

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



**BARROW HANLEY**  
GLOBAL INVESTORS®

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August 30, 2023

This Firm Brochure provides information about the qualifications and business practices of Barrow Hanley Global Investors (“Barrow Hanley” or “the Firm”). For information about Barrow Hanley or the contents of this brochure, please contact Hannah Ackels, Chief Compliance Officer (“CCO”), at the telephone number or email address provided above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Barrow Hanley is an investment adviser registered with the SEC under the Investment Advisers Act of 1940. Additional information about Barrow Hanley is also available on the Firm’s website provided above or on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To search the SEC website, please use the Firm’s unique identifying number, CRD number 105519. Registration with the SEC does not imply any certain level of skill or training.

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## Item 2 Material Changes

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This Firm Brochure dated August 30, 2023 is Barrow Hanley's disclosure document, prepared according to the SEC's requirements and rules. This amended Brochure contains disclosures about Barrow Hanley's advisory business as well as new and updated information since the last update on March 30, 2023.

### *Item 4 – Advisory Business:*

- Update to Executive Officers,, members of Barrow Hanley's Board
- Barrow Hanley is the general partner of the Barrow Hanley World Ex-US Value Private Fund L.P.

### *Item 7 – Types of Clients*

- Barrow Hanley World Ex-US Value Private Fund L.P. opened on July 6, 2023, to manage assets in our All Country World Ex-US Value equity strategy.

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

- Barrow Hanley is the general partner of the Barrow Hanley World Ex-US Value Private Fund L.P.

In addition, this brochure includes a variety of formatting and narrative updates from the last amendment which we do not consider to be material changes.

Barrow Hanley will ensure that the Firm's clients receive a summary of any material changes to this and subsequent Brochures filed within 120 days of the close of its business' fiscal year, December 31<sup>st</sup>. Furthermore, Barrow Hanley will provide its clients with other interim disclosures about material changes as necessary.

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## Item 4 Advisory Business

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BARROW HANLEY GLOBAL INVESTORS is our brand name under trademark that refers to Barrow, Hanley, Mewhinney & Strauss, LLC and is also our primary business name.

Barrow Hanley is a SEC-registered investment adviser with its principal office and place of business located at 2200 Ross Avenue, 31<sup>st</sup> Floor, Dallas, Texas 75201, and began conducting business in 1979. Barrow Hanley is a value-oriented investment adviser, providing investment management services to separately managed U.S and global equity and fixed income portfolios for large institutional clients, mutual funds, employee benefit plans, endowments, foundations, limited liability companies, and other institutions and individuals.

Barrow Hanley manages the business and affairs of BH Credit Management LLC (“BHCM”), a wholly-owned subsidiary of Barrow Hanley, that advises CLOs and funds that invest in CLOs. Barrow Hanley shares certain personnel with, and provides certain services to, BHCM pursuant to a staff and services agreement. This arrangement is also disclosed in *Item 10 Other Financial Industry Activities and Affiliations*.

Barrow Hanley has adopted a set of Compliance Policies and Procedures that are reasonably designed to manage potential conflicts of interests and has implemented internal review processes for oversight by the CCO, its directors and independent third-parties to address and mitigate actual conflicts.

### FIRM OWNERSHIP

Perpetual Limited, (“Perpetual”) (ASX:PPT), an Australian financial services company, holds a 75% interest in Barrow Hanley. Please refer to Barrow Hanley’s Form ADV, Part 1, Schedules A and B, for additional information about ownership of the firm.

### EXECUTIVE OFFICERS

The Executive Officers of Barrow Hanley are:

Name	Title
Cory Martin	Chief Executive Officer and Executive Director, Member Board of Managers
Patricia Barron	Chief Operating Officer, Senior Managing Director, Member Board of Managers
Mark Giambrone	Senior Managing Director, Member Board of Managers
Erin Sisson	Chief Financial Officer, Managing Director
Hannah Ackels	Chief Compliance Officer, Director
Rob Adams	Member Board of Managers, Perpetual Executive
Allan Lo Proto	Member Board of Managers, Perpetual Executive
Simone Mosse	Member Board of Managers, Perpetual Executive
Craig Squires	Member Board of Managers, Perpetual Executive

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## PORTFOLIO MANAGEMENT

Barrow Hanley offers the following advisory services to its clients:

Barrow Hanley manages advisory accounts on a discretionary and non-discretionary basis. The investment strategies and fees offered by Barrow Hanley are shown in Item 5. At the inception of the relationship, the client selects an investment strategy for its account to be managed according to the strategy's guidelines and benchmark, or provides its investment objectives, guidelines, restrictions, and the appropriate benchmark. The Firm's investment recommendations are based on its value strategies, as described below, and include advice regarding the following types of securities:

- Global equities;
- Warrants and/or rights;
- Investment grade and non-investment grade credit and/or corporate bonds;
- Municipal bonds;
- U.S. governmental bonds;
- Mortgage backed, asset backed, and commercial mortgage backed securities;
- Sovereign bonds;
- Bank loans, par loans, junior and senior secured and unsecured loans, other asset-backed loans, stressed and distressed debt, CLOs, structured debt and equity and subordinated notes, other types of securitized debt tranches, and warehouse loan facilities; and
- Interests in partnerships investing in the Firm's value strategies.

Barrow Hanley's equity portfolio managers and analysts work as a team for the purposes of generating and researching investment ideas within their investment mandates. There are two portfolio managers, seventeen portfolio manager/analysts, four client portfolio managers and fourteen analysts. Individual security holdings and their weightings in the Firm's portfolios are the result of input from both analysts and portfolio managers. Barrow Hanley on occasion buys and sells the same security at the same time for different accounts due to cash flow considerations. These trades are not crossed, but instead, are worked in the marketplace in an effort to achieve best execution for each trade. Portfolio managers have broad research responsibilities, focused on particular sectors. Analysts have specific industry assignments for more in-depth research. Client portfolio managers work in tandem with the portfolio managers and are responsible for the effective flow of all vital information to, and from, the Firm's clients.

Barrow Hanley's fixed income portfolios are managed in a team approach, with investment strategy decisions resulting from a consensus of its fixed income professionals; there is one portfolio manager, six portfolio manager/analysts, one structuring portfolio manager, one client portfolio manager and seven analysts. Fixed income research responsibilities are divided among the team members, each specializing in areas in which they have particular expertise and interest. Individual bond selection decisions are made across all portfolios having similar investment objectives. Client portfolio managers, working with the portfolio manager/analysts, are responsible for the effective flow of all vital information to, and from, the Firm's clients.

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## ASSETS UNDER MANAGEMENT

As of June 30, 2023, Barrow Hanley actively managed client assets on a discretionary basis and non-discretionary basis in the following amounts:

Type	Amount
Discretionary	USD \$ 41,818,518,535
Non-Discretionary	USD \$ 4,236,252,067
Total Firm	USD \$ 46,054,770,603

## CLASS ACTION CLAIMS

As stated in the latest investment management agreement(s) between Barrow Hanley and its clients, Barrow Hanley does not file class action settlement claims on behalf of its clients. Barrow Hanley considers the decision to participate in class action litigation to be a legal matter requiring legal advice and Barrow Hanley does not render legal advice to its clients. Accordingly, Barrow Hanley does not have the discretion necessary, nor can it assume the responsibility to make decisions regarding participation in class action litigation involving securities in Barrow Hanley clients' portfolios.

## Item 5 Fees and Compensation

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### PORTFOLIO MANAGEMENT SERVICES FEES (DIRECT COMPENSATION)

The annualized fee for portfolio management services is charged as a percentage of assets under management. The standard asset-based fee schedules by investment strategy effective the date of filing of this brochure are provided below:

#### *Equity Strategies:*

CONCENTRATED EMERGING MARKETS ESG	
Assets Under Management	Annual Percentage
First \$50 million	0.900%
Next \$50 million	0.850%
Over \$100 million	0.800%

CONCENTRATED U.S. OPPORTUNITIES	
Assets Under Management	Annual Percentage
First \$50 million	0.650%
Next \$50 million	0.550%
Over \$100 million	0.450%

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<b>DIVERSIFIED LARGE CAP VALUE, DIVERSIFIED LARGE CAP ESG VALUE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$25 million	0.600%
Next \$75 million	0.500%
Next \$100 million	0.350%
Next \$800 million	0.300%
Over \$1 billion	0.200%

<b>DIVERSIFIED SMALL CAP VALUE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$50 million	0.800%
Next \$50 million	0.750%
Next \$100 million	0.700%
Next \$200 million	0.600%
Over \$400 million	0.500%

<b>EMERGING MARKETS</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$50 million	0.900%
Next \$50 million	0.800%
Over \$100 million	0.750%

<b>GLOBAL VALUE &amp; GLOBAL VALUE ESG</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$25 million	0.700%
Next \$75 million	0.600%
Next \$200 million	0.500%
Over \$300 million	0.450%

<b>LARGE CAP VALUE, DIVIDEND FOCUSED VALUE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$25 million	0.550%
Next \$25 million	0.450%
Next \$150 million	0.350%
Next \$600 million	0.300%
Over \$800 million	0.200%

<b>MID CAP VALUE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$25 million	0.750%
Next \$25 million	0.500%
Next \$50 million	0.400%
Next \$600 million	0.350%
Over \$700 million	0.300%

<b>NON-U.S. VALUE, ALL COUNTRY WORLD EX-U.S. VALUE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$25 million	0.700%
Next \$50 million	0.600%
Next \$125 million	0.550%
Next \$100 million	0.500%
Over \$300 million	0.450%

<b>SMALL CAP VALUE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$50 million	0.700%
Next \$50 million	0.650%
Next \$100 million	0.600%
Next \$200 million	0.550%
Over \$400 million	0.500%

<b>U.S. OPPORTUNISTIC VALUE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$20 million	0.650%
Next \$30 million	0.500%
Next \$50 million	0.350%
Next \$900 million	0.250%
Over \$1 billion	0.200%

***Fixed Income Strategies:***

<b>BANK LOANS</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$25 million	0.500%
Next \$25 million	0.480%
Over \$50 million	0.420%



<b>CORE (formerly Core Plus) AND HIGH QUALITY CORE</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$50 million	0.300%
Next \$100 million	0.200%
Next \$150 million	0.150%
Next \$700 million	0.125%
Over \$1 billion	0.100%

