



# **BECKER CAPITAL MANAGEMENT**

1211 SW 5<sup>th</sup> Ave, Suite 2185  
Portland, Oregon 97204  
Phone: (503) 223-1720  
Fax: (503) 223-3624  
Website: [www.beckercap.com](http://www.beckercap.com)  
E-mail: [info@beckercap.com](mailto:info@beckercap.com)

**Form ADV – Part 2A  
(Firm Brochure)  
November 1, 2021**

This brochure provides information about the qualifications and business practices of Becker Capital Management, Inc. If you have any questions about the contents of this brochure, please contact Stephanie Moyer at (503) 223-1720 or by email at [smoyer@beckercap.com](mailto:smoyer@beckercap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training. Additional information about Becker Capital Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Table of Contents

Item 3: Material Changes.....	3
Item 4: Advisory Business .....	3
Item 5: Fees and Compensation .....	4
Item 6: Performance Based Fees & Side by Side Management.....	6
Item 7: Types of Clients.....	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9: Disciplinary Information .....	10
Item 10: Other Financial Industry Activities and Affiliations .....	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading .....	11
Item 12: Brokerage Practices .....	12
Item 13: Review of Accounts .....	15
Item 14: Client Referrals and Other Compensation .....	16
Item 15: Custody.....	16
Item 16: Investment Discretion .....	17
Item 17: Voting Client Securities.....	17
Item 18: Financial Information.....	18
Privacy Policy .....	18

## Item 3: Material Changes

There have been no material changes made since Becker Capital Management, Inc.'s ("BCM", "we" or "our") last Firm Brochure dated March 31, 2021

## Item 4: Advisory Business

### Firm Description

BCM is registered as an independent investment advisory firm with the U.S. Securities and Exchange Commission and has no affiliations or subsidiaries. BCM has provided professional investment management to individuals and institutions since 1976. We have offices located in Portland, OR, Bend, OR, and Seattle, WA.

BCM is 100% owned by its employees. 5% or more owners are Janeen S. McAninch, Patrick E. Becker, Jr., Blake R. Howells, and John M. Becker.

### Types of Advisory Services

BCM offers discretionary investment advisory services as follows:

#### Individual Clients

We work with our clients to provide wholistic investment advice and financial planning services. These include financial planning, asset allocation determination, portfolio implementation and monitoring for taxable portfolios and retirement funds. Portfolios are individually designed to meet the client's current income, risk tolerance, restrictions and long-term growth needs in a tax efficient manner. We utilize available publicly traded instruments, including stocks, bonds mutual funds, and exchange-traded funds. When suitable, BCM may recommend alternative investments in direct real estate, private equity or hedge funds to those clients who have at least \$5 million in assets under management and meet the regulatory definitions of a qualified client and accredited investor. Any investment in a private fund requires the investor to sign a subscription agreement directly with the offered investment. There are also additional fees for alternative investments described further in the Additional Expenses section of Fees and Compensation.

#### Institutional Clients

We offer a broad range of strategies to our institutional clients. We detailed and customized asset allocation studies, asset class targets, investment policy statement creation and monitoring and investment implementation services for appropriate engagements. We also offer specific equity, balanced, fixed income, and alternative asset strategies for clients who desire these services. In all cases, portfolios are individually designed to meet the client's investment objectives and any restrictions the client may impose.

### Mutual Fund

BCM serves as the investment advisor to a registered investment company, the Becker Value Equity Fund (BVEFX, BVEIX).

### Private Equity Fund

BCM serves as investment advisor and manager to a private equity fund, which is only available to qualified purchasers.

### Wrap Fee Programs

BCM does not sponsor any wrap fee programs. However, some BCM clients have elected to hold their accounts at a broker/dealer and have entered into a wrap fee agreement with their respective custodian. The wrap fee typically includes investment advisory services, custody arrangements and the execution of client transactions. Wrap and non-wrap fee portfolios are managed in the same manner. In the case of accounts utilizing this fee arrangement, BCM receives the management fee directly from the custodian.

### Sub-Advisory Relationship

BCM sub-advises accounts for other investment advisors and receives a portion of the management fee for these clients.

