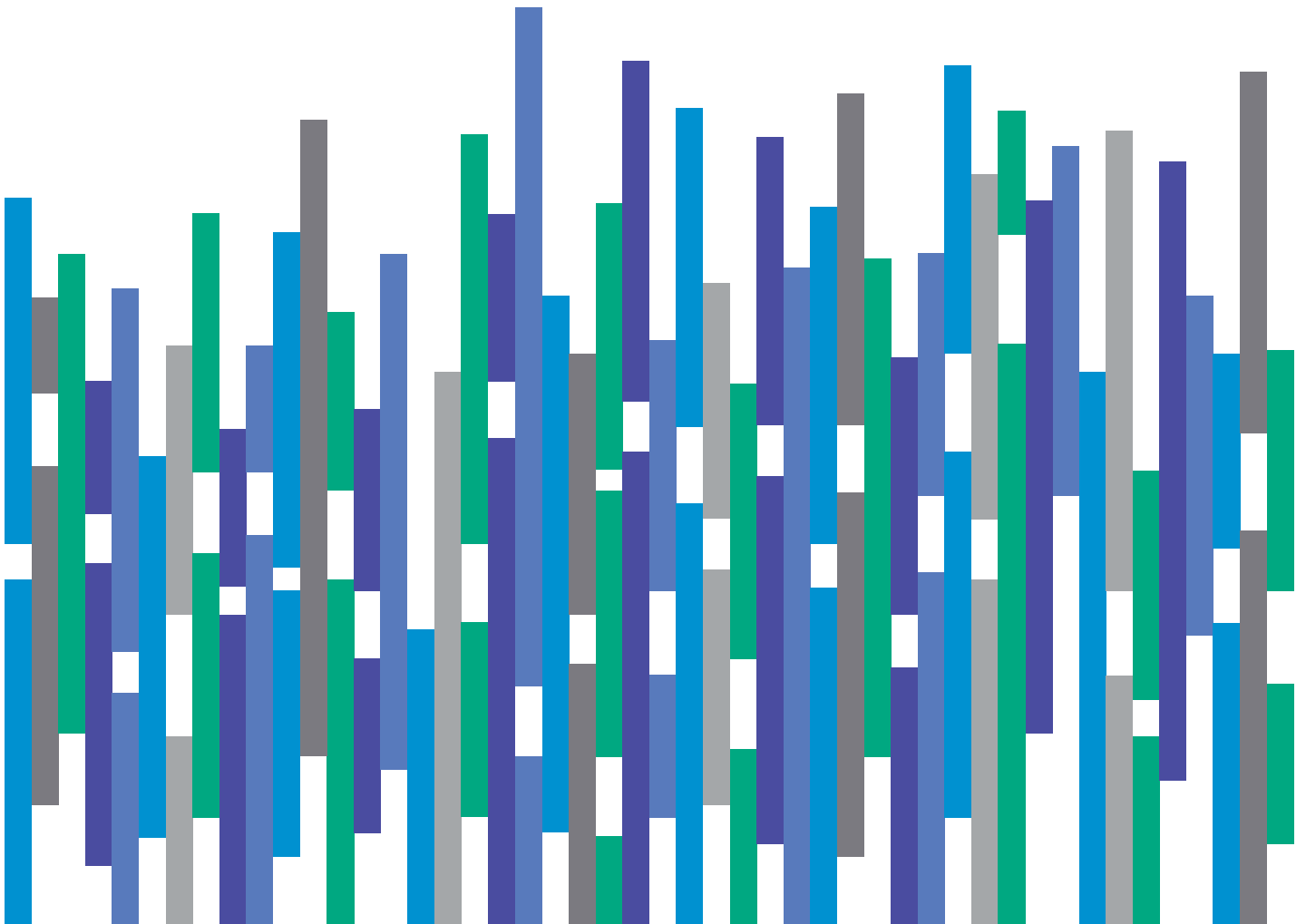


CFA Institute

# ASSET MANAGER CODE™

SAMPLE POLICIES AND PROCEDURES

JUNE 2020



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These policies and procedures are provided for illustrative purposes only. Adopting or implementing these specimen policies and procedures does not ensure compliance with, or qualify any asset management firm for, registration or to conduct business if or when subject to the jurisdiction of US laws. Additionally, these specimen policies and procedures do not address compliance with any non-US laws. The contents of this document are not tailored or customized for any particular asset management firm.

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## SAMPLE POLICIES AND PROCEDURES

The sample policies, procedures, and forms are intended to illustrate how the principles of the AMC are put into action and to provide examples that conform with the requirements of the AMC; they are meant illustrative for this purpose only. Policies and procedures must be informed not only by the AMC but also, of course, by laws and regulations which will always take precedence. It was not practical or feasible to incorporate the laws and regulations of every market into these samples. Therefore, DO NOT rely on these sample policies and procedures to ensure compliance with laws and regulations.

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## I. SUMMARY OF THE COMPLIANCE PROGRAM

### A. Use and Distribution of this Compliance Program Summary

XYZ Asset Managers (“XYZA” or “the Firm”) is an asset management company under the jurisdiction/laws/rules of [\_\_\_\_\_]. Currently, XYZA is a [INSERT LEGAL FORM OF COMPANY]. Regardless of the Firm’s size, as an asset manager claiming compliance with the CFA Institute Asset Manager Code (“AMC” or the “Code”), we are required to adopt and implement written policies and procedures that are reasonably designed to prevent violations of the AMC. XYZA has developed a compliance program that is designed to prevent violations of the Code’s provisions from occurring, detect violations that have occurred, and promptly correct any violations that have occurred. This summary is designed to describe the significant policies and procedures that make up the complete compliance program for XYZA.