<b>ENHANCED INTERMEDIATE CREDIT, INTERMEDIATE CREDIT, INVESTMENT GRADE CREDIT, AND LONG CREDIT</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$20 million	0.375%
Next \$30 million	0.250%
Next \$100 million	0.200%
Next \$150 million	0.150%
Over \$300 million	0.125%

<b>EXTENDED DURATION</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$1 billion	0.150%
Next \$1 billion	0.120%
Over \$2 billion	0.100%

<b>HIGH YIELD</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$25 million	0.480%
Next \$25 million	0.450%
Next \$50 million	0.420%
Over \$100 million	0.400%

<b>INTERMEDIATE MATURITY</b>	
<b>Assets Under Management</b>	<b>Annual Percentage</b>
First \$30 million	0.300%
Next \$20 million	0.250%
Next \$250 million	0.150%
Over \$300 million	0.125%

LONG GOVERNMENT CREDIT	
Assets Under Management	Annual Percentage
First \$20 million	0.375%
Next \$30 million	0.250%
Next \$100 million	0.200%
Next \$150 million	0.150%
Next \$700 million	0.125%
Over \$1 billion	0.100%

MUNICIPAL/U.S. GOVERNMENT ONLY AND TIPS	
Assets Under Management	Annual Percentage
First \$20 million	0.250%
Over \$20 million	0.150%

SHORT MATURITY	
Assets Under Management	Annual Percentage
First \$40 million	0.250%
Next \$40 million	0.150%
Over \$80 million	0.100%

Advisory fees are generally payable monthly or quarterly, in advance or arrears, based on the market value (market or fair market value, in the absence of market value), of client assets. During the initial funding phase, certain clients are charged a negotiated rights-of-accumulation fee rate based on the appropriate base fee schedule and expected assets at the end of that funding period. Minimum initial account size is negotiable under certain circumstances. Barrow Hanley aggregates certain related client accounts to determine the annualized fee.

Clients are billed on a quarterly basis in accordance with the terms set forth in the client's investment management agreement. In some cases, a performance-based fee is received. Please see *Item 6 Performance-Based Fees and Side-by-Side Management* for additional information on performance-based fee arrangements.

**Limited Negotiability of Advisory Fees:** Although Barrow Hanley has established the aforementioned fee schedules, it retains the discretion to negotiate alternative fees on a case-by-case basis. Within the selected investment strategy, a client's facts, circumstances, needs, and comparable services, as determined by the Firm, are considered in determining the fee schedule. These include the complexity of the client, use of multiple strategies, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reporting requirements, and other factors. The specific annual fee schedule is identified in the investment management agreement between the adviser and each client. Discounts, not generally available to the Firm's advisory clients, are offered to family members of associated persons of the Firm.

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Barrow Hanley serves as sub-adviser to a number of mutual funds as reported in Form ADV Part 1, Items 5.G.(3) The advisory fees charged to Barrow Hanley's sub-advisory clients are generally on the same tiered fee schedule based on assets under management as its other clients in the same investment strategy.

## GENERAL INFORMATION

**Additional Fees and Expenses:** In addition to Barrow Hanley's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which Barrow Hanley, as an independent investment manager, effects transactions for the client's accounts. Please refer to *Item 12 Brokerage Practices* for additional information.

**Termination of the Advisory Relationship:** An investment advisory agreement can be terminated upon thirty days written notice by the client to Barrow Hanley, or by Barrow Hanley upon ninety days written notice to the client, in which case a proportionate refund of the advisory fee, when and if made in advance, will be repaid by Barrow Hanley to the client.

## CONFLICTS OF INTEREST

As a fiduciary, Barrow Hanley must act in its clients' best interests and must care for the clients' assets in such a manner as to benefit the client. Barrow Hanley has adopted a Conflicts of Interest Policy provided in the Firm's Compliance Policies and Procedures. The Compliance Policies are available upon request to clients and prospective clients by emailing: [bhmscompliance@barrowhanley.com](mailto:bhmscompliance@barrowhanley.com). Within the following areas of its business, Barrow Hanley has identified potential conflicts of interest, adopted policies and procedures to mitigate potential conflicts, and disclosed conflicts including the following:

- Advisory Agreement, fees, and performance based fees
- Best execution, trade aggregation, allocation, IPOs, and cross trading
- Capital structure conflicts between investments in bonds, and/or bank debt, and/or equity holdings acquired for clients of the firm
- Client commission arrangements, i.e. *Soft Dollars*
- Clients' directed brokerage arrangements
- Communication of holdings and duty of confidentiality
- Custody and affiliates deemed to have custody
- Directorship with issuers
- Expense allocation for CLO Fund Clients
- Investment risk management
- Material non-public information
- Personal securities transactions
- Personal political contributions
- Proxy voting
- Referral and placement arrangements
- Side by side management of clients' assets and/or Perpetual's assets
- Sharing resources and/or information with Perpetual

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- Valuation of assets held by the funds and CLOs
- Whistleblowing and retaliation

Barrow Hanley makes investments in numerous issuers/companies for clients' portfolios, which include equity and/or debt (bonds or credit). Potential conflicts can arise when the Firm makes investments in senior and/or junior securities, or securities with competing interests for different investment strategies. Barrow Hanley manages potential conflicts between investment strategies through allocation policies and procedures, internal review processes, and oversight by the CCO, directors and independent third-parties.

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

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### **PERFORMANCE-BASED FEES**

A limited number of clients have negotiated fees based on the investment performance of the portfolios managed. To the extent Barrow Hanley's performance exceeds or falls below the performance target dictated by the agreement, the Firm's compensation is higher or lower, respectively, than is the case with accounts not on performance fee structures. Barrow Hanley recognizes the potential conflicts that arise with performance fee structures and manages these and other potential conflicts between accounts through allocation policies and procedures, internal review processes and oversight by the CCO, directors and independent third-parties.

### **SIDE-BY-SIDE MANAGEMENT**

Barrow Hanley manages a number of accounts, for affiliated entities of its parent company, Perpetual Limited, Perpetual US Services, LLC, and BH Credit Management, as disclosed in Part 1, Item 7 Actual or potential conflicts of interest arise when a portfolio manager has management responsibilities for more than one account including mutual fund, Private Fund, CLO accounts, or others. Advisers have an incentive to favor certain Clients over others where they have increased pecuniary interests and/or investment interests, more lucrative or performance-based fee arrangements, or where compensation is based on capital investment, which may include the allocation of investment opportunities among Clients. Barrow Hanley manages potential conflicts between Funds, CLOs and/or with other types of accounts through allocation policies and procedures, internal review processes, and oversight by the CCO, directors and independent third-parties. The Firm's investment management and trading policies are designed to address and mitigate conflicts in situations where two or more Funds, CLOs or accounts participate in investment decisions involving the same securities or issuer.

Arrangements with affiliates can create a conflict of interest in that Barrow Hanley might appear to have an incentive to favor affiliates. Barrow Hanley manages affiliated accounts in the same manner as unaffiliated accounts and manages these conflicts of interest through allocation policies and procedures.

### **VALUATION**

At times Bank Loans and High Yield investments will not have a readily available market price to value portfolios. To address this conflict, Barrow Hanley has adopted policies and procedures to value securities

when a market price is unavailable, which is overseen by the Firm's Valuation Committee.

## Item 7 Types of Clients

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Barrow Hanley provides advisory services to the following types of clients:

- Pension and profit-sharing plans;
- State or municipal government entities;
- U.S. and non-U.S. investment companies;
- Private funds and pooled investment vehicles (other than investment companies);
- Charitable organizations;
- Insurance companies;
- Corporations or other businesses not listed above; and
- Individuals (includes trusts, estates, and 401(k) plans and IRAs of individuals and their family members).

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

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Barrow Hanley's investment strategies are long term in nature.

### EQUITY INVESTMENT METHODS OF ANALYSIS

**Risk Analysis:** Barrow Hanley defines risk in a number of ways starting with the probability of a permanent loss of our clients' capital. This differs from the commonly accepted academic definition of risk and while we recognize these risk metrics and incorporate them into our analysis, they are residuals of our active approach to individual stock selection. Thus, we measure portfolio risk as the total sum of the probability of loss for each individual security in the portfolio. Barrow Hanley reduces certain types of investment risk through its long-only equity investment strategies that avoid derivatives, shorting, or the use of leverage (gearing).

Barrow Hanley's comprehensive investment risk review is a supplemental analysis that assists us in identifying risk in our portfolios but does not drive our investment process or dominate stock selection. Our investment process is fundamental, and we build portfolios one company at a time by appraising individual company value. Barrow Hanley employs the following methods of analysis for equity investment selection and managing clients' assets:

**Portfolio Diversification:** Barrow Hanley uses several portfolio exposure constraints in constructing portfolios which ensure prudent diversification of its clients' portfolios. The exposure constraints include maximum position size of holdings/issuers, industries, and sectors.

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**Fundamental Analysis in Equity Portfolios:** Barrow Hanley employs fundamental analysis in its value investment strategies by focusing on a company's return on equity and earnings power metrics, examining price to earnings, price to book, price to sales, free cash flow, and dividend yield. Barrow Hanley focuses on a company's balance sheet, use of leverage and dividend sustainability to evaluate risk in the investment. In addition, attention is paid to the reputation of a company's management, governance track record, and other environmental and social considerations. Fundamental analysis does not attempt to anticipate market movements, which present potential risks because the price of a security can move up or down with the overall market regardless of the economic and financial factors considered in evaluating a stock. Barrow Hanley also evaluates beta, value, momentum, size, concentration liquidity, active share, and stock correlation factors to analyze strategy and portfolio risk. While some portfolio risks are intentional based on the Firm's fundamental analysis and value investment strategies that seek to generate a strong return, its risk management process is designed to identify unintended risks for timely review.

**ESG Policy and Responsible Investing:** As an asset manager our objective is providing superior, risk-adjusted returns for our clients. Consideration of ESG risks aligns with our fiduciary duty to our clients and we integrate ESG factors in our fundamental analysis process. Experience has proven that ESG issues in a company not properly addressed create risks that can have a financially material impact on the company and its value. Barrow Hanley is a signatory to the United Nations-supported Principles for Responsible Investment ("PRI"), the Investor Stewardship Group ("ISG"), and an Alliance member of the International Financial Reporting Standards (IFRS) Sustainability Alliance.

