



Form ADV Part 2A  
Firm Brochure

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This brochure provides information about the qualifications and business practices of RGM Capital, LLC (the "Adviser"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of this brochure, please contact us at (239) 593-1280 or by email at: [info@rgmcapital.com](mailto:info@rgmcapital.com). This information has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about RGM Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). RGM Capital, LLC's CRD number is: 136634.

**Item 2.        Material Changes**

There have been no material changes made to the Brochure since the Adviser's last annual update, which was filed on March 26, 2020. The Adviser has made some routine updates and clarifying changes to the Brochure and as a result you are encouraged to read this in its entirety.

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#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in Naples, Florida. The Adviser commenced operations as an investment adviser in March 2003 and has been registered with the SEC since February 2006. Robert G. Moses and related entities are the principal owners of the Adviser.

The Adviser provides advisory services on a discretionary basis to its clients, which include private pooled investment vehicles and institutional investors.

The Adviser provides advice to client accounts based on specific investment objectives and strategies. The Adviser does not tailor advisory services to the individual needs of clients. Investors in the Adviser's pooled investment vehicles may not impose restrictions on the securities or types of securities in which the pooled investment vehicles may invest. However, the Adviser's separately managed account clients may impose investment restrictions regarding certain securities or types of securities.

The Adviser manages approximately \$2.7 billion of client assets, all on a discretionary basis.

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

The Adviser's normal practice is to charge each client an investment management fee, generally 1.0% per annum, based on the value of the client's assets under management. Investment management fees are charged each quarter in advance or in arrears based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. If a new client account is established during a quarter or a client makes an addition to its account during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter.

The Adviser is also eligible to receive performance-based allocations from its clients that are private pooled investment vehicles. Such performance allocations that the Adviser is eligible to receive would be equal to 20% of each limited partner's share of net profits for any year, payable after year end. Under certain circumstances, receipt of the aforementioned performance-based allocations may be subject to net profits above an index benchmark hurdle rate. The Adviser is also eligible to receive performance fees from other clients that are not private pooled investment vehicles.

The investment management fee and the performance-based allocation applicable to private pooled investment vehicles are generally not negotiable; provided that the Adviser may waive or reduce such fees and allocations for certain investors in a private pooled investment vehicle that are members, principals, employees or affiliates of the Adviser, relatives of such persons and for certain large or strategic investors. Investment management and performance fees attributable to clients that have entered into an investment management agreement with the Adviser are generally negotiable.

The Adviser deducts the investment management fee from client accounts in private pooled investment vehicles by instructing the client's custodian on a quarterly basis. The Adviser submits management fee and performance fee invoices directly to separately managed account clients.

In addition to paying investment management fees and performance fees or allocations (as applicable for any period), client accounts will also be subject to other expenses associated with investing, including custodial

charges, brokerage fees, commissions and related transaction costs, interest expenses, taxes, duties and other governmental charges, transfer and registration fees or similar expenses, costs associated with foreign exchange transactions, other portfolio expenses and costs, expenses and fees (including investment advisory and other fees charged by investment advisers to vehicles in which the client's account invests) associated with products or services that may be necessary or incidental to investments. In cases of pooled investment vehicles, clients will bear their pro rata share of the underlying vehicle's operating and other expenses including, in addition to those listed above: internal and external accounting, audit and tax preparation expenses and organizational expenses. In cases of separately managed accounts, clients will bear the accounts' operating and other expenses including, in addition to those listed above: internal and external accounting and audit and tax preparation expenses to the extent applicable. Please refer to Item 12 of this Brochure for a discussion of the Adviser's brokerage practices.

For clients that pay the Adviser's fees in advance, the client may obtain a refund of a pre-paid fee if the advisory contract is terminated or a withdrawal is made before the end of a billing period. If the Adviser, in its sole discretion, waives or modifies any terms related to withdrawals for an investor in a private pooled investment vehicle pursuant to a written agreement with the investor that allows the investor to withdraw from the private pooled investment vehicle on a date other than quarter-end (the end of a billing period), the investor will be entitled to a refund of management fees pro-rated for the amount of time remaining until quarter-end (the end of the billing period).