XYZA’s compliance program includes the following:

- Written policies and procedures reasonably designed to prevent a violation, by XYZA and its employees, of all applicable provisions of the AMC and its Code of Ethics.
- XYZA’s Compliance Officer (“CO”) acts as the sole administrator of the Compliance Program.
- XYZA’s written policies and procedures are reviewed no less frequently than annually in order to ensure the adequacy of such policies and their effectiveness. Such a review will be conducted under the supervision of the CO who may, at his/her option, employ an outside consultant to provide an independent review.

### B. Compliance Officer Policy

XYZA’s Compliance Officer is [\_\_\_\_\_], who is also the [\_\_\_\_\_] of the Firm. The role of the CO is to administer and enforce XYZA’s Compliance Program. The CO shall be competent and knowledgeable regarding all relevant rules and regulations, empowered with full responsibility and authority for developing and enforcing all relevant compliance policies and procedures as well as for investigating complaints regarding the conduct of the Firm or its personnel. The CO shall have sufficient seniority and authority to compel others (including future officers and employees of XYZA) to adhere to the compliance policies and procedures.

On an annual basis, depending on the jurisdiction in which the Firm is domiciled, the CO will conduct a review of the adequacy of policies and procedures and the effectiveness of implementation. Specifically, the CO will focus on the following:

- Material compliance matters that arose during the year.
- Changes in the business practice.
- Any regulatory changes of the jurisdiction mandating revision or amendment of policies and procedures.

## **C. Client Disclosures Policy**

XYZA is required by the AMC on an ongoing and timely basis to communicate with clients and ensure that disclosures are truthful, accurate, complete, understandable, and presented in a format that communicates the information effectively and, preferably, in writing.

Disclosures are to be comprehensive and include facts that an investor would consider important to know in evaluating the Firm's integrity or financial ability to meet its contractual commitments in order to consider whether to engage the Firm or accept its investment recommendations. Such facts are defined as "material facts" and are referred to as such throughout this manual. As to disclosures being comprehensive, material facts should be disclosed regarding the Firm, its personnel, investments, or the investment process. For example, XYZA should disclose all material facts relating to significant personnel or organizational changes, as well as legal and regulatory disciplinary events related to the conduct of the Firm and its personnel.

Other disclosures include the following:

- Any conflicts of interest generated by any relationships the Firm has with brokers or other entities, including other client accounts.
- Fee structures and other management costs charged to investors, including what costs are included in the fees and the methodology for calculating fees and costs.
- Trade allocation policies.
- Valuation policies.
- Shareholder or proxy voting policies.
- Performance reports to clients on a regular basis.
- Audit results of the fund or account (as applicable).

In addition to the annual review of the Firm by the CO, XYZA will promptly amend its disclosure documents whenever the information becomes inaccurate in any respect, or when certain other information becomes inaccurate in any material way, in accordance with the AMC.

The CO has responsibility for regulatory filings if required in the jurisdiction(s) where the Firm conducts its business.

## **D. Portfolio Management Processes**

### **1. Policies and Procedures for Compliance with Investment Restrictions.**

XYZA is responsible to manage the investments of its clients' assets where it has executed advisory agreements with clients to provide for these services. Clients may engage XYZA to provide either discretionary or non-discretionary asset management services.

It is the policy of XYZA to oversee compliance with the investment objectives and asset allocation or investment style restrictions applicable to each client.

## **2. Investment Objective and Strategies.**

XYZA has adopted investment guidelines and standards consistent with each client's investment objectives and strategies. The Firm seeks to accomplish client investment objectives by allocating assets among a selected group of stocks, bonds, mutual funds, and exchange-traded funds. For more detailed information regarding asset management, see the relevant section of this Manual.

## **3. Proprietary Trading Policy.**

[INSERT SUMMARY OF THE FIRM'S POLICY HERE. For example, XYZA does not buy and sell securities for itself or engage in proprietary trading.]

### **E. Asset Management Agreement [Engagement] Policy**

XYZA will enter into a signed, written asset management agreement ("Asset Management Agreement" or "AMA") prior to serving as asset manager to any client. [INSERT JURISDICTIONAL RULES, IF ANY, REGARDING REQUIRED CONTRACTUAL PROVISIONS] [EXAMPLE: Every AMA shall provide that no assignment of the agreement shall be made by XYZA without the consent of the other party or parties to the contract. No advisory agreement may purport to waive compliance with the Advisers Act or its rules or contain a hedge clause. All new or amended Asset Management Agreements must be signed by [ ] as the authorized agent(s) of the Firm.]

### **F. Protection of Nonpublic Information**

#### **1. Policy and Procedures on Material Nonpublic Information and Insider Trading.**

In addition to insider trading being a violation of the AMC, most jurisdictions make it unlawful for any person to purchase or sell securities on the basis of material nonpublic information, commonly known as "insider trading." Most jurisdictions require all asset managers and broker/dealers to establish, maintain, and enforce written policies and procedures reasonably designed to detect and prevent insider trading. There are also provisions for additional penalties for individuals who engage in insider trading as well as for their employers, if such employers have failed to establish and enforce adequate procedures.

All employees are directed to follow the following procedures or risk serious sanctions, including dismissal, substantial personal liability, and criminal penalties:

- Before trading for oneself or others or communicating such information, an employee must first determine if information he or she possesses is material and nonpublic.
- If an employee believes that the information is material and nonpublic, or if he or she has any questions as to whether the information is material and nonpublic, the employee should follow the procedures set forth later in this Manual.

## **G. Recordkeeping Policies and Procedures: Retention of Records**

The AMC and most jurisdictions require an asset manager to keep for prescribed periods such records, furnish copies thereof, and make and disseminate such reports as jurisdictional rules may prescribe. All such records are subject at any time to reasonable periodic, special, or other examination by representatives of jurisdictional agencies as such jurisdictional agencies deem necessary or appropriate, in the public interest or for the protection of investors. [INSERT RELEVANT JURISDICTIONAL REQUIREMENTS]

XYZA will make and keep true, accurate, and current certain books and records relating to its investment advisory business as required by the AMC [or relevant jurisdiction].