Our internal equity investment team integrates ESG issues into its investment analysis process by considering financially material ESG factors alongside non-ESG factors to reach reasoned, independent conclusions about investing. ESG scores and ESG commentary summarizing material ESG risks are retained in the Firm's materiality matrix. Our fixed income analysts have access to third-party ESG ratings and internal company ESG ratings. Our team monitors and evaluates, ESG considerations of issuers in our portfolios.

**Qualitative Analysis:** Barrow Hanley subjectively evaluates business factors such as quality of management, labor relations, and strength of research and development along with other factors that are not readily quantifiable, and predict changes based on that data. In addition, the Firm analyze relevant ESG inputs and utilize ESG research and rankings from third-party providers. A risk in using qualitative analysis is that the Firm's subjective judgment can prove incorrect.

**Quantitative Analysis:** Equity investment selection from quantitative analysis and the overall market can perform differently from investment selection made through fundamental analysis, based on the factors of the analysis. A risk of using quantitative analysis comes from possible inaccurate assumptions.

**Risk for All Forms of Analysis:** Barrow Hanley's investment strategies are subject to the risk of loss in value due to investment in equity securities, price fluctuation of the shares, or fluctuation and volatility of the overall markets. Our securities analysis process relies on the assumption that the companies whose

securities we buy or sell, along with other publicly available sources of information about the securities, are providing accurate and unbiased data. While we are alert to indications that data can be incorrect, there is a risk that our analysis will be compromised by inaccurate or misleading information.

**General Market and Investment Risk:** Equity securities investment risk includes a possible decline in market valuation/share price, bankruptcy/default by the company, or minimal/reduced liquidity of a stock due to the size of the company or market influences. Other general risks include:

- Market volatility risk resulting from changing economic or market conditions;
- Political risk, changes in legislation, tax code, and/or regulatory risk;
- Foreign markets including developed and emerging markets, economic, political, taxation, and currency risks

Barrow Hanley employs long-term value investment strategies seeking capital growth based on research driven, bottom-up process when managing client accounts. A risk in a long-term purchase strategy is that by holding the security for a length of time, the Firm does not seek to take advantage of short-term gains that could be profitable to a client. Moreover, if the Firm's analysis is incorrect a security can decline sharply in value before the Firm makes a decision to sell.

**Regulatory and Compliance Risks:** There are risks and costs associated with compliance with rules and regulations, including federal and state securities laws, ERISA, the Dodd-Frank Act, the Freedom of Information Act, and state and local laws governing real property investments (to the extent such strategy or fund involves real property investments). Significant regulatory changes can be anticipated over time and could have an adverse impact on Barrow Hanley or its clients.

## **FIXED INCOME INVESTMENT METHODS OF ANALYSIS**

**Risk Analysis:** Barrow Hanley defines risk as the downside variance between actual and expected returns based on a client's benchmark. The Firm eliminates certain types of risks through its long-only investment strategies that avoid the use of derivatives, or the use of leverage (gearing). Barrow Hanley uses the following methods of analysis in formulating its fixed income investment selection and/or managing client assets:

### **Fundamental Analysis in Fixed Income Portfolios:**

Barrow Hanley's fixed income investment strategies consist of bonds, while the High Yield and Bank Loan portfolios may include other securities, such as convertible bonds. These portfolios seek a yield advantage to the client's benchmark. All fixed income strategies are rooted in fundamental securities analysis. Fixed income investment values generally move up or down in response to interest rates. To optimize projected returns, the Firm constructs portfolios to structurally match or exceed client benchmarks in various scenarios. The Firm's investment process employs scenario analysis to project variances in interest rates as they rise or fall, as yield spreads narrow or widen, and as the yield curve steepens or flattens. Fixed income investment risks include the possibility of lowered credit ratings and/or debt default by the issuer.

**Qualitative Analysis:** Barrow Hanley subjectively evaluates factors such as quality of management, competitive position of companies, current industry trends, and characteristics of borrower behavior to predict changes based on the data. Trade simulations are used to control risk to keep portfolio duration on target as part of the Firm's duration-neutral strategy. Fundamental credit analysis helps control the downside risk of ratings downgrades. Barrow Hanley further seeks to reduce risk through adherence to its investment strategy diversification rules. A risk in using qualitative analysis is that the Firm's subjective judgment can prove incorrect.

**Quantitative Analysis:** Fixed Income investment selections from quantitative analysis can perform differently based on the accuracy of factors used in the analysis. The price risk of fixed income securities from interest rate and credit spread change is measured using a variety of quantitative tools. The duration of portfolios is calculated to compare expected price changes relative to benchmarks in an effort to dampen the risk of underperformance. A risk of using quantitative analysis comes from possible inaccurate assumptions.

**Risks for All Forms of Analysis:** Each investment strategy is subject to the risk of a loss in value due to their investment in securities and market fluctuation. Barrow Hanley's securities analysis methods rely on the assumption that the Firm has accurate and unbiased information from the rating agencies and other publicly-available sources of information about companies' bonds and structured loans it purchases and sells. While Barrow Hanley is alert to indications that data can be incorrect, there is always a risk that its analysis can be compromised by inaccurate or misleading information.

**General Market and Investment Risks:** Fixed Income securities investment risk includes a possible decline in market valuation/price, bankruptcy/default, reduced credit rating, interest rate fluctuation, or early call of debt. Other general risks include:

- Market volatility risk resulting from changing economic or market conditions;
- Tightening spreads for credit investments will result in fewer or less desirable investment opportunities;
- Credit risk of downgrade or default;
- Political risk, changes in legislation, changes in monetary policy, and/or tax code risk;
- Foreign market, economic, political, taxation, and currency risk; and
- Environmental, Social and Governance Risks.

**Interest Rate Risks:** Holding variable-rate loans will often result in returns that are more volatile when interest rates are more volatile. Additionally, if a Client borrows money or issues notes based on a fixed rate, and interest rates subsequently decline, the Client could be subject to paying interest at above market rates for a significant period of time. Any hedging activities to mitigate these risks might not fully protect the account from the impact of interest rate changes or volatility.

**Illiquid Investment Risks:** Illiquid investments might be difficult to sell for their fair market value. Illiquid investments are subject to industry cycles, downturns in demand, market disruptions and the lack of



available capital from potential lenders or investors. Accordingly, there can be no assurance that a fund will be able to dispose of such investments in a timely manner and/or on favorable terms. Bank loans are illiquid.

**Senior Secured Loans Risks:** The risks that the collateral securing the loans could decrease in value, could be difficult to sell in a timely manner, could be difficult to appraise, and could fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of a fund or account to raise additional capital. Moreover, in some circumstances, a lien could be subordinated to claims of other creditors. In addition, deterioration in a fund's or account's financial condition and prospects, including any inability to raise additional capital, could be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee receipt of principal and interest payments according to the loan's terms, or at all, or the ability to collect on the loan should remedies be enforced.

**Regulatory and Compliance Risks:** There are risks and costs associated with compliance with rules and regulations, including federal and state securities laws, ERISA, the Dodd-Frank Act, the Freedom of Information Act, and state and local laws governing real property investments (to the extent such strategy or fund involves real property investments). Significant regulatory changes can be anticipated over time and could have an adverse impact on Barrow Hanley or its clients.

**Long-Term Purchases:** Barrow Hanley follows a long-term value strategy for principal preservation and income with a research-driven, bottom-up approach in managing client accounts. Barrow Hanley generally purchases securities with the idea the securities are currently undervalued and will be held as long-term holdings. A risk in a long-term purchase strategy is that by holding the security the Firm will not seek to take advantage of short-term gains that could be profitable to a client. Moreover, if the Firm's predictions are incorrect, a security will decline sharply in value before the Firm makes the decision to sell.

**Short-Term Purchases:** When utilizing a short-maturity fixed income strategy, Barrow Hanley purchases securities with the idea of selling them before they mature which can be a relatively short time. Barrow Hanley does this in an attempt to increase income by taking advantage of higher rates available from maturity extensions while maintaining an overall average maturity similar to clients' benchmarks. A risk in the short-term purchase strategy is that higher interest rates can lead to price loss that offsets increased income.

Barrow Hanley's Bank Loan investment strategy is long-term and illiquid in nature and consists of debt investments, including, but not limited to, bonds, senior secured loans, unsecured loans, second lien loans, debtor-in-possession financings, delayed drawdown loans, revolving bank loans, participation interests, CLOs, synthetic securities, and distressed debt and restructurings that are typically traded by banks and other institutional investors engaged in loan syndications. Bank Loan portfolios will lack diversification by concentrating investments in few issuers or industries. Bank loan settlement is subject to delays due to extensive and customized documentation for loan transfer, significant fees, and agent

bank or underlying obligor's consent. The creditworthiness of obligors/issuers/issues of lower-rated investments, loans, or bonds will be more complex than for obligors/issuers/issues of higher quality. Returns from bank loan investments will not be commensurate with the risks of investing and will result in a permanent loss of capital.

Participation interests may not entitle the holder to direct rights against the obligor, among other things, to enforce compliance with the terms of the related loan agreement, no rights of set-off, or may not directly benefit from the collateral supporting the debt.

CLOs can be unregistered securities, are intended to be long-term investments, and are illiquid. CLOs will use various forms of leverage, and/or operate with a significant leverage ratio, which will increase losses. CLOs will include equity investments, which can be subject to volatility or dilution. Contractual demands by lenders to a client to reduce its leverage will force such client to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. Financing arrangements will contain cross-default provisions that, if exercised, expose it to particular risk of loss. Financing arrangements that contain financial covenants could require the maintenance of certain financial ratios. CLOs are regarded as "high-yield" or "junk" and are seen as predominately speculative.

Synthetic securities or total return swaps present risks in addition to those resulting from direct purchases of the underlying securities or assets and will have a contractual relationship only with the counterparty of such synthetic security and not the underlying obligor. With synthetic securities there is counterparty risk if financial institutions do not provide transparent financial statements, or the financial institution fails, will increase counterparty risk.

Distressed securities and restructurings are investments in companies/issuers that are experiencing or expect severe financial difficulties and will result in a permanent loss of capital.

**Counterparty Risk:** Bank Loan and High Yield investments are subject to counterparty risk due to settlement default, or lack of protections for settlement, segregation, and/or minimum capital requirements.