### Third-Party Managers

As part of its discretionary authority, BCM may select other advisors to manage a portion of the client's assets. On an ongoing basis, BCM monitors the performance of the accounts being managed by other advisors and seeks to ensure their strategies and target allocations remain aligned with the client's investment objectives and overall best interest.

### Client Assets

As of December 31, 2020, BCM managed \$3,574,014,983 in discretionary assets.

## **Item 5: Fees and Compensation**

Fees are charged on a quarterly basis and are usually collected in advance, based upon the market value on the last day of the month of the prior quarter. Typically, fees are billed to the client's custodial account. The client may elect to be billed directly rather than having the fees deducted from their investment portfolio. The terms of client advisory fees are disclosed to the client.

The annual fee for BCM's Individual Investment Management services will be charged as a percentage of assets under management. The maximum management fee is 0.60%. Gradation in fees is a function of client assets, the specific products under management, account structure, servicing requirements and any other factors deemed appropriate. BCM may negotiate fee terms and arrangements.

### Financial Planning and Consulting Services

For certain financial planning/consulting services agreed to with the client, BCM may charge a fixed fee depending on the nature and complexity of each client's circumstances (ranging from \$100 to \$500 an hour). Typically, financial planning/consulting fees are due in two installments: half within the first 30 days of the signed engagement and the second half payable upon completion of the work.

### Termination Provisions and Fee Reimbursement

A client agreement may be terminated at any time, by either party, for any reason, effective the business day following receipt of the written termination notice, or such later date mutually agreed upon between the parties. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Reimbursement of fees that have been paid in advance are calculated based upon the number of days remaining in the quarter.

### Additional Expenses

Clients should recognize that all fees paid to BCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs, money market funds, or alternative asset managers. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If client assets have been allocated to third party managers, the client is responsible for the management fees due to those advisors. Additionally, if client assets have been invested in alternative assets, such a real estate, private equity or hedge fund, the client should read the fund specific offering documents for additional fees borne by the fund investors. Again, all of these fees are separate and distinct from the management fees charged by BCM.

Clients pay costs such as brokerage commissions, transfer taxes, trade away fees, and other fees charged by the broker for executing security trades, which are separate from the fees charged by BCM. In addition, depending upon who the client selects as their custodian, the custodian will charge annual fees based upon the market value of the portfolio as well as various transaction costs, wire fees, etc.

Investors in the private equity fund will be responsible for partnership expenses, the details of which can be found in the fund's private offering memorandum.

See Item 12: Brokerage Practices for more information on how BCM selects executing brokers.

### Investment Company Management

Prospective investors in the registered investment company managed by BCM are requested to refer to the fund's Summary and Statutory Prospectus and Statement of Additional Information (SAI) for complete information on the fund, including fees. Copies of these materials are available at [www.beckercap.com/mutual-fund](http://www.beckercap.com/mutual-fund).

## Item 6: Performance Based Fees & Side by Side Management

BCM does not participate in performance-based fee arrangements.

## Item 7: Types of Clients

### Description

BCM provides discretionary investment management services to individuals, high net worth individuals, trusts, estates, pension, and profit-sharing plans, 401(k) plans, charitable, endowments & foundations, public funds, Taft-Hartley funds, corporations, pooled funds and one mutual fund.

### Account Minimums

A minimum of \$1,000,000 of assets under management is required for individuals. Minimum account size may be negotiable under certain circumstances. BCM may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

For institutional clients, BCM typically requires a minimum account size of \$3,000,000, although this is negotiable at BCM's discretion.

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

### Method of Analysis

Across all strategies, BCM implements an integrated research process that is focused on building efficient and durable portfolios appropriate to clients' specific needs. Our firm focuses on underlying asset quality and pays close attention to valuation, irrespective of asset class. The research team merges a bottom-up asset selection process with a top-down portfolio construction process to maximize risk-adjusted returns within the constraints of clients' circumstances.

### Research Process/Buy Discipline

Our team identifies portfolio candidates based on stand-alone prospects and the asset's potential to achieve the portfolio role for which they are intended.