## **H. Privacy Policy**

XYZA has adopted a policy designed to govern how it handles nonpublic personal information received from its clients. It is XYZA's Policy not to disclose any nonpublic personal information about investors to nonaffiliated third parties, except as permitted or required by law. In most jurisdictions, XYZA is permitted by law to disclose all of the information it collects, as described above to qualified custodians, or to any other firm that assists XYZA in maintaining and supporting its clients.

## **I. Business Continuity and Disaster Recovery Plan Policy**

XYZA will adopt written procedures for the anticipation and management of an emergency or disaster affecting XYZA and its business operations. The policy is intended to (i) provide for the safety and continuity of XYZA's business operations in the event of such a disaster and (ii) prevent any violation of the jurisdictional securities laws or regulations [if applicable] as a result of any such disaster or interruption in business operations.

XYZA shall at all times have established a business continuity plan to provide for the safekeeping of its books and records and the provision of services necessary to maintain the continuity of XYZA's essential business functions during emergencies and disasters. The Plan will also maintain updated contact information with respect to each employee and officer of XYZA deemed necessary for the prompt response to any emergency or disaster affecting the operations of XYZA.

Currently, XYZA is also reliant on the business continuity plans of its custodian bank(s), and broker(s).

## **J. Marketing Policy**

Notwithstanding the breadth of the definition of marketing or advertising (as discussed in this policy), [INSERT YOUR FIRM'S MARKETING OR ADVERTISING POLICY SUMMARY. FOR EXAMPLE: XYZA does not generally make wide use of advertising in the course of its business other than producing standardized performance reports. Even though XYZA does not generally engage in advertising activities, this Policy addresses the legal principles applicable to advertising activities.]



#### **K. Custody and Safeguarding of Client Assets**

XYZA has engaged [INSERT NAME OF PRIMARY CUSTODIAN BANK] to be the firm's primary custodian bank for holding client assets. [CUSTODIAN BANK] provides custody, accounting, and certain administrative services for the Firm's clients. In addition to [CUSTODIAN BANK], client assets are custodied at [INSERT OTHER CUSTODIAN BANKS, IF APPLICABLE].

#### **L. Employee Supervision Policy and Procedures**

XYZA has adopted written policies and procedures that are designed to set standards and internal controls for XYZA and are reasonably designed to detect and prevent any violations of jurisdictional requirements and the Firm's compliance policies and procedures. It is understood that under the AMC, even a small asset manager is required to be responsible for and monitor itself to detect, prevent, and correct any activities inconsistent with XYZA's procedures, policies, or legal/regulatory requirements.

#### **M. Valuation Policy**

As an asset manager and fiduciary, XYZA has adopted this policy, which requires that client investment statements and performance reports reflect current, fair, and accurate valuations. Pricing of client positions is to be transparent and readily available through the Firm's custodian bank(s).

#### **N. Proxy Voting**

XYZA, as a matter of policy [does] [does not] vote proxies for clients. [INSERT OR DELETE AS APPROPRIATE: Clients retain all voting responsibilities for the securities in the accounts.]

#### **O. Trading Practices**

As an asset manager and a fiduciary to its clients, XYZA must always place client interests first. XYZA's trading practices and procedures must always prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interest or resolve such conflicts in favor of its clients.

#### **P. Brokerage Policy**

Subject to the terms of the Asset Management Agreement with clients and the client disclosure document, XYZA is authorized to make decisions to allocate client assets among various investments with broker/dealers and custodial banks unless otherwise directed by a specific client as set forth in the Asset Management Agreement.

#### **Q. Trade Error Correction and Adjustment Policy and Procedures**

As a fiduciary, XYZA has the responsibility to effect orders correctly, promptly, and in the best interests of clients. In the event any error occurs in the handling of any client transaction, resulting from XYZA's actions, inaction, or the actions of others, XYZA's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting XYZA in any way.

XYZA's policy and practice is to monitor and reconcile all trading activity; identify and resolve any trade errors promptly; document each trade error with appropriate approval; and maintain a trade error file.

**R. Ethics and Conflicts of Interest**

**1. Code of Ethics Policy.**

XYZA's Code of Ethics sets a standard of business conduct for personnel and imposes restrictions on the purchase or sale of securities with regard to their own accounts.

**2. Gifts and Entertainment Policy.**

As a best practice, XYZA's Gifts and Entertainment Policy sets a similar standard of business conduct with respect to receiving or giving gifts and gratuities in excess of [INSERT THE NOMINAL MONETARY FIGURE BASED ON YOUR JURISDICTION] and adds a recordkeeping requirement for the receipt and giving of gifts.

**3. Cash Solicitation Policy.**

[INSERT YOUR POLICY BASED ON YOUR JURISDICTION'S REQUIREMENTS]

**S. Anti-Money Laundering Policy**

XYZA has implemented anti-money laundering policies to prevent the Firm from being used for money laundering or the financing of any illegal activities. Anti-money laundering policies and procedures are also maintained by the custodial banks where client assets are maintained.

## II. COMPLIANCE OFFICER POLICY

### A. Requirement

To claim compliance with the AMC, the Firm is required to appoint a Compliance Officer responsible for administering the policies and procedures of the Firm, and for investigating complaints regarding the conduct of the Firm and its personnel, to ensure compliance with the provisions of the AMC and all applicable legal and regulatory requirements. Additionally, in order to ensure that the policies and procedures of the Firm remain relevant and up to date, the AMC encourages a review of the adequacy of the Firm's policies and procedures and the effectiveness of their implementation no less frequently than annually, as well as that the Firm designate an individual responsible for administering the policies and procedures.