## **Item 9   Disciplinary Information**

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As a registered investment adviser, Barrow Hanley is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. The Firm and its management personnel have no reportable legal or disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

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As disclosed in Form ADV Part 1, Item 7 and Schedules A & B, Barrow Hanley is an affiliate of Perpetual Limited and has ongoing relationships and/or arrangements with Perpetual and its affiliates, including investment advisory, sub-advisory, distribution, and cross services agreements. Among these, Barrow Hanley has advisory and sub-advisory arrangements and arrangements for referring potential clients to the Firm with Perpetual Limited and Perpetual US Services. This arrangement is also disclosed in *Item 14 Client Referrals and Other Compensation*. Barrow Hanley is a Corporate Authorized Representative (CAR) of Perpetual Corporate Trust Limited ACN 000 341 533, under section 916A of the Corporations Act of Australia and authorized to provide asset management financial services to wholesale clients in Australia.

As disclosed in Form ADV Part 1, Item 7.B., Barrow Hanley serves as advisor and general partner to the Barrow Hanley World Ex-US Value Private Fund L.P.

Certain Executive Officers, members of Barrow Hanley's Board, disclosed in Form ADV Part 1, Schedule A, serve as directors, officers, or employees of other affiliates of Perpetual. These relationships may create potential conflicts of interest as those persons may have an incentive to favor one role over another. Barrow Hanley manages these potential conflicts of interest through application of our Code of Ethics, disclosure requirements, and other policies and procedures.

BHCM acts as collateral manager to CLOs and advises private funds that invest in CLOs. Barrow Hanley has entered into a staff and services agreement with BHCM (the "Staff and Services Agreement") pursuant to which Barrow Hanley provides employees and performs certain back-office, credit analysis, and reporting functions, among other services necessary for BHCM to render services to BHCM's clients. Barrow Hanley is compensated for these services and can terminate the Staff and Services Agreement upon prior written notice to BHCM. This relationship may ~~also~~ create a potential conflict of interest as those persons may have an incentive to favor or disfavor one role over another. Barrow Hanley manages these potential conflicts of interest through application of our Code of Ethics, disclosure requirements, and other policies and procedures.

Certain Barrow Hanley management persons are registered from time to time, as registered representatives of Foreside Financial Services, LLC ("Foreside"). The purpose of which is to assure certain individuals are properly registered to engage in marketing activities on behalf of Barrow Hanley and funds advised or sub-advised by Barrow Hanley. Any activities performed by such persons requiring such registration are supervised by Foreside. Barrow Hanley does not direct any of its brokerage to, or execute any trades through, such persons or entities.

These arrangements can create a potential conflict of interest in that Barrow Hanley may appear to have an incentive to favor or disfavor affiliated accounts. Barrow Hanley manages these potential conflicts of interest through allocation policies and procedures, internal review processes, and oversight by the CCO, directors, and independent third-parties.

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These arrangements are also disclosed in *Item 14 Client Referrals and Other Compensation*.

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

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Barrow Hanley's officers and employees are permitted to invest for their own personal accounts and such activities are subject to the Firm's Code of Ethics and Conduct. Employees and other associated persons invest in certain pooled investments managed by Barrow Hanley, and the advisory fee and investment minimum are waived for employees/associated persons' investments.

### **CODE OF ETHICS AND CONDUCT**

As a fiduciary, Barrow Hanley and its employees owe a duty of loyalty, fairness, and good faith to the Firm's clients. Barrow Hanley has adopted a Code of Ethics and Conduct ("Code") that applies to its personnel and those who are shared with BHCM. The Code sets forth high ethical standards of business conduct that the Firm requires of its employees, including compliance with applicable federal securities laws, and addresses potential conflicts that arise from personal transactions. The Firm's Code is adopted in compliance with the requirements of Section 204A-1 of the Investment Advisers Act of 1940 and Section 17j-1 of the Investment Company Act of 1940.

The Code:

- Requires disclosure of any personal and/or business matter;
- Prohibits employees from trading on MNPI or communicating MNPI to others in violation of the law, frequently referred to as "insider trading";
- Imposes a Duty of Confidentiality on all employees to keep confidential at all times any nonpublic information they obtain in the course of their employment at the Firm, except as required for conducting the Firm's business;
- Restricts accepting or giving gifts from/to vendors or clients;
- Restricts or prohibits certain political and charitable contributions made for the purpose of obtaining or retaining business;
- Restricts or prohibits employees' political contributions;
- Generally, restricts employees' personal transactions through:
  - Requiring pre-clearance of personal securities transactions;
  - Prohibiting employees from trading in securities when that security is actively being traded or is considered for purchase or sale for client portfolios; and
  - Restricting personal political and charitable contributions.

The Code requires all employees to report to the Firm's Chief Compliance Officer:

- All Reportable Accounts for brokerage or securities transactions;
- Disclosure of Reportable Securities and Reportable Transactions;
- Political Contributions to state or local officials;
- Gifts given and received and Business Entertainment activities;
- Conflicts or potential conflicts of interest with the Firm and/or its clients; and
- Violations of the Code.

The Code provides the Firm's Policy for Possession of MNPI. Barrow Hanley maintains a list of restricted securities to which the Firm or its employees will have access to MNPI and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Barrow Hanley's policies and procedures.

The Firm's Code is available upon request to clients and prospective clients by contacting the Compliance Department at 214-665-1900 or [bhmscompliance@barrowhanley.com](mailto:bhmscompliance@barrowhanley.com).

## INTERNAL CONTROLS

Barrow Hanley has adopted Compliance Policies and Procedures that Barrow Hanley believes are reasonably designed to prevent violations of the Investment Advisers Act of 1940 (the "Advisers Act") in accordance with Rule 206(4)-7 (the "Compliance Program Rule").

Barrow Hanley has adopted the Firm's Code in compliance with the requirements of Section 204A-1 of the Investment Advisers Act of 1940 and Section 17j-1 of the Investment Company Act of 1940. See *Code of Ethics and Conduct* beginning on page 17.

Ashland Partners & Company LLP conducts a SOC1 Type 2 examination of Barrow Hanley on an annual basis. The SOC1 is an in-depth examination of the Firm's internal controls and reports on the suitability and effectiveness of the controls in place over a period of time. A SOC1 Type 2 final report is prepared at the conclusion of the examination.

## Item 12 Brokerage Practices

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### INVESTMENT OR BROKERAGE DISCRETION

Barrow Hanley is committed to seeking best execution when trading its clients' portfolios.

**Equity Trading Procedures:** Barrow Hanley exercises its authority to implement investment advice and selection in its clients' accounts. The Equity Head Trader is responsible for implementing and monitoring the Firm's trading policies, practices, and recordkeeping for equity client accounts. Barrow Hanley's trading policies and practices are outlined below.

Trades are executed on behalf of the Firm's advisory clients, settled in the clients' accounts, and each client appoints its own custodian for safe-keeping of their assets. Barrow Hanley does not engage in

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proprietary trading, the Firm does not manage a portfolio/account for itself, and the Firm's Traders do not execute trades for Barrow Hanley's employees' self-directed personal accounts. Employees' separate accounts are managed on a discretionary basis within the stated investment strategy and are treated the same as a client's account. Potential conflicts of interest from side-by-side management of employees' and clients' accounts are mitigated through policies and procedures and dispersion monitoring. Barrow Hanley manages a group of accounts for affiliated entities through its parent company, Perpetual. All affiliated portfolios are managed in the selected investment strategy group in the same manner as other accounts in the group. Barrow Hanley does not enter into/execute cross trades. Trade data is downloaded from CRIMS to APX for trade settlement. Trade settlement is managed by Investment Operations and is a separate function from Portfolio Management and Trading.

**Approved Broker List for Equity Trading:** Barrow Hanley's policy is to maintain an Approved Broker List to document brokers that provide trade execution or research to the firm. The Traders conduct a due diligence review of brokers that may be used, both within and outside the Firm's Approved Broker List, and the list is updated monthly. Barrow Hanley obtains a FINRA BrokerCheck report for broker/dealers added to the Approved Broker List.

Barrow Hanley's policy is to negotiate commission rates based on the trade's circumstances and evaluate commission rates against industry practices. The commissions paid to executing brokers are reviewed on a quarterly basis by the Firm's Trade Management Oversight Committee ("TMOC"). Results of these quarterly reviews and any recommendations made are documented by the TMOC. See *TMOC* on page 29.

To be included as an approved broker the broker must offer:

- o A best execution capability, where the best price will likely be available;
- o Research and investment ideas that can directly impact client portfolios;
- o A competitive commission rate which will be negotiated to the appropriate level based on the size and complexity of each trade;
- o Efficient and reliable operations to ensure prompt settlement of trades;
- o In addition to order initiation with approved brokers, security transactions may occur with other brokers who meet the above criteria (except for point two, providing research); and
- o When seeking market liquidity and best execution, Traders will occasionally execute trades with a broker who is not included on the Approved Broker List.

**Seeking Best Execution for Equity Trades:** It is Barrow Hanley's policy to seek best execution for clients' transactions, to take all reasonable steps to obtain the best possible results under the trade's circumstances, and to monitor the quality of the trade execution it obtains. The Firm's Traders seek to obtain the best overall qualitative execution under the particular circumstances, including share price, size, costs, timing/speed, spreads, volume and likelihood of execution, market impact, other relevant information, competitive commission rate, which may or may not be the lowest commission rate. Commission rates may vary on trades based on the circumstances of the trade and/or by accounts

aggregated in a trade based on the circumstances of the clients' portfolio restrictions and guidelines. The Equity Head Trader is responsible for implementing and monitoring the Firm's best execution policy, practices, and recordkeeping. The best execution policy is reviewed at least annually. Barrow Hanley's procedures for the pursuit of best execution is as follows:

- o The Equity Head Trader is responsible for gathering and evaluating relevant information from and about broker/dealers and their services, including commission rates, quality of executions, research, clearance/settlement capabilities, trade error rate, and confidentiality, in order to set criteria for broker selection and development of an approved broker list. The evaluation also includes consideration of ECNs and alternative trading sources of liquidity.
- o Barrow Hanley utilizes Abel Noser Trade Cost (implicit and explicit) Analysis ("TCA") reports for quarterly reviews of the Firm's trade execution and brokers' performance (including data for share price, size, costs, timing, spreads, execution venue, volume, market impact, other relevant information). All information used for the Firm's best execution reviews and analysis is documented in the best execution file, and retained by the Equity Head Trader, as required by the Firm's Books and Records Policy.
- o Barrow Hanley may on occasion buy and sell the same security at the same time for different accounts due to cash flow considerations. These trades are not crossed, but instead worked in the marketplace in an effort to achieve best execution for the trade.
- o Barrow Hanley shall disclose the top five trading venues and/or top brokers used for trade execution, or other trade volume data, as required.