Stand-alone prospects are analyzed through the following framework:

1. Valuation
2. Quality
3. Consensus sentiment
4. Long-term expectations

## Sell Discipline

An asset may be sold if it becomes fairly or overly valued in our judgement, a better opportunity is identified, or the underlying investment thesis for asset is deemed no longer valid. Moreover, if an asset does not fulfill its role within the portfolio, or if its risk profile changes materially, it may be sold as well.

## Economic analysis, sector, and security weighting decisions

Portfolios are constructed through a qualitative and quantitative risk-based lens that focuses on avoiding unintended exposures and uncompensated risks. Macroeconomic trends are monitored, analyzed, and considered in tactical asset allocation decisions and portfolio construction as well. Sector weightings are somewhat a function of bottom-up asset selection process but are considered from a risk perspective and adjusted accordingly.

## Research techniques

BCM prides itself on conducting proprietary research on assets designed to meet clients' specific goals and needs. Analysts source potential opportunities, meet with companies, meet with managers, participate in industry events, and attend conferences. BCM has an integrated research process e focused not only on the specific asset being analyzed, but also on information gleaned from other sources such as input providers, competitors, and end-users.

## Databases and screening systems employed

BCM utilizes a range of databases and several technology interfaces in the asset selection and portfolio construction processes. Bloomberg, FactSet, eVestment, Morningstar, Lipper, Qontigo/Axioma, and MSCI are all used frequently in the sourcing, comparison, and analysis of investment opportunities.

## Impact/ESG/Socially Responsible Investing

Our Impact investing offerings have expanded over the years. Much like the industry, our efforts have transitioned from a primarily negative screen-out process to one that emphasizes positive and proactive operators and strategy. Our process focuses primarily on investment in assets focused on 1) environmental awareness, impact mitigation and opportunity; 2) human rights promotion internally and throughout the supply chain; and 3) diversity, equity, and inclusion. We also incorporate our core investment philosophy (quality, strategic positioning, valuation, and sentiment) in evaluating opportunities. We believe the combination, coupled with our quantitative and qualitative portfolio construction process, results in the greatest and broadest impact as well as returns that meet the client's needs.

## Fixed Income

BCM's Fixed Income philosophy invests in high-quality bonds, mutual funds, and ETFs. We focus on investment grade treasury, agency, municipal, and corporate bonds, thus maximizing diversification from the client's other assets. Individual bond fixed income portfolios generally have a short to intermediate duration and

bonds are rarely purchased with a maturity greater than twenty years.

BCM actively manages the duration, sector allocation and credit exposure of client fixed income portfolios. We determine what we believe to be the optimal maturity structure and duration based upon expectations for inflation, Federal Reserve policy and historical value relationships along the yield curve. Relative sector value is taken into consideration, as well as the prospects of individual corporate credits.

### Investment Strategies

BCM currently offers the following products to its clients:

- All Cap Value Equity
- All Cap Value Equity with ETFs
- Focused Value
- Equity Income
- Large Cap Value Equity
- Balanced
- Balanced with ETFs
- Taxable Fixed Income
- Municipal Fixed Income
- Impact/ESG/Socially Responsible Investing
- Alternative Assets

BCM and the client will agree on the product(s) in which the client will participate. BCM manages each client's account according to investment objectives, and any reasonable investment restrictions the client may impose. Due to the unique treatment of each client account, there may be instances where one account will not hold the same securities or perform similarly to other managed accounts.

### Risk of Loss

All investments involve risks that clients should be prepared to bear, and we cannot guarantee that investment portfolios will achieve their investment objective. Investments are not insured or guaranteed by any governmental agency. Below are some of the specific risks of investing.

- **Market and Regulatory Risk.** Events in the financial markets and economy may cause volatility and uncertainty and adversely impact the portfolio's performance. Market events may affect a single issuer, industry, sector, or the market as a whole. Traditionally liquid investments may experience periods of diminished liquidity. Governmental and regulatory actions, including tax law changes, may also impair portfolio management and have unexpected or adverse consequences on particular markets, strategies, or investments.



