with the execution of those programs.

# Item 13 — Review of Accounts

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## Review of IPS

The Firm will review a client's IPS (1) whenever the client advises of a change in circumstances regarding its needs, and/or (2) as set forth in its client agreement.

## Periodic Review of Client Accounts

As described above under Methods of Analysis (Item 8) of this brochure, the Firm's reviews a client's investment portfolio periodically as specified in the Firm's agreement with each client. The review typically includes overall results, results for each major asset class, and results for each investment manager on a quarterly and annual basis. The review includes comparison of portfolio composition and performance to the client's investment guidelines.

## Other than Periodic Review of Client Accounts

Certain factors and the occurrence of certain events require that the Firm review client accounts on an other than periodic basis. Among the factors and events that may trigger a review are:

- Changes in financial markets as a result of economic, political or international developments;
- Changes in a client's financial condition; or
- Changes in a client's investment objectives.

## Reports

Clients receive reports as set forth in the written agreement between the Firm and the client.

# Item 14 — Client Referrals and Other Compensation

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## Client Referrals

The Firm does not directly compensate any persons (either individuals or entities) for the referral of advisory clients to the Firm. However, the Firm is party to an “Intercompany Services and Referral Agreement” (the “Agreement”) between it and The Segal Group. Pursuant to the Agreement, The Segal Group, in its discretion, takes into account successful client referrals from Segal and other affiliates to the Firm when determining a business unit’s bonus pool. The Firm has no influence or control over such determinations or payments.

## Other Non-Client Compensation

For information about financial industry activities and affiliations that present certain conflicts, please see Item 10 “Other Financial Industry Activities and Affiliations”.

## Item 15 — Custody

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As required by SEC rules, clients with funds or securities over which the Firm is deemed to have custody will receive at least quarterly account statements directly from their respective qualified custodians. The Firm urges clients to carefully review such statements and compare them to the reports that the Firm provides to them. In certain instances, the Firm's statements or reports vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities and should not be relied upon by the client for audit and valuation confirmation. For those accounts over which the Firm is deemed to have custody (other than in the case of the RCTS Funds and the Group Trust discussed on page 5 of this brochure), the Firm is required to obtain an annual surprise custody examination of the assets. With regard to RCTS and the Group Trust, each of the portfolios within the RCTS fund and the Group Trust undergoes an annual audit conducted by an independent accounting firm and audited financial statements are distributed to investors.



## Item 16 — Investment Discretion

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The Firm may accept discretionary authority to select investment managers and investment vehicles on behalf of certain clients, as set forth in the appropriate client agreement. The Firm also exercises discretionary investment authority as investment manager to the RCTS Funds and the Group Trust and as otherwise described in Item 4.

Clients are able to place reasonable restrictions on the discretionary powers granted to the Firm in their written agreement with the Firm.

## Item 17 — Voting Client Securities

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The Firm provides proxy voting and corporate governance services either in conjunction with its non-discretionary and discretionary investment consulting services provided to clients or on a standalone basis. As part of these services, clients have the ability to grant the Firm with authority to vote proxies at shareholder meetings, on their behalf, as a proxy voting agent. The Firm casts votes in favor of shareholder interests, and in accordance with the Firm's proxy voting policies and fiduciary duties. The Firm's proxy voting policy is designed to reflect the fiduciary duty to vote proxies in favor of shareholder interests and will not subordinate the economic interest of the Firm's clients and their plan participants to any other entity or interested party.

Where granted the authority to vote proxies on behalf of clients, per the terms of ERISA, the Firm will "cast the (client's) proxies in a timely manner solely in the interests of the participants and beneficiaries of (client's) Plan for the exclusive purpose for providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity familiar with such matters would use in the conduct of an enterprise of like character and with like aims in accordance with the documents and instruments governing the Plan in accord with the provisions of ERISA."

Clients can obtain a copy of the Firm's complete proxy voting policies and procedures upon request. Clients receive regular reporting on all proxy votes cast on their behalf.

Unless the Firm is provided the authority to vote proxies as described above, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

## Item 18 — Financial Information

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It is the Firm's policy to not solicit or require prepayment of fees of \$1,200 or more, six months in advance.

There are no circumstances that could adversely impact the Firm's ability to meet its contractual obligations.

The Firm has not been the subject of a bankruptcy protection proceeding during the preceding ten ye