**Directed Brokerage for Equity Trades:** Barrow Hanley generally has full discretion in selecting executing brokers for the initiation of security transactions. Certain clients require that all or a portion of their transactions be executed through firms they designate. Such arrangements are made by the client outside of and independent of the firm's investment management agreement. If clients direct the Firm to utilize a particular broker, they can be preventing themselves from aggregation with other accounts in block trades and obtaining best price and execution by limiting Barrow Hanley's ability to negotiate elements of the trade. Barrow Hanley's traders direct such client's trades and commissions on a best-efforts basis.

The Equity Head Trader has the responsibility for implementing and monitoring the Firm's Directed Brokerage Policy, practices, and recordkeeping:

- o Client directed brokerage instructions and arrangements must be received in writing from the client and reviewed by the Equity Head Trader.
- o Client directed brokerage instructions are maintained in the client document file.
- o Client directed brokerage may be managed through step-out trades after trade execution is completed.
- o Relationships and conflicts of interest relating to arrangements in which brokers refer clients to the Firm will be disclosed to clients.
- o A member of equity trading reconciles brokerage statements to ensure proper credit of client-directed brokerage for recapture.



**Trade Allocation in Equity Accounts:** Portfolio Managers communicate securities transactions/trades to the Firm's Traders and the Traders set up trade pre-allocation in CRIMS. Aggregation or blocking of client trades allows the Firm to execute trades in a more timely, equitable, and efficient manner. The Firm's policy is to aggregate client trades when possible and when advantageous to the Firm's clients. Clients that participate in aggregated/blocked trades receive an average share price and aggregated/blocked trades are generally allocated on a pro-rata basis.

- o Portfolio Managers communicate investment/trade decisions to the Firm's Traders in person, by phone, or email/Microsoft TEAMS;
- o Verbal orders are then confirmed via email from the Trading desk to the Portfolio Manager.
- o Traders set up pre-allocated trades in CRIMS and then run the trades through the pre-trade compliance check. Allocations outside of pro-rata require approval by a Portfolio Manager and a member of Compliance.
- o CRIMS runs a compliance rule review for each account in an overnight batch process;
- o Certain non-discretionary or model-delivery accounts are notified of trade details as part of the pre-allocation process;
- o Model delivery portfolios are generated and delivered based on the client's requested timing and method of delivery.
- o If or when trade sequencing or rotation is necessary, the traders note the sequence of trade initiation to ensure proper rotation on current and future trades;
- o Brokers for trade execution are selected based on best execution of the trade, and trades/orders are executed in the market by Traders, some trades are stepped-out to other brokers to purchase research (via give-ups), or to satisfy a client's authorized direction or soft dollar commitments;
- o For some accounts that prohibit using commissions to pay soft dollars, when executing a trade to pay soft dollars, we may step-out those accounts to settle with a non-soft dollar broker.
- o Final trades are allocated in CRIMS;
- o Trade order data from CRIMS is exported to APX and posted for trade settlement;
- o Trade settlement and portfolio reconciliation is completed and monitored by the Firm's Operations team; and
- o A weekly trade blotter is maintained by the trading desk. The trade blotter documents the Portfolio Manager's trade instructions including increased/decreased security weighting, share quantity, accounts to be traded, price limit, and any additional instructions for the trade. Program trades are identified as 'see attached'. The trade blotter is updated daily and distributed to the Portfolio Managers, Analysts, and Compliance. The trade blotter is filed and retained as part of the Firm's books and records.

Trade orders are aggregated, participating accounts are identified, and trades are allocated on a pro-rata basis according to the underlying value of the portfolio. Exceptions to this include, but are not limited to, the following:



- o Accounts under-weighted/over-weighted in an issuer/security position may receive a greater/lesser allocation to equilibrate with weightings in other accounts;
- o Accounts low in cash;
- o Accounts or trades requiring short settlement;
- o Accounts who notify Barrow Hanley to liquidate securities or terminate accounts;
- o Accounts with client-directed restrictions that prohibit the purchase of a particular stock;
- o Larger accounts that cannot participate in the purchase of companies below a certain market cap;
- o Accounts that designate 100% of its commissions to one broker, in which case, there may be circumstances (i.e., principal trades), which prevent Barrow Hanley from “stepping out” on that client’s allocation. Therefore, that account will be excluded from that allocation, or
- o Accounts that are restricted from certain market actions, or trade venues.

**Equity Initial Public Offering (“IPO”):** When Barrow Hanley purchases shares in an IPO, the Firm’s policy and practice is to allocate IPO shares in the same manner that all other trades are allocated as stated above.

***Use of Research and Client Commission Practices (Soft Dollars) for Equity Trades (Indirect Compensation):*** To aid in investment selection and implementation, Barrow Hanley utilizes investment research that is produced in-house by the Firm’s analysts, provided by third-party brokers, research-related products, and other investment and market analysis. Some research and research-related products are obtained through subscriptions or cash payments, other research and research-related products are purchased with clients’ trade commissions, i.e. on a “soft dollar” commission basis. Some clients, due to regulatory or other factors, are restricted from purchasing research with trade commissions, and trade commission rates may vary on trades when commissions are used to purchase research based on the circumstances of the trade and/or by accounts aggregated in a trade based on the circumstances of the clients’ portfolio restrictions and guidelines.

Barrow Hanley monitors the Firm’s use of brokerage research through a resource tracking module to monitor research that is received and consumed, assess the research quality based on analysts’ use, conduct annual research voting, and monitor and report on commission payments to research brokers. Barrow Hanley's soft dollar trading policy is to:

- Ensure that research and research-related items that are purchased using clients’ commissions are used for the clients’ benefit through the investment process;
- Examine each soft dollar arrangement for research products and services that assist in the investment decision-making process;
- Evaluate the market value, hard dollar cost and soft dollar cost, and facilitating broker, for each research product or service;
- Make a good faith determination of the value of the research product or service in relation to the commissions paid (Note: trade commission rates may vary by accounts aggregated in a trade based on the circumstances of the clients’ portfolio restrictions and guidelines); and

- Review, at least annually, the Firm's soft dollar arrangements, research budget, trade allocations, and this policy to monitor the Firm's practices.

Barrow Hanley will direct brokerage transactions to certain approved brokers who provide specialized research services that are helpful in analyzing the attractiveness of various securities. These services include reports on the quality of company earnings, earnings estimates of research analysts, company and industry research reports, the screening quality of company earnings, company and industry research reports, screening and value models identifying undervalued securities, reports showing portfolio characteristics, performance attribution, and expected returns and quotation and block activity services that aid in the investment decision making process.

Barrow Hanley does not allocate brokerage transactions in return for products or services other than brokerage or research services. In accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, Barrow Hanley receives services and products that serve both research and brokerage execution. Because of these considerations, the Firm can pay a brokerage commission in excess of that which another broker might charge for effecting the same transactions in recognition of the value of brokerage or research services provided by the broker. Research services furnished by brokers through whom Barrow Hanley executes securities transactions are used in servicing clients and not all such services are in connection with accounts that pay the brokers providing such services. Barrow Hanley manages accounts in strategy groups for investment selection and implementation. Although a group of clients have restricted their commissions from purchasing third-party research, it is impossible to disaggregate the benefit of such research and trade aggregation usually will include both clients who will and will not pay for research.

In obtaining mixed-use products or services on a soft dollar basis, Barrow Hanley makes a reasonable allocation of the cost between the portion that is eligible as research or brokerage services and the portion that is not so qualified based on its use and contribution to the investment process. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions. For all soft dollar products, Barrow Hanley will maintain appropriate records of its reviews and good faith determinations of the Firm's reasonable allocations.

The Firm's Equity Head Trader and Business Information Strategist are responsible for implementing and monitoring the Firm's soft dollar policy, practices, and recordkeeping.

Barrow Hanley has adopted procedures and reviews to monitor the Firm's soft dollar practices and ensure that the Firm's policy is observed, implemented properly, and amended or updated, as follows:

- o Barrow Hanley's Equity Head Trader, Business Information Strategist, CCO, and CEO, review, approve, and monitor soft dollar arrangements and research items.
- o At the beginning of each year, Barrow Hanley establishes a master soft dollar brokerage budget listing the broker/dealers, the targeted commission amounts per broker, and the purpose for the

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brokerage allocations. This budget is based on Portfolio Managers' and Analysts' research needs and requests.

- o Prepare and maintain a Client Commission Arrangements matrix of third party soft dollar arrangements as a control document for all third party soft dollar arrangements, including each item/product to be purchased with client commissions, hard dollar to soft dollar ratio or arrangement, and the broker providing the product.
- o Portfolio Managers and/or Analysts request approval for new research products or services; the Business Information Strategist, CCO, and CEO or COO reviews and approves the requests. Periodic and at least annual reviews of soft dollar arrangements and brokerage allocations for research services and products are conducted. Research items are added or removed from the soft dollar budget during the year based on ongoing assessments of the quality and use of the research product.
- o The Equity Head Trader, Business Information Strategist, and CEO or COO review and approve research payments under commission sharing arrangements ("CSAs") with CSA brokers, which are paid twice per year based on voting results.
- o An Equity Trader reconciles the brokerage statements to ensure proper credit of client brokerage to purchase research.
- o Brokerage directed for research may be managed through step-out trades after trade execution is completed.

**Foreign Currency Transactions in Equity Accounts:** Barrow Hanley has the responsibility to execute foreign exchange ("FX") trades for non-U.S. dollar denominated securities for its clients who have delegated this responsibility to the Firm. These FX trades are for the purpose of trade settlement of non-U.S. dollar denominated securities or repatriation to a client account's selected base currency. The FX trades are spot trades and not for portfolio hedging purposes. Barrow Hanley has an arrangement with an unaffiliated broker for FX trade execution. Barrow Hanley has a separate arrangement with a third-party for FX trade cost analysis.