- **Value Investing Risk.** The portfolio emphasizes a “value” style of investing, which targets undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that the returns on “value” securities may not move in tandem with the returns on other styles of investing or the stock market in general.
- **Equity Securities Risk.** The price of equity securities may rise or fall because of economic or political changes or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the portfolio or the securities market as a whole, such as changes in economic or political conditions.
- **Management Risk.** If the Advisor’s perception of the value of a company is not realized in the expected time frame, the portfolio’s overall performance may suffer. The portfolio managers’ management practices, investment strategies, and choice of investments might not work to produce the desired results, and the portfolio might underperform other comparable portfolios.
- **Large-Cap Company Risk.** Larger, more established companies may be unable to respond quickly to new competitive challenges like changes in consumer tastes or innovative smaller competitors. In addition, large-cap companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion.
- **Small and Mid-Cap Risk.** Stocks of small- and mid-cap companies may be riskier than stocks of larger companies, because many of these companies are young and have a limited track record. Their securities may trade less frequently and in more limited volume than those of more mature companies. As a result, small and mid-cap stocks may be significantly more volatile than larger-cap stocks. Small and mid-cap companies also may lack the managerial, financial, or other resources necessary to implement their business plans or succeed in the face of competition. It may be difficult to sell a small or mid-cap stock, and this lack of market liquidity can adversely affect the portfolio’s ability to realize the market price of a stock, especially during periods of rapid market decline.
- **Foreign Risk.** Foreign securities involve increased risks due to political, social, and economic developments abroad, as well as due to differences between U.S. and foreign regulatory practices. These risks are enhanced in emerging markets which are generally more volatile and less liquid.
- **Depository Receipt Risk.** The risks of depository receipts include many risks associated with investing directly in foreign securities, such as individual country risk and liquidity risk. Unsponsored ADRs, which are issued by a depository bank without the participation or consent of the issuer, involve additional risks because U.S. reporting requirements do not apply, and the issuing bank will recover shareholder distribution costs from movement of share prices and payment of dividends.
- **REIT Risk.** REITs may be subject to certain risks associated with the direct ownership of real property, including declines in the value of real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses and variations in rental income.

- **ETF Trading Risk.** If the portfolio invests in ETFs, it is subject to additional risks that do not apply to other portfolios that do not invest in ETFs, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which the ETFs trade, which may impact a portfolio's ability to sell its shares of an ETF. If the portfolio invests in ETFs, it will indirectly bear its proportionate share of any fees and expenses payable directly by the ETF. Therefore, the portfolio would incur higher expenses, which may be duplicative, than if the portfolio did not invest in ETFs.
- **Interest Rate Risk.** Changes in interest rates will affect the value of the investments in debt securities. Increases in interest rates may cause the value of the investments to decline and this decrease in value may not be offset by higher interest income from new investments. In addition, the issuers of certain types of securities, such as mortgage-backed securities, may prepay principal earlier than scheduled, forcing reinvestment in lower yielding securities. Slower than expected principal payments may also extend the average life of such securities, locking in below-market interest rates and reducing their value.
- **Credit Risk.** Changes in the financial strength of an issuer may affect the issuer's ability to repay principal and to make timely interest payments. The degree of risk for a particular security may be reflected in its credit rating. Junk bonds are subject to greater credit and market risk than higher rated securities.
- **Change in Rating Risk.** If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return.
- **Duration Risk.** Prices of debt securities with longer effective maturities are more sensitive to interest rate changes than those with shorter effective maturities.
- **Alternative Investments.** Investments in alternative assets are often illiquid, making them difficult to exit and price on a regular basis. These investments are more complex than traditional investments in stocks, bonds, and funds, and often have higher fees associated with them. Investors should carefully read the fund specific offering documents to learn more about the risks associated for that investment.
- **Loss of Key Personnel.** BCM utilizes a team concept for managing client assets. There is no single individual who is responsible for a specific investment product. Therefore, the loss of any one individual would not affect the ongoing investment process.

## Item 9: Disciplinary Information

Neither BCM nor any of its employees have been involved in any regulatory investigations, sanctions, business litigation or legal proceedings at any time.