### B. Policy

It is the policy of XYZA to comply with the requirements of the Code concerning the appointment of a Compliance Officer ("CO") for XYZA and the administration of a compliance program.

### C. Duties and Responsibilities

#### 1. Designation of a CO.

XYZA shall designate a CO, who shall:

- Be competent and knowledgeable regarding the asset management industry as well as regulatory and legal requirements.
- Be an employee or under the supervision of XYZA.
- Have full responsibility and authority to develop and enforce appropriate policies and procedures for XYZA.
- Have sufficient seniority and authority to compel others to adhere to XYZA's compliance policies and procedures.

XYZA has designated [ ] as its Compliance Officer. This designation may be changed from time to time and will be reflected in updates to this manual and, if required by the jurisdiction, any regulatory disclosure filings.

#### 2. Maintenance of XYZA Compliance Program and Policies and Procedures.

The CO shall be responsible and empowered for administering XYZA written policies and procedures adopted under the Code and [INSERT ANY JURISDICTION-RELATED RULES].

All compliance matters (whether or not material) involving XYZA's policies and procedures under the Code that become known to the CO shall be addressed in a timely manner.

The CO will maintain a hard copy or electronic records of XYZA's policies and procedures that constitute its compliance program, including, as necessary, any policies and procedures of service providers to XYZA.

### **3. Annual and Periodic Review.**

The President and the CO (or a person designated by the CO) shall hold a meeting with the business managers (which may be by conference call) at least twice a year to discuss compliance matters that have arisen since the last review and any business or regulatory developments that may impact XYZA's compliance program. If the matter is considered to be material and to have, or could have, adversely affected the Firm, it will be addressed in discussion with the Firm's Board of Directors.

At each review meeting, the CO (or the designate) and the President shall review the effectiveness of the Firm's policies and procedures (in particular, in light of any compliance matters identified, any changes to XYZA or its businesses, the Code, and any changes in the [INSERT ANY RELEVANT JURISDICTIONAL REQUIREMENTS OR RULES] and consider whether amendments to the policies and procedures are necessary or appropriate.

The CO shall annually review XYZA's policies and procedures under the Code and [INSERT ANY APPLICABLE JURISDICTIONAL RULES] to assess their adequacy and effectiveness of implementation. The CO's review shall consider (but need not be limited to) the following:

- Any material compliance matters that arose during the previous year, including possible amendments to policies and procedures to lessen the possibility of compliance risks and/or violations.
- Any changes in the business activities of XYZA [and its affiliates].
- Any material changes to the policies and procedures resulting from changes in the Code.
- [Any changes to [INSERT ANY APPLICABLE JURISDICTIONAL LAW] and the rules thereunder that may necessitate revisions to the policies and procedures.]

The CO will revise or update any of XYZA's policies and/or procedures as necessary or appropriate. Such revision or update will be coordinated through a review by an appropriate senior officer of the business or operations unit to ensure that each of the Firm's policies and procedures are adequate, appropriate, and accurate for the business activity covered.

The CO (or the designate) will revise or update any of the Firm's policies and/or procedures as necessary or appropriate. For any revisions that require additional action on the part of the business or operating unit, the CO will obtain approval of the revision from the accountable senior officer. The CO will obtain approval of the Firm's compliance policies and procedures from the President.

[INSERT IF APPLICABLE: Material revisions of policies and procedures must also be reviewed by the Board of Directors/Trustees of the Fund advised by the Firm. The CO will submit a report to the board of the investment companies on an annual basis summarizing the Firm's annual review of its own and its service providers' policies and procedures, where applicable.]

The CO's annual review shall be documented in written form as either a report or matrix (either hardcopy or electronic) that shall be delivered to the President and shall be maintained and preserved in an easily accessible place for a period of not less than [ ] years (onsite for the first two years in an appropriate office of XYZA). [INSERT YOUR JURISDICTION'S RECORD RETENTION REQUIREMENT, IF ANY.]

At his or her discretion, the CO may seek the advice and assistance of third parties including, but not limited to, outside counsel in connection with the CO's duties under these Procedures.

### III. CLIENT DISCLOSURES POLICY

#### A. General Requirements

Developing and maintaining clear, frequent, and thorough communication practices is critical to providing high-quality financial services to clients. Understanding the information communicated to them allows clients to know how the Firm is acting on their behalf and gives clients the opportunity to make well-informed decisions regarding their investments. The Firm must determine how best to establish lines of communication that best fit our circumstances and that enable clients to evaluate our financial status.

We must not misrepresent any aspect of our services or activities, including (but not limited to) our qualifications or credentials, the services we provide, our performance records, and characteristics of the investments or strategies we use. A misrepresentation is any untrue statement or omission of fact, or any statement that is otherwise false or misleading. As a Firm, we must ensure that misrepresentation does not occur in oral representations, marketing materials (whether through mass media or printed brochures), electronic communications, or other written materials (whether publicly disseminated or not).

To be effective, disclosures must be made in plain language and in a manner designed to communicate clearly the information to clients and prospective clients. Consistent with the Code and our regulatory and legal requirements, the Firm must determine how often, in what manner, and under what particular circumstances disclosures must be made.

Include any material facts when making disclosures or providing information to clients regarding themselves, their personnel, investments, or the investment process.

Clients must have full and complete information to judge the abilities of our Firm and our actions in investing client assets. “Material” information is information that reasonable investors would want to know relative to whether or not they would choose to use or continue to use our asset management services.