- o FX trades are executed by a third-party broker or by the client's custodian and reported to Barrow Hanley Investment Operations for account reconciliation.
- o Barrow Hanley utilizes a third-party service to evaluate FX trades and prepare quarterly trade cost analysis reports.
- o FX Trade Cost Analysis reports are prepared quarterly by a third-party and reviewed by the Firm's TMOC.
- o The quarterly reports are delivered to applicable clients upon request.
- o The reports are retained as part of Barrow Hanley's business records.

**Fixed Income Trading Procedures:** Barrow Hanley is committed to seeking best execution when trading for fixed income portfolios. Client portfolios are managed in a team approach by the Firm's Fixed Income Portfolio Managers, whose security transactions are made pro-rata across portfolios having similar investment guidelines and benchmarks.

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Barrow Hanley does not engage in proprietary trading and does not manage a portfolio/account for itself. Barrow Hanley manages a group of accounts for affiliated entities through its parent company, Perpetual. Barrow Hanley does not enter into cross trading. Trades are executed on behalf of the Firm's advisory clients, and the client appoints its own custodian for safe-keeping of assets. At the close of the U.S. markets, trades are downloaded from CRIMS to APX for trade settlement. Trade settlement is managed by Investment Operations and is a separate function from Portfolio Management and Trading.

**Fixed Income Approved Broker List:** The portfolio management team, analysts and traders periodically conduct a review of brokers within and outside of the Firm's Approved Broker List. Barrow Hanley obtains a FINRA BrokerCheck report for brokers/dealers added to the approved list. Barrow Hanley ranks broker/dealers on the basis of their ability and willingness to actively make markets in sectors in which the Firm is invested. Barrow Hanley analyzes the trading volume with each broker/dealer by sector to determine patterns that prove useful in implementing strategic shifts across all portfolios. The trading volume of executing brokers and the Firm's broker/research voting results are reviewed in developing the approved broker list and on an ongoing basis. To be identified as an approved broker, a firm must offer:

- o A best execution capability, where the best price will likely be available;
- o Research and investment ideas that can directly impact client portfolios;
- o Efficient and reliable operations to ensure prompt settlement of trades;
- o When seeking market liquidity and best execution, Portfolio Managers occasionally execute trades with a broker that is not on the Approved Broker List; and
- o Approved Broker List and trade volume is reviewed by the TMOC.

**Seeking Best Execution for Fixed Income Trades and Bank Loans:** Bonds are traded in a broker market versus an exchange market and the execution of fixed income trades frequently requires the commitment of capital by the executing brokers. When trading U.S. Treasury or Agency securities, Barrow Hanley typically requests bids/offers using internet-based trading systems, primarily Bloomberg Fixed Income Trading Platform ("FIT"). Barrow Hanley uses Market Axess and/or Tradeweb in the pursuit of best price execution for corporate bonds and other securities. These systems are prevalent in the fixed income market, pursuing competitive execution of purchases and sales or best execution prices.

When trading agency and non-agency mortgages, commercial mortgage-backed securities, asset-backed securities, bank loans, CLO tranches and large orders for other securities, Barrow Hanley utilizes its internal expertise to access those broker/dealers willing to commit capital to facilitate the transaction, at the best price under the circumstances. In many cases, the broker/dealer who participated in the original underwriting of the security can be the best source of bids/offers. In other instances, the Firm utilizes its trading experience and knowledge of the markets to solicit bids/offers from those broker/dealers who have expressed interest in sectors and securities Barrow Hanley either owns or in which the Firm has expressed an interest. Bank loan trades also consider overall trade price.

Barrow Hanley will on occasion buy and sell the same security at the same time for different accounts due to cash flow needs and considerations. These trades are not crossed, but instead are exposed to and/or worked in the market in an effort to achieve best execution for both clients.

***Fixed Income Trade Allocation:***

- Investment Grade and High Yield Bonds

Portfolio managers or traders set up trade pre-allocations using CRIMS. Aggregation of client transactions allows transactions to be executed in a timely, equitable, and efficient manner. CRIMS runs a pre-trade compliance check for accounts in trade orders; after execution, CRIMS runs a post trade compliance check, then a member of the operations staff exports the trades from CRIMS to APX. CRIMS sends the allocation to the broker through CTM. The DTC matching program alerts operations of any trade discrepancies between the Firm's information and the broker's information, which is resolved by operations before trade settlement. Brokers execute bond trades based on instructions from Barrow Hanley's Portfolio Managers or Traders and settle trades on a DVP/RVP basis. Account instructions are provided through Alert, allocations are provided through CTM, and trades are affirmed and settled by operations.

Generally, trades are allocated across accounts participating in the trade on a pro-rata basis; exceptions are typical for high yield bonds especially, but for investment grade and high yield bonds the exceptions may include, but are not limited to, the following:

- Accounts under-weighted/over-weighted in a security may receive a greater/ lesser allocation to equilibrate with weightings in other accounts;
  - Security has minimum denomination that does not allow smaller portfolios to participate;
  - Accounts low in cash;
  - Accounts with a client-directed restriction that prohibits purchase of a particular issue; and
  - Accounts that designate commissions to a specific broker may be excluded.
- Bank Loans and CLOs
- Collateral Management: pre-trade, the CLO team utilizes a proprietary tool to determine whether a prospective loan will comply with the parameters of the CLO and the eligibility criteria of the CLO indenture and monitor loan holdings. This tool is controlled and protected by the firm's end-user computing guidelines. At the CLO team's discretion, they will also contact the trustee for additional confirmation prior to the loan being added to the portfolio. Post trade, monthly trustee reports are reviewed by the CLO Structuring Portfolio Manager and the compliance team.

Separate Accounts: for other accounts for which bank loans are suitable investments, trades are entered into CRD to run pre-trade compliance. Bank Loan and CLO trades that pass pre-compliance are executed, then finalized in CRD and Wall Street Office ("WSO") as executed trades, and the details of the trade flows electronically from CRD into APX. Security master data pertinent to the trade is further enhanced by external sources upon import. WSO confirms trade details

with ClearPar and alerts a member of the operations staff of any discrepancies between WSO Markit and ClearPar, which are resolved by investment operations before trade settlement.

Trades for buying or selling the same loan are aggregated or formed as a block trade to benefit the clients participating in the trade order by improving efficiencies relating to trade access, cost, timing, execution, mitigation of certain operational risks or when minimum purchase or sale amounts (e.g., private placements, certain debt securities) facilitate the transaction. Aggregated trade orders receive the average price for all the executions of the trade.

In certain circumstances, the Firm may purchase or sell the same loan for accounts based on portfolio management decisions for different accounts and based on the client's investment guidelines or objectives, or when the Bank Loan or CLO Portfolio Managers determine that aggregation is not practicable, or when the trade is inconsistent with a client's direction. If/when the Portfolio Manager determines to sell a loan for a client and buy the loan for another client, these trades are exposed to the market and executed with a loan dealer at the current fair market price in an effort to achieve best execution for both clients.

Certain trade orders may not be aggregated due to circumstances of the trade, including thinly traded/low volume transactions, a client's directed brokerage arrangement, a loan's threshold limitations, aggregate ownership interests from legal or regulatory requirements, or a company's ownership restrictions that limit the potential size of the investment opportunity.

Generally, Bank Loan and CLO trades, including partially filled orders, are allocated on a pro rata basis across all accounts participating in the block.

Factors that may determine how an investment opportunity is allocated (including on a non-pro-rata basis) may include, but are not limited to, the following considerations:

- Investment objectives, guidelines and restrictions of the client, including any limitations and restrictions on a client's portfolio that are imposed by the client's private placement memorandum, offering memorandum, offering circular, limited partnership agreement, indenture, investment management agreement or collateral management agreement, or other similar disclosure, offering, and governing documents (collectively, the "governing documents");
- Regulatory restrictions or legal contractual requirements;
- Size, nature, and type of investment;
- Current holdings, targeted asset mix, diversification requirements;
- The availability of cash or the size of a client's portfolio;
- Pre-determined tactical plan of a client or clients and corresponding capital commitments;
- Minimum trade denominations;
- Target investment return;

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- The client's risk-return considerations and risk tolerance level;
- Relative exposure to market trends;
- Client's tax consequence;
- Specific liquidity requirements or liquidity needs or constraints of the client;
- The Bank Loan and CLO Portfolio Managers determination that the purchase or sale opportunity is inappropriate, in whole or in part, for one or more of the clients; or
- Other considerations that the Portfolio Managers deem necessary or appropriate in light of the circumstances at such time.

Factor specific determinations for a departure from pro-rata allocation includes:

- "Full First Fill" Instructions means certain designated accounts receive their full allocation of a Bank Loan and CLO trade and other accounts receive less than a full allocation. This may occur if/when the Portfolio Managers determine that certain clients' accounts be fully filled before others due to tax considerations, to saturate warehouse arrangements for new CLO issuers, to ramp up a pooled investment vehicle, or other factors specific to the trade. When those accounts receive full allocations, the remaining quantities of the trade are allocated in according to the Bank Loan and or CLO strategy's allocation policy. When a Bank Loan and/or CLO trade is allocated using full first fill instructions, the Portfolio Managers shall document the rationale for the fair and reasonable determination and provide the documentation to Compliance by the close of business on the date such transaction is allocated.
- De Minimis Allocations means a client is allocated less than the pre-allocated quantity or the Bank Loan Portfolio Manager(s) may determine to allocate no amount to that client account. A "de minimis allocation" is a departure from pro rata allocations. When a Bank Loan or CLO trade is allocated using de minimis instructions, the Portfolio Managers shall document the rationale for the fair and reasonable determination and provide the documentation to Compliance by the close of business on the date such transaction is allocated.
- Other Circumstances means the Portfolio Managers may determine that pro-rata allocation is not reasonable under the circumstances and may include, but is not limited to (i) when a client account has insufficient cash, (ii) the instrument is outside the client's investment guidelines (even though the client is, for example, within the class approved by the investment committee to participate in the allocation), (iii) the investment duration is inappropriate for the client account, (iv) investment of a pro-rata amount is inappropriate for the particular client account due to industry, issuer or credit quality concentration or other similar portfolio restrictions, considerations or leverage covenant requirements, and (v) pursuant to a directed sale in accordance with the terms of a client's governing documents. When a Bank Loan or CLO trade is not allocated pro-rata due to circumstances outside of those described above, the Portfolio Managers shall document the rationale for the fair and reasonable determination and provide the

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documentation to Compliance by the close of business on the date such transaction is allocated.