## Item 10: Other Financial Industry Activities and Affiliations

BCM provides back-office support services to certain non-affiliated investment advisers for compensation and has instituted policies and procedures to mitigate any potential conflict of interest.

BCM is a member of three limited liability companies formed for the purpose of serving as the manager of private real estate funds not offered to the public. BCM receives compensation for serving as the Administrator to these private real estate funds, providing investor relation and other administrative and reporting services. BCM does recommend clients to these private real estate funds, which may present a potential conflict due to BCM's capacity as manager. To mitigate this conflict, clients will only be recommended if they meet the required qualifications, and the investment is suitable given the client's investment objectives and risk tolerances.

BCM is the manager to a private equity fund, which is only available to qualified purchasers. BCM receives compensation for these services and does make client investments in the private equity funds.

## Item 11: Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading

### Code of Ethics

BCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to:

- Personal securities trading procedures including pre-clearance of certain trades
- Receipt and/or the giving of gifts and entertainment
- Prohibition on trading when in possession of material non-public information
- Restrictions and disclosure on political contributions
- Preapproval on private placements and participation in initial public offerings
- Restrictions from serving on the board of public corporations
- Confidentiality of client information

Subject to satisfying this policy, employees of BCM may trade for their own accounts in securities which are recommended to and/or purchased for BCM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of BCM 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 employees to invest for their own accounts.

Clients or prospective clients of BCM may obtain a copy of the Code of Ethics by calling Stephanie Moyer at (503) 223-1720.

## Item 12: Brokerage Practices

### Selecting Brokerage Firms

BCM's overriding objective in effecting portfolio transactions is to obtain the best combination of price and execution. In the absence of client direction to utilize a particular broker or dealer for the execution of transactions in client accounts, BCM seeks to affect each transaction at a price and commission that provides the most favorable total cost or proceeds reasonably attainable under the circumstances.

BCM may consider various factors when selecting a broker or dealer, including, but not limited to:

1. The nature of the portfolio transaction
2. The size of the transaction
3. The execution, clearing, settlement capabilities and financial status of the broker or dealer
4. The desired timing of the transactions taking into account market prices and trends
5. Under appropriate circumstances, the availability of research, research-related services, and execution-related services provided through such broker or dealer.

It is BCM's policy not to pay any broker in recognition or as compensation for the promotion and sale of any shares of a mutual fund. Further, BCM does not use client commissions to pay for investment company distribution expenses.

### Research and Soft Dollars

BCM utilizes research and brokerage services obtained from broker-dealers on a soft dollar commission basis. Examples of benefits obtained include software products that are used to perform research and assist with trading activities.

In the event any soft dollar service obtained have mixed uses, i.e., for research and non-research purposes, a good faith and reasonable allocation of the uses will be made and soft dollar (commissions) and/or hard dollar payments will be made as appropriate. BCM will allocate the cost of the product or service between its research and brokerage and non-research and brokerage assessments.

In compliance with the Securities & Exchange Act of 1934, Section 28(e), BCM recognizes and adheres to the policy that commissions may only be used to obtain brokerage and research services. Furthermore, third party research paid for with soft dollars may only be utilized when the traders are reasonably assured of receiving best execution. As a matter of policy, BCM's traders will determine, in good faith, that any commissions paid to a broker-dealer in a soft dollar trading arrangement are reasonable in terms of the research services provided. For our bank domiciled accounts, all trades executed for soft dollar commission obligations are executed at our usual and customary commission rate of .02 - .04¢ per share.

Receiving soft dollar research provides BCM a benefit as it reduces the amount paid for research, products, or services. There is an incentive to select or recommend a broker-dealer based on the firm's interest in receiving

the research or other products or services, rather than on the clients' interest in receiving most favorable execution. BCM recognizes this results in a conflict of interest. To mitigate this conflict, BCM seeks quality execution at favorable prices through responsible broker-dealers when placing orders for the purchase and sale of securities for its clients. When BCM selects a broker-dealer that provides brokerage and research services (commonly referred to as soft dollar services), that broker-dealer may charge commissions in excess of the commissions which another broker-dealer would have charged for effecting such transaction. Nevertheless, the total commission per share is within our maximum of .04¢ per share for bank domiciled accounts.