#### **Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser is entitled to receive performance-based allocations from its clients that are private pooled investment vehicles, and it may receive performance-based fees from certain other client accounts. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. Certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel potentially have a greater incentive to favor client accounts that pay the Adviser (and indirectly the Adviser's investment personnel) performance-based compensation or higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that eligible and similarly managed accounts participate in investment opportunities pro rata based on asset and investment position size, and as impacted by the timing of inflows and outflows of capital from such accounts. Orders in securities for purchase or sale are aggregated across all client accounts, executed in an aggregated fashion and allocated pari passu at the average price of the execution, subject to asset and investment position size, and as impacted by the timing of inflows and outflows of capital from such accounts.

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

The Adviser's clients generally consist of private pooled investment vehicles in the form of private limited partnerships (RGM Value Opportunity Fund, LP; RGM Value Opportunity Fund II, LP; RGM Value Opportunity

Fund III, LP; RGM Value Opportunity IV, LP; and RGM SIF FUND I LP, which may be collectively referred to herein as the “RGM Funds”), and institutional investors, pension and profit-sharing plans and charitable organizations.

The Adviser requires that clients maintain a minimum account size of \$50,000,000 for separately managed accounts. If a separately managed accounts falls below the minimum requirement due to market fluctuations only, a client will not be required to provide additional funds to meet the minimum account size.

With respect to an RGM Fund, any initial and additional subscription minimums are disclosed in the offering memorandum for the private pooled investment vehicle; provided that the minimum investment amount is generally \$1 million. The Adviser may waive the investment minimum for investors that are members, principals, employees or affiliates of the Adviser, relatives of such persons and for certain large or strategic investors.

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

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include various aspects of fundamental research. The Adviser employs the following investment strategies:

Buy and Hold. The Adviser engages in a buy and hold investment strategy wherein the Adviser buys securities and holds them for a relatively long period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

Equity. The Adviser’s equity strategy focuses on a broad range of equity investment styles, including growth and value, with a particular focus on small-cap public companies in the technology, healthcare and business services sectors.

Fundamental Value. The Adviser engages in a fundamental value investment strategy wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

Hedging. The Adviser does not hedge its portfolio.

Leverage. The Adviser does not use leverage within its portfolio.

Short Selling. The Adviser does not engage in short selling strategies.

These methods, strategies, and investments involve additional risks of loss to clients and clients must be prepared to bear the loss of their entire contribution/investment. Material risks relating to investment strategies and types of securities that are primarily recommended include:

Issuer-Specific Changes. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

Lack of Diversification. Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the

case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Illiquid Instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include: fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Cybersecurity Risk. The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Risk Management Failures. Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

Systems and Operational Risk. The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers,

including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third-party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

The recent novel coronavirus (COVID-19) outbreak could materially adversely affect the Adviser's results of operations. The novel strain of the coronavirus identified in China in late 2019 has globally spread throughout other areas, including North America and Europe (areas in which we invest), and resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact the Adviser's workforce and operations. The spread of COVID-19 has caused the Advisers to modify its business practices, including that its personnel conduct very limited traveling to meet with company management teams or attend industry conferences. Further, COVID-19 and authorities' implementation of mitigation measures have considerably impacted many of the companies in which the Adviser invests or considers for investment. Continuing measures to mitigate the outbreak could cause a slowdown in the levels of economic activity generally (or cause the US or global economies to enter into a recession or depression, which could adversely affect the business, financial condition and operations of the Adviser.

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

Firm principals have no regulatory or disciplinary proceedings to disclose.

#### **Item 10. Other Financial Industry Activities and Affiliations**

The Adviser's client accounts that are private pooled investment vehicles have RGM Capital, LLC as investment manager and one of RGM GP, LLC, RGM Willow Park, LLC or RGM SIF GP, LLC (entities under common control with the Adviser) as general partner.