**Trade Settlement in Fixed Income Accounts:** Brokers execute bond trades based on instructions from Barrow Hanley's Portfolio Managers or Trader and settle trades on a DVP/RVP basis. Account instructions are provided through Alert, allocations are provided through CTM, and trades are affirmed and settled by Investment Operations.

Brokers or banks execute bank loan trades based on instructions from Barrow Hanley's Portfolio Managers or Trader. Loan documents are prepared and executed via ClearPar, at which time wire payments are set to settle the trades.

After execution of a trade, trade data from CRIMS is downloaded to APX for settlement; this process occurs at the beginning and end of day, and intraday as necessary. Trades are affirmed via DTCC with brokers and/or custodians, and discrepancies are researched and resolved.

**Soft Dollar Client Commission Practices for Fixed Income Trades:**

Barrow Hanley's fixed income group receives bundled trade execution and research, which may be defined as a client commission practice or soft dollars. The fixed income group does not currently purchase third-party research or research-related products on a soft dollar commission basis.

**Trade or Operational Errors in Clients' Accounts:** *An error occurs when an employee of Barrow Hanley or an agent of the Firm mistakenly acts or fails to act or takes unintentional deviation from what was intended or should have occurred.*

In the event an error occurs in the handling of a client's transaction, including but not limited to trades and/or cashflows the Firm's policy is to seek to identify and correct errors as promptly as possible and to:

- Notify the CCO;
- Identify and promptly resolve errors;
- Monitor and reconcile account activity;
- Document the trade or operational error;
- Notify the client(s) affected by the error upon discovery, generally within 24 hours of correction;
- Reimburse the client or broker for any loss resulting from the error; and
- Maintain an error log/file containing appropriate documentation of the error.

**Trade Management Oversight Committee ("TMOC") – Equity and Fixed Income:** Barrow Hanley's trade management oversight committee meets quarterly to review the Firm's brokerage practices and commission payments to third-party brokers, trade cost analysis reports, research data reports, and broker voting. TMOC covers the following:



- Equity trade cost analysis reports that provide analysis of, among other things, trade costs using implementation shortfall rankings, execution venue, and brokers' performance;
- Fixed income trace date reports for evaluation of trade execution;
- Approved Broker Lists, research consumption and broker voting, brokerage allocation, total equity commissions paid, trade volume and best execution data;
- Trading environment and market activity, the Firm's current business activity, and political and market impact;
- The presentation of performance information in marketing materials for the Firm's equity and fixed income products.

The independent adviser writes a memorandum of the details of each meeting and emails it to the CCO and CEO.

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

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#### ***Portfolio Management Services and Reviews:***

Generally, each client's account is managed and reviewed by the investment strategy's portfolio management team based on the client's chosen strategy. A diversification report is provided to the portfolio managers for their review of the client's portfolio and the overall strategy. The investment strategy's portfolio management team is jointly and primarily responsible for the daily review of the client's account.

Generally, the master list of securities is reviewed and the appropriateness of each security for client portfolio use at that time is determined in accordance with the relationship between price and the value of the security and the objectives of each portfolio.

The Equity Investment Risk Committee evaluates and analyzes risks in the investment strategies and is structured to be independent from the portfolio management investment teams. The committee members include representatives from the equity client portfolio management team, global development team, and portfolio analytics team. Generally, the committee meets quarterly, however, market activity, risk monitoring, and other actions may result in adjustments to the meetings' schedule.

The Fixed Income Investment Risk Committee consists of two Client Portfolio Managers and one Compliance Associate who are separate and independent from the Firm's fixed income portfolio management teams. The Fixed Income Risk Committee's purpose is to assess and monitor investment risk in the Firm's fixed income strategies, to challenge the strategy's positioning in light of intended, or unintended risks, to provide an unbiased assessment of underlying risks within the fixed income strategies, and to ensure portfolios are consistent to minimize dispersion.

Clients receive a quarterly report containing an overview of the investment environment, performance results for the account, portfolio holdings and transaction details. More frequent reports on portfolio

holdings and performance are also provided as requested by the client. Clients are provided access to reports through a password protected website. The client portfolio managers meet with each client on a frequency determined by the client.

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

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Barrow Hanley has an arrangement with its affiliates, Perpetual Limited and Perpetual US Services, LLC, for referring potential clients to the Firm. Referral fees to Perpetual are based on a percentage of revenues received from referred clients.

This arrangement may create a potential conflict of interest in that Barrow Hanley could appear to have an incentive to favor or disfavor referred clients. Barrow Hanley has adopted a Solicitation Arrangements Policy that covers the applicable solicitation arrangements. Barrow Hanley manages potential conflicts of interests through trade allocation policies and procedures, internal review processes, and oversight by the CCO, directors, and independent third-parties to ensure that any such conflicts are addressed and mitigated.

These arrangements are also disclosed in *Item 10 Other Financial Industry Activities and Affiliations*.

#### **Item 15 Custody**

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Each client selects and contracts with its own qualified custodian for safe-keeping of the client's assets. In addition to the periodic statements that clients receive directly from their qualified custodians, Barrow Hanley also provides quarterly investment strategy reports and reviews of account holdings directly to its clients or their representatives. Barrow Hanley recommends that its clients compare the information provided in the Firm's quarterly reports to their custodial statements to ensure that holdings and values are correct and current.

Barrow Hanley does not have physical custody of client accounts, securities, or cash, nor does it have authorization to debit management fees for its services from clients' accounts.

#### **Item 16 Investment Discretion**

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At the inception of a client relationship or new account, the client selects the investment strategy. The strategies and fees offered by Barrow Hanley are shown in Item 5. Accounts are managed according to the strategy's investment guidelines and benchmark or the client will provide its investment objectives, guidelines, restrictions, and the appropriate benchmark. For clients who hire Barrow Hanley to provide discretionary asset management services, trades are executed without contacting the client for permission prior to each trade.

Barrow Hanley's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell;
- Determine the appropriate price when buying or selling;
- Determine the broker to execute the buy or sell; and
- Vote proxies, corporate actions, proposals, amendments, consents, or resolutions  
(see *Item 17 Voting Client Securities* below).

## **Item 17 Voting Client Securities**

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### ***Voting Equity Securities:***

As a discretionary asset manager Barrow Hanley has been authorized and entrusted to vote proxies by and on behalf of its clients. As a fiduciary of our clients' assets, we consider all votes to be significant. Barrow Hanley has adopted this Proxy Voting Policy and maintains written procedures for handling research, voting, reporting of proxy votes, and making appropriate disclosures about proxy voting on behalf of our clients.

It is Barrow Hanley's policy to vote all clients' proxies the same based on this Proxy Voting Policy and Barrow Hanley's Proxy Voting Guidelines. If or when additional costs to clients are identified in association with voting the client's proxy, Barrow Hanley will determine whether such costs exceed the expected economic benefit of voting the proxy and could determine that abstaining from voting is the better action for ERISA Plan clients. However, if/when such voting costs are borne by Barrow Hanley and not by the client, all proxies will be voted for all clients. Barrow Hanley's Proxy Voting Guidelines provide a framework for assessing proxy proposals.

To assist in the equity proxy voting process, at its own expense Barrow Hanley retains the services of Glass Lewis & Co. Glass Lewis provides:

- Research on corporate governance, financial statements, business, legal and accounting risks;
- Proxy voting recommendations, including ESG voting guidelines;
- Portfolio accounting and reconciliation of shareholdings for voting purposes; and
- Proxy voting execution, record keeping, and reporting services.

Barrow Hanley's Proxy Oversight Committee is responsible for implementing and monitoring Barrow Hanley's proxy voting policy, procedures, disclosures, and recordkeeping, including outlining our voting guidelines in our procedures. The Proxy Oversight Committee conducts periodic reviews to monitor and ensure that the Firm's policy is observed, implemented properly, and amended or updated, as

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appropriate. The Proxy Oversight Committee is made up of the CCO, the Responsible Investing Committee Lead, the Director of Investment Operations, the ESG Research Coordinator, and an At-Large Portfolio Manager.

Proxy Coordinators are assigned from the Operations department. Proxy Coordinators review and organize the data and recommendations provided by the proxy service. Proxy Coordinators are responsible for ensuring that the proxy ballots are routed to the appropriate research analyst based on industry sector coverage.

Barrow Hanley's research analysts review and evaluate proxy proposals and make recommendations to the Proxy Voting Committee to ensure that votes are consistent with the Firm's analysis and are in the best economic interest of the shareholders, our clients.

Barrow Hanley's equity portfolio managers are members of the Proxy Voting Committee. Equity portfolio managers vote proxy proposals based on shareholders' economic interests utilizing the Firm's Proxy Voting Guidelines, internal research recommendations, and the research from Glass Lewis. Proxy votes must be approved by the Proxy Voting Committee before submitting to the proxy service provider.

Proxies for the Diversified Small Cap Value accounts are voted in accordance with the proxy service provider's recommendations for the following reasons:

- Investments are based on a quantitative model. Fundamental research is not performed for the holdings.
- The holding period is too short to justify the time for analysis to vote.

Potential conflicts could arise when:

- Clients elect to participate in securities lending arrangements; in such cases, the votes follow the shares, and because Barrow Hanley has no information about clients' shares on loan, the proxies for those shares could not be voted.
- Barrow Hanley invests in equity securities of corporations who are also clients of the Firm; in such cases, Barrow Hanley seeks to mitigate potential conflicts by:
  - Making voting decisions for the benefit of the shareholders, the Firm's clients;
  - Uniformly voting every proxy based on Barrow Hanley's internal research and consideration of Glass Lewis' recommendations; and
  - Documenting the votes of companies who are also clients of the Firm.
- If a material conflict of interest exists, members from the Proxy Voting and Proxy Oversight Committees will determine if clients should have an opportunity to vote their proxies themselves, or whether Barrow Hanley will address the specific voting issue through other objective means,

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such as voting the proxies in a manner consistent with a predetermined voting policy or accepting the voting recommendation of Glass Lewis.

Clients may elect to participate in securities lending programs through their custodial bank. Typically, Barrow Hanley is not notified of shares on loan, and whether shares are loaned is not considered when our Portfolio Manager's make and implement investment selection. When we determine a proxy voting issue to be of material significance, Barrow Hanley makes a best-efforts attempt to alert clients and their custodial bank to recall shares from loan so that we can vote the proxies. In this context, Barrow Hanley defines material significance to be any proxy issue deemed by our investment team to have significant economic impact or likely cause a market movement. The ultimate decision on whether or not to recall shares is the responsibility of the client.