Research and brokerage services furnished by brokers and dealers with whom BCM effect transactions may be more beneficial to certain accounts advised by BCM. It is recognized that a particular account may be charged a commission paid to a firm who supplied research services not utilized by such account. The management fees paid to BCM are not reduced because it receives such services. However, BCM expects that each account will be advantaged overall by such practice because each is receiving the benefit of research services and the execution of such transactions based upon the recognition of the value of such research services. At a minimum, BCM assesses its commission policies, rates, and allocations on an annual basis. This review considers the contributions and value of research services received from broker-dealers.

BCM's soft dollar committee reviews each of the firm's soft dollar arrangements and brokerage allocations for soft dollar research products and services on an annual basis. Broker/dealers are reviewed quarterly to ensure best execution policies are followed.

### Directed Brokerage

BCM does permit direction of brokerage from clients and requires that instructions be in writing. It must be expressly understood by the client that by directing brokerage, the client may be unable to achieve the most favorable execution price and may pay higher commissions. It should also be understood that certain stocks with less liquidity and higher volatility may make it more difficult to obtain a similar price on a directed account than the price that was received on the non-directed block trade. Therefore, the client who chooses to direct trades may not be able to take advantage of current market bids/offers, volume discounts or lower negotiated commission rates without adversely affecting the price.

If a client decides to direct where its brokerage is placed by BCM, the client should consider: (i) BCM's brokerage placement practices; (ii) a client who directs BCM to use a specific broker may pay higher commissions on some transactions than might be attainable by BCM, or may receive less favorable execution of some transactions, or both; (iii) a client who directs BCM may forgo any benefit from savings on execution costs that BCM could obtain for its clients through negotiating volume discounts on batched transactions; (iv) a client who directs BCM may not be able to participate in an allocation of shares of a new issue if those new issue shares are provided by another broker; (v) a client who directs BCM may restrict BCM from receiving research-related products and services available from other brokers; (vi) BCM may not begin to execute client

securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and (vii) clients directing brokerage may not generate returns equal to clients who do not direct brokerage.

### Order Aggregation

BCM's policy is to aggregate trades where possible and when advantageous to the clients, given our express duty to seek best execution. Clients participating in aggregated transactions receive an average share price; transaction costs are shared on a pro-rata basis. For each client account, BCM's books and records reflect the orders that are aggregated, and the securities held, bought, and sold for that account. Orders to buy and sell securities in directed accounts are placed after the non-directed account orders have been placed.

BCM may aggregate purchase and sales orders of securities held in a client's account with similar orders being made simultaneously for other accounts managed by BCM, if in BCM's reasonable judgment; such aggregation will result in an overall economic benefit to the client's account taking into consideration the advantageous purchase or selling price, brokerage commission and other expenses.

Allocation participation is based on such considerations as investment objectives, restrictions, duration, availability of cash balances, the amount of existing holdings of similar securities, as well as other factors. Allocations generally are made at approximately the time of execution and before the end of the trading day.

Before entering an aggregated order BCM creates a pre-allocation memorandum. Participating client accounts and allocation intentions are specified. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the pre-allocation memo. If the order is partially filled, it will generally be allocated pro-rata. If the issue is illiquid or the fill is small, the entire share amount may be allocated on a random basis to a single or a small number of accounts. In determining allocations, BCM may, on occasion, adopt a "de minimis" exception.

In order to minimize the transaction costs created by a series of small allocations, smaller accounts or accounts with a small initial allocation may receive their entire allocation before larger accounts are given their pro-rata amount. Notwithstanding the above, an order may be allocated on a basis different from that specified in the pre-allocation memo if all client accounts receive fair and equitable treatment.

It is the policy and practice of BCM to allocate "new issue" shares fairly and equitably among clients. BCM creates a pre-allocation memorandum before the issue is priced, specifying the allocation amount for each client account. Allocation of new issues is either random or pro-rata, depending on the number of shares received. New issues are not suitable for all client accounts.