#### B. Specific Disclosure Policy

As applicable for clients and our Firm, it is our policy to disclose the following:

- 1. Conflicts of Interest Generated by Any Relationships with Brokers or Other Entities, Other Client Accounts, Fee Structures, or Other Matters.**

Conflicts of interest often arise in the investment management profession and can take many forms. Best practice is for our Firm to avoid such conflicts if possible. When the Firm cannot reasonably avoid conflicts, we will seek to carefully manage them and disclose them to clients. Disclosure of conflicts of interest protects our clients by providing them with the information they need to evaluate the objectivity of our Firm’s investment advice and actions taken on their behalf and by giving them the information to judge for themselves the circumstances, motives, and, though we seek to eliminate it, possible Firm bias in an investment recommendation. We will seek to be cognizant of the types of activities that can constitute actual or potential conflicts of interest. These can include the following: the use of soft dollars or bundled commissions, referral and placement fees, trailing commissions, sales incentives, directed brokerage arrangements, the use

of affiliated brokers, allocation of investment opportunities among similar portfolios, Firm or employee holdings in the same securities as clients, and whether the Firm co-invests alongside clients. See the related sections of this Manual for additional information.

## **2. Regulatory or Disciplinary Action Taken against the Firm or Its Personnel Related to Professional Conduct.**

Professional conduct records are an important factor in an investor's selection of a Manager. Such records include actions taken against an asset manager by any regulator or other organization. We will fully disclose any significant instances in which the Firm or an employee was found to have violated standards of conduct or other standards in such a way that reflects badly on the integrity, ethics, or competence of our Firm or the individual manager.

## **3. Our Investment Process, Including Information Regarding Lock-Up Periods, Strategies, Risk Factors, Use of Derivatives, and Leverage, As and If Applicable.**

The Firm will disclose to clients and prospective clients the manner in which investment decisions are made and implemented. Our disclosures in these matters should address the overall investment strategy and should include a discussion of the specific risk factors inherent in such a strategy.

Understanding the basic characteristics of an investment is an important factor in judging the suitability of each investment on a standalone basis, but it is especially important in determining the effect each investment will have on the characteristics of the client's portfolio. Only by thoroughly understanding the nature of the investment product or service can a client determine whether changes to that product or service could materially affect his or her investment objectives.

## **4. Management Fees and Other Investment Costs Charged to Investors, Including What Costs Are Included in the Fees and the Methodologies for Determining Fees and Costs.**

Investors are entitled to full and fair disclosures of costs associated with the investment management services that we provide. Material that should be disclosed includes information relating to any fees to be paid to the Firm on an ongoing basis and periodic costs that will affect investors' overall investment expenses. At a minimum, the Firm should provide clients with gross- and net-of-fees returns and disclose any unusual expenses. These items can be disclosed on the periodic account statements produced by the Firm or generated by the custodian bank.

A general statement that certain fees and other costs will be assessed to clients does not adequately communicate the total amount of expenses that investors may incur. Therefore, the Firm will use plain language in presenting this information and clearly explaining the methods for determining all fixed and contingent fees as well as the costs that will be borne by investors, and in explaining the transactions that will trigger the imposition of these expenses.

In an annual review with clients, the Firm should retrospectively disclose to each client the actual fees and other costs charged to the clients, together with itemizations of such charges when requested by clients. This disclosure should include the specific management fee, any incentive fee, and the amount of commissions the Firm paid on behalf of clients during the period.

In addition, Managers must disclose to prospective clients the average or expected expenses or fees clients are likely to incur.

**5. The Amount of Any Soft or Bundled Commissions, the Goods and/or Services Received in Return, and How Those Goods and/or Services Benefit the Client.**

Commissions belong to the client and should be used in their best interests. Any soft or bundled commissions should be used only to benefit the client. Clients deserve to know how their commissions are spent, what is received in return for them, and how those goods and/or services benefit them.

**6. The Performance of Clients' Investments on a Regular and Timely Basis.**

Clients may reasonably expect to receive regular performance reporting about their accounts. Without such performance information, even for investment vehicles with lock-up periods, clients cannot evaluate their overall asset allocations (i.e., including assets not held or managed by the Firm) and determine whether rebalancing is necessary. Accordingly, unless otherwise specified by the client, the Firm will provide regular, ongoing performance reporting. We intend to report to clients at least quarterly, and when possible, such reporting should be provided within 30 days after the end of the calendar quarter.

**7. Valuation Methods Used to Make Investment Decisions and Value Client Holdings or to Describe the Total Assets Managed by the Firm.**

Clients deserve to know whether the assets in their portfolios are valued on the basis of closing market values, third-party valuations, internal valuation models, or other methods. This type of disclosure allows clients to compare performance results and determine whether different valuation sources and methods may explain differences in performance results. This disclosure should be made by asset class and must be meaningful (i.e., not general or boilerplate) so that clients can understand how the securities are valued. See the Valuation section of this Manual for more information.

Prospective clients assessing whether to engage the Firm deserve to know the total assets managed by the Firm and the basis of the valuation used to determine the total assets under management.

**8. Shareholder Voting Policies.**

As part of our fiduciary duties, if we exercise voting authority over client shares, we must vote them in an informed and responsible manner. This obligation includes the paramount duty to vote shares in the best interests of clients.

To fulfill our duty in this regard, the Firm has adopted policies and procedures for the voting of shares and will disclose those policies and procedures to clients. These disclosures specify, among other things, guidelines for instituting regular reviews for new or controversial issues, mechanisms for reviewing unusual proposals, guidance in deciding whether additional actions are warranted when votes are against corporate management, and systems to monitor any delegation of share-voting responsibilities to others. We will also disclose to clients how to



obtain information on the manner in which their shares were voted. See the Proxy Voting section of this Manual for more information.

## **9. Trade Allocation Policies.**

Disclosing trade allocation policies gives clients a clear understanding of how trades are among accounts allocated and provides realistic expectations of what priority they will receive in the investment allocation process. The Firm must disclose to clients any changes in the trade allocation policies. Our policies are designed to treat clients fairly and foster an atmosphere of openness and trust with all of our clients.