The Adviser's client accounts that are private pooled investment vehicles have entered into, and may in the future enter into, agreements, e.g., side letters, with certain investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum and limited partnership agreement of such private pooled investment vehicle. For example, such terms and conditions may provide for special rights to make future investments in the private pooled investment vehicle, other investment vehicles or managed accounts; special withdrawal terms, e.g., relating to frequency or notice or waiver of withdrawal penalties; for reduced management fees or performance allocations; to receive reports on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions), among other things. The modifications are solely at the discretion of the general partner to the private pooled investment vehicle and RGM and may, among other things, be based on the size of the investor's investment in the private pooled investment vehicle, an agreement by an investor to maintain such investment in the private pooled investment vehicle for a significant period of time, or other similar commitment by an investor to the private pooled investment vehicle.



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

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its related persons to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Edward T. Calkins (Chief Compliance Officer) by email at [ecalkins@rgmcapital.com](mailto:ecalkins@rgmcapital.com) or by telephone at (239) 593-1280. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remain in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser and its related persons are generally prohibited from contemporaneously investing in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser recommends to, or has under consideration for, clients in order to minimize the conflicts stemming from situations where contemporaneous trading would result in an economic benefit for the Adviser or its related person to the detriment of the client. Such practices present a conflict where, because of the information the Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients’ trades). In addition to affecting the Adviser’s or its related person’s objectivity, these practices by the Adviser or its related persons may also harm clients by adversely affecting the prices at which the clients’ trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts. The Adviser requires its access persons to preclear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. In addition, the Adviser’s Code prohibits the Adviser or its related persons/access persons from executing personal securities transactions of any kind in any securities on a restricted securities list, which includes securities currently held in client accounts as well as securities under consideration for client accounts. This restricted trading list is maintained by the Chief Compliance Officer. All of the Adviser’s access persons are required to disclose their securities transactions on a periodic basis and holdings on an annual basis. Trading in employee accounts is periodically reviewed and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the very limited extent that the Adviser or a related person or any of their employees own securities that the Adviser or its related person also recommends to clients, such clients’ proxies will be voted according to

predetermined guidelines rather than subject to the Adviser's (or its related person's) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

The Adviser's related persons invest in private funds managed by the Adviser and may, in the aggregate, be material investors. Such investments pose a risk that the Adviser or individuals who are in a position to control the allocation of investment opportunities to the Adviser's client accounts will favor those private funds in which the Adviser's related persons invest, particularly in the case of limited opportunities (such as initial public offerings and private placements) or other investments that are otherwise subject to limited capacity. The Adviser's procedures require the objective allocation for limited opportunities to ensure fair allocation among accounts.

In the first quarter of 2018, a newly-formed SPV client invested in a privately offered series F round of an issuer. In 2017, certain related persons of the Adviser purchased common stock of the same issuer in a private transaction from one or more of its founders. The SPV's offering documents fully disclosed this prior purchase by such related persons. The general partner to the SPV is entitled to a performance allocation, but the SPV does not pay a management fee (it bears customary expenses). In the future, the Adviser may effect similar private transactions.

## **Item 12. Brokerage Practices**

### **Best Execution**

The Adviser considers a number of factors in selecting a broker-dealer to execute a transaction (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution or offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to only negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Best Execution Committee and other relevant persons as applicable meet periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

### **Soft Dollars**

The Adviser may receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-

regulatory organization such as comparison services, electronic confirms or trade affirmations.

To the extent the Adviser uses client commissions (or markups or markdowns) to obtain research and brokerage products and services, there is a conflict of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on the Adviser's interest in receiving those products and services. In addition, research generated from certain client transactions may be used in formulating investment decisions for other clients and there is no assurance that the client effectively paying for such research through brokerage transactions will receive the benefit of such research. The Adviser has not entered into any "client commission arrangements" with any broker- dealer.