### Schwab Advisor Services

BCM may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, to maintain custody of clients' assets and to

effect trades for their accounts. BCM and Schwab are separate, unaffiliated entities. Schwab charges accounts a flat dollar amount as a "prime broker" or "trade away" fee for each trade that BCM executes with a different broker/dealer. These fees are in addition to the commissions clients pay the executing broker/dealer. Because of this, in order to minimize clients' trading costs, BCM is more likely to place trades through Schwab rather than other broker/dealers.

Schwab also provides BCM with access to its institutional trading and operations services typically not available to Schwab's retail customers. Schwab services include brokerage, custody, research, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab may also make available other services and products such as conferences, consulting, and publications at no additional cost to BCM.

## Item 13: Review of Accounts

### Periodic Reviews

Client portfolios are assigned to a specific investment team. Portfolios are evaluated and actively managed on an asset class and individual security basis. The investment team meets formally on a weekly basis. If the investment team feels there are more attractive ideas or allocations based upon the dynamics of the individual securities and the market, changes will be made based on the most attractive alternatives at that time. Our in-house portfolio accounting system and trade order management system generate daily asset allocation details, which the Portfolio Managers review to keep portfolios balanced to tactical weights and cash requirements. Furthermore, portfolios are reconciled to the independent custodian information on a daily, weekly, or monthly basis depending upon the availability of the information from the custodian.

### Regular Reports

Most clients receive written reports on a quarterly basis from BCM. The standard quarterly reports typically include:

- Remarks prepared by the investment team on their outlook on the economy, market, and prospects for the upcoming quarter
- An Investment Summary report including listing of assets held, their respective cost and market value, asset allocation, sector weightings, purchases and sales, and performance results

In addition to our written quarterly reports, we typically conduct client service meetings on an annual basis, or more frequently if desired. Clients may request more frequent or detailed reports as needed.

## Item 14: Client Referrals and Other Compensation

BCM does not currently have any referral or solicitation arrangements. BCM had entered into an agreement with Charles Schwab & Co., Inc. ("Schwab") to participate in the Schwab Advisor Network® ("the Service"), an advisor referral service designed to help investors find an independent investment advisor. Schwab is an independent broker-dealer and unaffiliated with BCM. Even though BCM is no longer a participant in this program, BCM continues to pay Schwab a fee for client referrals the firm had received through this Service. BCM's participation in the Service may raise potential conflicts of interest as described below. BCM pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian.

The Participation Fee paid by BCM is a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. BCM pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to BCM quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by BCM and not by the client. BCM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees BCM generally would pay in a single year. Thus, BCM will have an incentive to recommend that client accounts be held in custody at Schwab.

BCM does not charge clients referred through the Service, fees greater than the fees BCM charges its advisory clients who were not introduced by the Service, and who have similar portfolios under management with BCM.

## Item 15: Custody

All client accounts are held in custody by qualified independent banks or broker/dealers. We are permitted to debit advisory fees from most of our clients' accounts and we maintain Standing Letters of Authorization ("SLOAs") for some of our client accounts in order to move money to our private equity fund. For those reasons we are considered to have custody of client assets. To comply with requirements, BCM undergoes a surprise custody exam and account statements are sent directly to clients by the custodian on at least a quarterly basis. We urge clients to carefully review both the custodian statements and the statements BCM provides to clients. If clients are not receiving statements directly from the custodian, please contact Stephanie Moyer at (503) 223-1720.

BCM is deemed to have custody since the firm is a member of three limited liability companies formed for the



purpose of serving as the manager of private real estate funds. To comply with requirements, the private real estate funds are audited by an independent public accounting firm registered and subject to the examination of the PCAOB. The financial statements are delivered to all investors of the private real estate funds within 120 days of each private real estate funds' fiscal year-end.

BCM is also deemed to have custody in its capacity as investment advisor and manager to a private equity fund of fund. To comply with requirements, the private equity fund is audited by an independent public accounting firm registered and subject to the examination of the PCAOB. The financial statements are delivered to all investors of the private equity fund within 180 days its fiscal year-end.