## **10. Results of the Review or Audit of the Fund or Account. [INSERT AS APPLICABLE]**

When we submit our funds or other pooled accounts for an annual review or audit, we will disclose the results to the affected clients to alert them to any potential problems.

## **11. Significant Personnel or Organizational Changes That Have Occurred.**

Clients should be made aware of significant changes at our Firm in a timely manner. “Significant” changes include personnel turnover (of other than a clerical or administrative nature), merger and acquisition activities of the Firm, and similar actions.

## **12. Risk Management Processes.**

We will disclose our risk management processes to clients and related material changes. We will regularly consider disclosing specific risk information and specific information regarding investment strategies related to each client in order to provide clients with information detailing what relevant risk metrics they can expect to receive at the individual product/portfolio level.

### **C. Procedures**

#### **1. Written Disclosures Document or Firm Brochure.**

Our primary method of disclosure to our clients is by means of written disclosure documents. General Firm disclosures will be made in a Firm Brochure. Client-specific disclosures with regard to clients’ accounts, risk tolerances, investment restrictions (if any), and time horizons will be disclosed by means of an Investment Policy Statement tailored to clients’ individual needs and circumstances.

#### **2. Regulatory Disclosure Documents.**

[INSERT YOUR JURISDICTION’S REQUIREMENTS HERE, IF ANY.]

#### **3. Delivery of Client Disclosures.**

We will provide the disclosure documents required by the Code in plain language and in a narrative format that contain all information required by the Code as previously specified. We intend to write disclosure documents in the language understood and spoken by the client.

It is the Firm's policy to deliver these documents before or, in no case later than, the time of entering into an asset management engagement with the client.

XYZA will also annually deliver any material changes to our disclosures in writing to each client within 120 days after the end of our fiscal year, without charge.

Delivery of the initial disclosure documents and annual updates may be made in person during the annual review of the client's account, by mail, email, or other electronic format that contains a record of sending and receipt.

Serious regulatory enforcement actions or disciplinary actions taken against the Firm or its personnel will be promptly furnished to clients within 30 days of the action.

#### **4. Recordkeeping Requirements.**

XYZA will maintain a copy of each of the following for its records:

- Each disclosure document [INSERT JURISDICTION'S RECORD RETENTION REQUIREMENT, IF ANY].
- Each amendment or revision to the disclosure document.
- Documentation describing the method used to compute total managed assets by the Firm.

#### **5. Disclosure of Disciplinary and Regulatory Violations by Personnel and Affiliates.**

Should XYZA add to staff, the Firm shall conduct a background check of each new employee, including officers, and directors. The background check will include a jurisdictional or local criminal background check ("Legal Matters"). [INCLUDE JURISDICTIONAL DISCLOSURE FILING FORMS, IF ANY]

Any employee who becomes aware of any changes or inaccuracies in the information he or she has previously furnished should promptly notify the CO so that the CO may determine whether disclosure or other action by the Firm is required.

The CO shall monitor any Legal Matters arising with respect to XYZA.

If the CO becomes aware of any relevant Legal Matter (whether through an employee, the CO herself/himself, or otherwise), he or she shall review and investigate the matter to determine (1) whether disclosure to clients is required pursuant the Code and (2) whether the Legal Matter may impact XYZA's ongoing ability to serve as the asset manager to its clients.

In addition, the CO shall determine whether an amendment to any of the specific foregoing disclosure requirements in connection with the Legal Matter is required.

If it is determined that information regarding a Legal Matter must be disclosed pursuant to the Code requirements for disclosure, such information shall be disclosed promptly to existing

clients and disclosed to prospective clients at the time of or before entering into any asset management engagement.

## **6. Disclosure of Financial Condition.**

The CO shall at all times monitor the financial condition of the Firm to determine whether enhanced disclosure is required.

For example, disclosure generally would be required in the event of XYZA's insolvency or bankruptcy. If any of the following circumstances exists, the CO will evaluate whether disclosure may be required: (1) where XYZA's insolvency may cause clients to lose prepaid asset management fees [INSERT YOUR FIRM'S BILLING PRACTICES, I.E., QUARTERLY, ANNUALLY, IN ADVANCE, IN ARREARS, ETC.]; (2) where XYZA's precarious financial condition may disrupt client investment programs, forcing clients possibly to incur substantial costs and inconvenience in selecting another asset manager; and (3) where the Firm's financial condition may impair our ability to meet any contractual commitments we are obligated to pay.

If it is determined that information regarding the financial condition of XYZA must be disclosed pursuant to the Code, such information shall be disclosed promptly to existing clients and to prospective clients before, or at the time of, entering into any asset management engagement.

## **7. Procedures Specific to the CO.**

In the first quarter of each year, the CO will review the Firm's business with the aim of updating information in the Firm's disclosure documents.

The CO has responsibility for amending XYZA's disclosure documents and filing any jurisdictional regulatory required documents.

The CO, with the possible assistance of outside Counsel or a qualified consultant, must determine if additional disclosure or jurisdictional regulatory filing is appropriate. If such additional filings are required, appropriate filing and record retention procedures will be instituted.

If at any time during the year the CO becomes aware of possible inaccuracies in the information set forth in XYZA's disclosure documents, he or she shall determine whether amendments are required.

The CO will also consider whether changes in XYZA's business or policies require disclosure amendments as such changes arise throughout the year. If an amendment is required, the CO shall be responsible for drafting the amendments and, if required by the Firm's jurisdiction, filing them with the appropriate regulatory agency.