From time to time, the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a pooled investment vehicle managed by the Adviser. The Adviser may place client portfolio transactions with firms that provide capital introduction opportunities if the Adviser determines that it is otherwise consistent with its best execution obligation. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

### **Direction of Brokerage**

When a client directs the Adviser to use a specified broker-dealer to execute all or a portion of the client's securities transactions, the Adviser treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. Transactions in the same security for accounts that have directed the use of the same broker will be aggregated. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct the Adviser to execute the client's trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to clients that direct the Adviser to execute the client's trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct the Adviser to execute the client's trades through a specified broker- dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser. Not all advisers require clients to direct the Adviser to execute client trades with a specific broker-dealer.

### **Aggregation and Allocation**

The Adviser often purchases or sells the same security for multiple clients simultaneously or contemporaneously while generally using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for clients a

more favorable price or a better commission rate based upon the volume of a particular transaction. However, in cases where the client has negotiated the commission rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a client's account, the Adviser may be precluded from aggregating that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

#### **Item 13. Review of Accounts**

Client portfolio positions are monitored on a continuous and on-going basis. Also, each client account is reviewed by the Adviser on a monthly basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines, and the performance of each client account.

Significant market events affecting the prices of one or more securities in client accounts, or specific arrangements with particular clients, may trigger reviews of client accounts on other than a periodic basis.

Each separately managed account client will receive reports pursuant to the terms of investment management agreement for that specific account. Such reports may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

Investors in a private pooled investment vehicle receive reports pursuant to the terms of each such private pooled investment vehicle's offering memorandum or as otherwise described in its limited partnership agreement.

#### **Item 14. Client Referrals and Other Compensation**

Historically, the Adviser has made cash payments to third-party solicitors for client referrals. Currently, the Adviser has one solicitation arrangement. That solicitor has entered into a written agreement with the Adviser pursuant to which the solicitor provided a prospective client with a copy of the Adviser's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for client solicitations will follow the steps outlined above and will comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

**Item 15. Custody**

Separately managed account clients will receive account statements at least quarterly from a broker-dealer, bank or other qualified custodian and clients should carefully review those statements. In certain instances, the Adviser also sends statements directly to clients who should compare any quarterly statements they receive from the custodian with those received from the Adviser. Because we act as investment manager for the RGM Funds and our affiliates act as general partner to the RGM Funds, we (or such affiliates) have custody of RGM Funds' assets under current applicable regulatory interpretations. As a result, the RGM Funds are either (i) audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB) or (ii) an independent public accountant examines the RGM Funds' cash and securities on a surprise basis. For RGM Funds that are audited, audited financials are sent to each investor within 120 days of the RGM Funds' fiscal year ends.

Each of the RGM Funds is administered by a third-party administrator and assets are maintained with an independent custodian. Similarly, the assets of all separately managed accounts are maintained with an independent custodian.

Separately managed account clients should carefully review each custodian's statement to ensure that all account transactions, holdings and values are correct.

**Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Subject to any limitation set forth in an agreement with a separately managed account client or the offering memorandum or limited partnership agreement of a private pooled investment vehicle, the Adviser has the authority to determine: (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines); (ii) the amount of securities to be purchased or sold for the client account; (iii) the broker-dealer to be used; and (iv) commission rates to be paid. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser submits an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular

investment.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may result from a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings, a client's status as a "restricted person" under applicable regulations or the limited number of IPO shares available to be purchased.

Securities acquired by the Adviser for its clients through a limited offering will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those client accounts eligible to hold such securities. Eligibility will be based on the legal status of the clients and the clients' investment objectives and strategies.

The Adviser may effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In voting proxies, the Adviser votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock. The Adviser will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Edward T. Calkins (Chief Compliance Officer) by email at [ecalkins@rgmcapital.com](mailto:ecalkins@rgmcapital.com) or by telephone at (239) 593-1280.

**Item 18. Financial Information**

This Item is not applicable.