***Voting Debt and/or Bank Loan Securities:***

As a discretionary asset manager Barrow Hanley has been authorized and entrusted to vote proxies and related interests by and on behalf of its clients, which could include voting on proposals, amendments, consents, or resolutions solicited by or in respect to the issuers of securities, including bank loan debt instruments. As a fiduciary of our clients' assets, we consider all votes to be significant. We have adopted a Proxy Voting Policy and Guidelines for voting proxies. We vote all proxies the same according to our Policy and Guidelines.

***Exceptions:***

Limited exceptions could be permitted based on a client's circumstances, such as foreign regulations that create a conflict with U.S. practices, expenses to facilitate voting when the costs outweigh the benefit of voting the proxies, or other circumstances.

The Firm's Proxy Voting Policy is available upon request to clients and prospective clients by contacting the Compliance Department at 214-665-1900 or [bhmscompliance@barrowhanley.com](mailto:bhmscompliance@barrowhanley.com).

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**Item 18 Financial Information**

Barrow Hanley is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients. Barrow Hanley has not been the subject of a bankruptcy petition at any time and has no additional financial circumstances to report.

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**Additional Information**

***Privacy Policy***

Barrow Hanley has a duty to protect its clients, their agents, and its employees' personal information/data it collects, and a duty to disclose to such persons its policy for collecting, processing, and protecting personal information/data. Because of the Firm's diverse clients and employees, Barrow Hanley has

adopted policies, procedures, and practices to comply with applicable elements of Regulation S-P, the European Union's General Data Protection Regulation ("GDPR"), and the California Consumer Privacy Act ("CCPA").

Personal information may include non-public personal information/data and/or financial information, including names, addresses, phone numbers, bank account numbers, income, credit histories, Social Security numbers, descriptions, lists, or grouping of clients, information that identifies, relates to, describes, or could reasonably be linked directly or indirectly with a particular person, the Firm's account information, information relating to services performed, transactions entered into on behalf of clients, advice provided by Barrow Hanley to clients, and data or analysis derived personal information.

Barrow Hanley's employees are bound by this Privacy Policy and the Duty of Confidentiality in the Firm's Code that requires its employees to keep confidential any non-public and/or personal information obtained in the course of his/her employment at Barrow Hanley. The Firm's personnel have the highest fiduciary obligation to not reveal or disclose confidential company or client related information to a party that does not have a clear and compelling need to know such information, and to safeguard all such confidential information. It is Barrow Hanley's policy that employees shall not disclose client information, employee information, or information about the Firm, unless reasonable disclosure is necessary to conduct the Firm's business, required by law, directed by the client, or to provide the client with the Firm's services.

To fulfill the Firm's privacy requirements, Barrow Hanley has adopted Firm-wide practices to safeguard the information maintained about clients, clients' agents, and employees. These practices include:

- Adopting procedures for physical, electronic, and other safeguards to keep information safe, and for proper disposal of information, as outlined in the Firm's recordkeeping policy; and
- Limiting access to information by the Firm's employees to those who need access to perform job duties/responsibilities; and
- Reviewing confidentiality clauses in agreements with third parties who perform services for the Firm and thereby, need access to perform services.

### **Data Collection, Processing and Protection**

Barrow Hanley will not disclose, share, or sell any personal information about a client or prospective client, their agents, a client's account, an employee, or an employee's circumstances unless one of the following conditions is met:

- The Firm has a reason to believe the recipient is a client's authorized representative;
- The Firm has a reason to believe, under the appropriate circumstances, that the recipient is an employee's authorized representative;
- The Firm is required or permitted by law to disclose specific information to the recipient; or

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- The Firm is conducting business, as outlined in Barrow Hanley's Marketing Practices Policy.

When necessary and/or allowed under law, the Firm, at no cost to the requester, will make every attempt to respond to requests to know and/or delete personal information/data, within 30 days but retains its right to extend the response by an additional 30 days once per request. The Firm reserves the right to request personal information to verify the identity of the individual making the request.

### **How to Exercise Your Rights**

Requests may be made no more than twice in a 12-month period and should be submitted by:

Emailing [bhmscompliance@barrowhanley.com](mailto:bhmscompliance@barrowhanley.com), or  
Calling 214-665-1987.

### **Information Barrow Hanley Collects, Maintains, and Processes Clients, Prospective Clients, and Their Agents**

As an Investment Adviser, in order to provide investment management services to its clients and to conduct its business, Barrow Hanley collects, maintains, and processes personal information for and/or about its clients and their agents, and prospective clients and their agents. The information the Firm collects and maintains may include:

- Information received from or provided to the client and/or third party to open an account or provide investment advice to the client, including name, home and/or business addresses, personal and/or business email addresses, personal and/or business telephone numbers, personally identifiable details and/or information, and financial information;
- Information generated to service a client's account, including investment recommendations, trade data, custodial bank information, account numbers, and account statements;
- Information the Firm receives from third parties with respect to a client's account, such as trade confirmations from brokerage firms, custodians, or third-party vendors;
- Information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular natural person, including location data, online identifiers, or identification numbers; and/or
- Other information obtained while conducting the Firm's business.

### **Employees and Prospective Employees**

As an employer, Barrow Hanley routinely collects, maintains, and processes personal information for or about its employees' and prospective employees. In the past 12 months, the categories of personal information and their respected purposes include:

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- Identifiers, such as name, address, email address, online identifiers, internet protocol address, Social Security numbers, or other similar identifiers. Identifiers are required to administer benefits and to ensure compliance with applicable federal and state law;
- Personal information, as defined in the California safeguards law, such as contact information and financial information. Personal Information is required by the federal securities laws and the Firm's Code to address its fiduciary duties and mitigate potential conflicts of interest;
- Protected classifications under California or federal law, such as race, gender, age, marital status, military/veteran status. Some protected classifications are required to administer benefits and to ensure compliance with applicable federal and state law. Additionally, protected classifications after deidentifying and aggregating data, may be used to satisfy client requests or marketing per Barrow Hanley's Marketing Practices Policy;
- Audio, electronic, visual, and similar information, such as call and video recordings. Barrow Hanley employs the use of workplace security cameras for legitimate business purposes as allowed by law;
- Professional or employment-related information, such as work history and prior employer. This information is collected for employment purposes and may be used for marketing purposes, (i.e., The Firm's website); and
- Education information, such as student records and directory information. Education information is collected for employment purposes and may be used for marketing purposes, (i.e., The Firm's website).

## **Sale of Personal Information**

Redistribution of employees' data for the Firm's business purposes is defined by CCPA as "selling" such data. In the past 12 months, the Firm has "sold" Personal Information subject to the CCPA to clients and prospective clients who requested the disclosure of protected classifications via Request for Proposals ("RFP") and questionnaires. All disclosures were deidentified and aggregated prior to disclosure. While Barrow Hanley may require the third-party to agree to not attempt reidentification, Barrow Hanley cannot control the extent to which the third-party may attempt to reidentify the data. For purposes of this Notice and Policy, "sold" means the disclosure of Personal Information to a third party for monetary or other valuable consideration.

## **Consumer Privacy Regulations**

### **California Consumer Privacy Act**

If you are a California resident you may have certain rights under the California Consumer Privacy Act (Cal. Civ. Code §1798.100 et seq.) regarding your personal information, including:

- The right to request free of charge, the specific pieces of personal information we collected about you; the categories of personal information we collected; the categories of sources used to collect the personal information; the business or commercial purposes for collecting your personal

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information; and the categories of third parties with whom we share your personal information each as it pertains to our activities in the preceding twelve (12) months.

- The right to request, on legitimate grounds, deletion of your personal information that we collected; and
- Request that we not “sell” your Personal Information to any third-party; and
- Be free from unlawful discrimination for exercising your rights under the CCPA.

#### Other Data Protection Legislation

To the extent that the Firm obtains Personal Data subject to Data Protection Legislation, the Firm will maintain records as parts of its ongoing compliance with the relevant Data Protection Legislation. It is the policy of the Firm to ensure compliance with Data Protection Legislation.

Personal Data means any information relating to an identified or identifiable natural person.

Data Protection Legislation are the laws, including the EU General Data Protection Regulation, and any other laws which govern the collection and use of Personal Data.

The Firm will generally be deemed a data controller in respect of the Personal Data provided to it, which means the Firm determinates the purposes and the means of processing of such Personal Data. The Firm will ensure that data processing complies with six general principles: (i) lawfulness, fairness and transparency; (ii) limitation of purpose; (iii) data minimization; (iv) accuracy; (v) retention; and (vi) integrity and confidentiality. Data Protection Legislation specifies certain “lawful bases” under which the Firm is allowed to use Personal Data, most commonly where: (a) the Firm needs to perform a contract it has entered into with a Data Subject; (b) where the needs to comply with a legal obligation; or (c) where it is necessary for the Firm’s legitimate interests and the Data Subject’s interests and fundamental rights do not override those interests.

If the Firm engages service providers to process Personal Data (or provides Personal Data to any affiliate), the Firm will ensure that appropriate data protections provisions are in place in accordance with Data Protection Legislation.

Barrow Hanley has entered into an inter-company agreement within our affiliate group that includes the appropriate data protections provisions with respect to Data Protection Legislation.

Data Subjects have rights as individuals which can be exercised in relation to the information the Firm holds about them under certain circumstances, including the right to: (i) request access to personal data (a data subject access request) and request certain information in relation to its processing; (ii) request rectification of Personal Data; (iii) request the erasure of Personal Data; (iv) request the restriction of processing of Personal Data; (v) object to the processing of Personal Data; and (vi) request the transfer of Personal Data to another party.

The Firm will retain personal information for as long as necessary to fulfill the purposes it has collected it for.

### **Acknowledgement**

The Firm and its employees shall adhere to this Privacy Policy and procedures when/if a client closes their account or becomes an inactive client, and when/if an employee leaves his/her employment with the Firm. Barrow Hanley does not discriminate against any person who exercises his/her privacy rights under any regulation.

Barrow Hanley shall provide the Firm's Privacy Policy to clients, prospective clients, their agents, employees, and prospective employees as required.