## IV. JURISDICTIONAL LICENSING AND REGISTRATION POLICY

### A. Requirement

Many jurisdictions require licensing or registration of asset management firms and their personnel who provide investment advice. [INSERT YOUR JURISDICTION'S REQUIREMENTS, IF ANY]

### B. Policy

It is the Firm's policy to maintain all appropriate jurisdictional licenses, registrations, or other filings. [INSERT YOUR FIRM'S REQUIREMENTS AND RELATED POLICIES, IF ANY]

In those jurisdictions that require it, the Firm will register its asset manager representatives wherever mandated by law or rule (unless an exemption is available), require him or her to take and pass any jurisdiction-required qualifying examinations prior to providing investment advice to residents in those jurisdictions. The Firm will maintain the registration or licensing requirements for each relevant jurisdiction and the requisite records of its personnel who are qualified to provide asset management advice.

### C. Procedures

#### 1. Firm Level.

XYZA will maintain records of the residency of clients who engage XYZA for its services and will make appropriate filings in those jurisdictions where and when required or, if applicable, where the number of clients meets any legally available *de minimis* threshold.

#### 2. Asset Manager Representative Level.

XYZA will require its asset manager representatives who provide investment advice to clients and prospective clients to register or file as a representative in XYZA's jurisdiction of domicile if required and by the means required by the jurisdiction.

Should XYZA hire additional asset manager personnel, prior to the submission of an application for registration or licensing of any person with any jurisdictional regulatory authority, a background check will be made on applicants to determine reputation, qualification, and experience, as well as to determine if any client-facing disclosures need to be made. A written record of each background check will be kept in the appropriate personnel file.

The Firm will maintain all required jurisdictional registration or licensing records for each representative, including employment applications, and related correspondence.

The employee applicant may not provide investment advice to any client until he or she has received notice from the CO that any jurisdictional registration (or other qualification) is effective from the appropriate jurisdiction(s).

**D. Responsibility**

The CO will maintain all registration and licensing records and oversee the Firm's licensing program as needed.

## **V. COMPLIANCE WITH CLIENT INVESTMENT RESTRICTIONS AND CONSISTENCY WITH INVESTMENT OBJECTIVES**

### **A. Requirements**

Both the AMC Code and numerous jurisdictions by law and regulation impose a fiduciary duty on asset managers. Every fiduciary, therefore, has the duty to act with the utmost good faith and in the best interest of its clients and to place clients' interests first.

Additionally, asset managers have a duty to ensure that its investment advice is suitable to the client's objectives, needs, and circumstances. Managers must evaluate investment actions and strategies in light of each client's circumstances. Not all investments are suitable for every client, and Managers have a responsibility to ensure that only appropriate investments and investment strategies are included in a client's portfolio. Ideally, individual investments should be evaluated in the context of clients' total assets and liabilities, which may include assets held outside of the Manager's account, to the extent that such information is made available to the Manager.

### **B. Policy**

It is the policy of the Firm that client accounts will be managed on the basis of the client's own financial situation, investment objectives, and any reasonable investment restrictions imposed by the client. As per the Firm's Asset Management Agreement between the client and the Firm, each client receiving discretionary asset management services will have an individualized written investment policy statement ("IPS") that includes individualized analysis, recommendations, asset allocation, and implementation of the agreed-upon strategies and/or portfolio(s). To the extent that information about assets held outside of the Firm's management is made available to the Firm, it will be included in the context of the client's IPS.

The purpose of the IPS is to provide us with written strategic plans to direct investment decisions for each client. The individual asset manager should review the IPS for each client, offer any suggestions on clarifying the IPS, and discuss with the client the various techniques and strategies to be used to meet the client's investment goals. Asset Manager Representatives should review each client's IPS with the client at least annually and whenever circumstances suggest that changes may be needed.

The information contained in an IPS allows us to assess whether a particular strategy or security is suitable for a client (in the context of the rest of the client's portfolio), and the IPS serves as the basis for establishing the client's strategic asset allocation. (Note: In some cases, the client will determine the strategic asset allocation; in other cases, that duty will be delegated to the Representative assigned to the client.) The IPS should also specify the Firm's role and responsibilities in managing the client's assets and establish schedules for review and evaluation. The assigned Representative should reach agreement with the client as to an appropriate benchmark or benchmarks by which our performance will be measured and any other details of the performance evaluation process (e.g., when performance measurement should begin).

Additionally, our asset manager representatives are each available to meet with clients on an ongoing basis to discuss their accounts, investments, or any other financial issue that may arise while the Firm is engaged as asset manager. The Firm encourages ongoing communications and seeks to meet with clients at least annually to review their account(s).

[INSERT IF RELEVANT TO THE MANAGER: As advisor to the [Fund], we manage its assets in accordance with the Fund's [prospectus] [private placement memorandum] [offering statement] and applicable law, as well as consistent with our own proprietary research and investment strategies.

## **1. Investment Policy Statement Reviews.**

The Firm will ensure conformance with the IPS as designed for each client through its regular review of portfolios/client accounts. To help ensure that only suitable investments are made for the benefit of clients, we will seek to do the following:

- Share with clients reasonable expectations about the probabilities of investment returns over longer, full-market cycles.
- Give appropriate consideration to each client's facts and circumstances. The Firm must obtain sufficient information from each client regarding the client's financial situation, investment experience, investment objectives, risk tolerance and other information necessary to enable us to manage the client's assets in a manner suitable for the client. We must obtain written guidelines from clients that are entities. We will offer to meet quarterly or annually with each client to review the investment guidelines and goals and inquire of any changes in the client's circumstances.
- Provide to each client investment advice that is reasonably determined by our asset manager representatives to be suitable to the client's financial situation, investment experience, investment objectives, risk tolerance, and other circumstances that the advisors consider relevant in rendering investment advice.
- Each client will retain the ability to impose reasonable restrictions on the management of the client's account, provided, however, that we can make a reasonable determination that any restrictions will not impede or disadvantage the Firm's ability to serve the client. All investment restrictions are entered into a database maintained by the individual asset manager assigned to the client. The individual asset manager is responsible for verifying that a trade does not conflict with any restriction.