## Item 16: Investment Discretion

BCM receives discretionary authority from each client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account. When selecting securities and determining amounts, BCM observes the investment policies, limitations, and restrictions of the applicable client.

With respect to the mutual fund it manages, BCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

## Item 17: Voting Client Securities

### Proxy Voting

BCM generally exercises proxy voting authority for its clients. Clients may request that we follow their instructions on various proxy issues. If a client has specifically indicated to BCM that the client will retain the responsibility for voting proxies, the account's custodian will provide the proxy records directly to the client. The client can solicit BCM for advice on how to vote their proxies.

BCM votes clients' proxies using ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions, Inc. BCM's general policy is to vote clients' proxies in accordance with the recommendations of Glass, Lewis & Co., LLC ("Glass Lewis"). Glass Lewis is a neutral third party that issues recommendations based on its own internal guidelines and research and retains a record of all of its recommendations.

BCM will identify any conflicts that potentially exist between the interests of the firm and those of the client. The relationship between the firm and the issuer is reviewed to determine if the firm or any of its employees have a financial, business, or personal relationship with the issuer. In the event a material conflict of interest

exists, BCM will determine whether it's appropriate to disclose the conflict to affected clients. All records on the resolution of such conflicts will be maintained.

Clients may request a copy of BCM's complete proxy voting policy and/or records of how securities have been voted by calling Stephanie Moyer at (503) 223-1720.

### Class Action Suits

To assist our clients in participating in the potential recovery of claims in class action suits, BCM has retained the services of Chicago Clearing Corporation ("CCC"). CCC provides class action litigation monitoring and claim filing services. CCC charges a contingency fee of 20%, which is subtracted from the settlement check issued to the client. Broker domiciled accounts are automatically included in this service but can opt-out by providing notice to BCM. Bank domiciled accounts will also be included in this service if that particular bank does not file on behalf of their clients. If a client opts-out, BCM and CCC will not monitor any class action from which that client may be entitled to receive settlement amounts.

## Item 18: Financial Information

BCM does not have any debt or other financial obligations that are likely to impair our ability to meet contractual and fiduciary commitments to clients.

### Privacy Policy

The Securities and Exchange Commission adopted Regulation S-P in June 2000. This regulation deals with notification to individuals regarding the privacy of their personal information. These regulations require all financial services companies to disclose at least annually the types of personal information collected from their clients. Firms are also required to disclose whether any information is shared with third parties.

### Becker Capital Management, Inc. Client Privacy Notice

We consider our relationship with our clients as one of our most important assets. We strive to maintain your trust and confidence in our firm. We are committed to protecting your personal information.

Becker Capital Management, Inc. serves as the investment advisor to an investment company registered under the Investment Company Act of 1940 ("Fund"), and as such maintains shareholder information for the Fund. It is the policy of Becker Capital Management, Inc. to adopt the Fund Privacy Policy, which shall be incorporated by reference into this policy.

### Information We Gather

- In the course of our business relationship, we receive from you, your name, address, telephone number, email address, date of birth, and social security or taxpayer identification number.
- In our discussions with you, we also gather information necessary to make informed portfolio management decisions regarding asset allocation, income needs, tax ramifications, etc.

## Information We Share

In transactions for your account, we provide the necessary identifying information that is used to execute transactions with brokers, convey trade settlement instructions and information to the financial institution that serves as your custodian, and with our proxy voting service.

## How We Protect Your Personal Information

Becker Capital Management, Inc. will internally safeguard your nonpublic personal information by restricting access to only those employees who provide services to you or those who need access to your information to service your account. In addition, we maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information.

Becker Capital Management, Inc. will not disclose any information about you unless:

- We receive your prior consent
- We have been advised that your accountant, attorney, or consultant is requesting the information on your behalf
- We are legally required to provide the information to a governmental agency
- We are dealing directly with your custodial representative

We do not disclose any nonpublic information about our clients or former clients to anyone, except as discussed above.

*This statement is for your information only; no action is required by you. If you have any questions or require any further information, please do not hesitate to call Stephanie Moyer at (503) 223-1720.*