## **2. Portfolio Management.**

XYZA believes that client assets should be managed in a fashion that reflects the Firm's unique abilities and in a style that respects the client's stated and realistic investment goals as reflected in the IPS.

Investment strategies used are generally long-term in nature and primarily utilize a "buy and hold" philosophy. Investment strategies may include short-term purchases depending upon the needs and objectives identified by the client.

XYZA believes asset allocation is the key determinant of return and, therefore, commitments to asset allocation ranges will be maintained through rebalancing. The concept of asset allocation or spreading investments among a number of asset classes (e.g., domestic stocks versus foreign stocks; large cap stocks versus small cap stocks; corporate bonds versus

government securities) is generally at the forefront of the Firm's portfolio management strategies. At its heart, asset allocation seeks to achieve the most efficient diversification of assets to help mitigate risk without sacrificing the effectiveness of the portfolio in an effort to meet the client's stated objectives. XYZA believes that risk reduction is a key element to long-term investment success and, therefore, asset allocation principles form the basis of the Firm's overall approach in preparing advice for clients.

Individual asset manager representatives [IF APPLICABLE, INSERT INFORMATION ABOUT YOUR INVESTMENT COMMITTEE] will establish the asset allocation or investment style policy for each portfolio, including setting target percentages and ranges; approving asset classes for inclusion in portfolios as appropriate; and establishing the policy for rebalancing asset classes to conform with the asset allocation policy, if applicable. Additionally, he or she will be responsible for reviewing the objectives and policies at least annually and for monitoring performance benchmarks and expectations.

XYZA will ensure conformance with the investment policy as designed for each client through its monthly review of portfolios. In conducting rebalancing activities, the staff will operate under the following guidelines:

The spirit of this policy is to help ensure compliance with the client's target asset allocation percentages at a reasonable cost, recognizing that overly precise administration of policy targets can result in transaction costs that are not economically justified. Where the Firm sees issues that violate this policy, it will take corrective action.

XYZA reserves the right to decline to offer services to any investor and for any reason permitted by law.

## **C. Procedures**

### **1. Asset Allocation.**

- a.** Whenever asset-class allocation percentages fall outside the indicated range for that asset class, XYZA shall initiate rebalancing transactions to bring all percentages to values that do not exceed the range limits.
- b.** At any time and with the appropriate discretion, XYZA may bring the actual allocation to, or nearer to, the target percentages. At a minimum, the Firm will ensure that, as a result of a rebalancing review, no asset class allocation is outside the allowable range unless there is documented reason for the deviation.
- c.** To the extent that it is possible to bring the actual allocation nearer to the target percentages without incurring transaction costs, or while incurring transaction costs that, in the judgment of the Firm, are unusually low, it shall do so.



## **2. Client Files.**

To help ensure individualized treatment of clients, XYZA will maintain adequate client file documentation, including but not limited to the following:

- a.** Executed Asset Management Agreement and related Exhibits.
- b.** Written Investment Policy Statements or Strategy, including any restrictions or modifications placed on the account by the client.
- c.** Copies of custodial bank account agreements.
- d.** As required, copies of any financial plan, retirement plan, power of attorney, or other legal documentation, or other documentation provided to or by the client during the course of the Firm's engagement with the client.

## **3. Account Handling.**

- a.** At least annually, XYZA should contact clients to determine and document if there have been any changes in the client's financial condition or investment objectives and whether the client wishes to impose or modify any reasonable restrictions.
- b.** At least quarterly, provide written notice, either separately or as part of an account statement message, for the client to contact XYZA with any changes to his or her financial situation or investment objectives, and about whether the client wishes to modify or impose any reasonable restrictions on the account.
- c.** At least quarterly, provide a statement containing a full description of all activity in the client's account. This procedure can be met with the sending of the custodial statements to clients, as long as it is done on at least a quarterly basis.
- d.** Ensure clients retain all indicia of ownership of their securities, including receiving custodial statements, retaining rights of beneficial ownership of securities, receiving information about the ability to withdraw cash or securities, receiving confirmations of trades, and receiving proxy notices [IN THE EVENT THAT THE FIRM DOES NOT VOTE PROXIES FOR CLIENTS].

## **VI. PROPRIETARY TRADING POLICY**

### **A. Requirements**

To the extent the Code insists that client interests come first, it would of necessity govern principal transactions (securities or other asset transactions in which the asset manager has a proprietary interest in the securities or assets being traded) and agency cross transactions (securities or asset transactions in which an asset manager acts, either directly or through an affiliate, as the client's asset manager and as broker for the person on the other side of the transaction).

In general, in a traditional principal trade, a dealer executes a client's purchase or sale order from the dealer's existing inventory. In a riskless principal trade, the dealer executes the order by engaging in simultaneous transactions after locating a counterparty in the open market: the dealer purchases or sells the security from the client for its own account and offsets that transaction with a simultaneous sale to, or purchase from, the counterparty. Both principal and riskless principal trades may be subject to regulation in our jurisdiction. [INSERT YOUR JURISDICTION'S REGULATION OR LAW]

[IF YOUR FIRM MANAGES PROPRIETARY FUNDS, INSERT GOVERNANCE INFORMATION HERE]

### **B. Policy**

[INSERT YOUR FIRM'S POLICY REGARDING PROPRIETARY TRADING, OR MODIFY THE FOLLOWING IF YOUR FIRM DOES NOT ENGAGE IN SUCH TRADING]

The Firm does not engage in proprietary trading or maintain trading accounts on its behalf and will therefore not engage in any principal transactions with clients. Further, the Firm does not engage in agency cross transactions with any separately managed account clients and to date has not engaged in cross transactions with any of its managed funds.

### **C. Procedures**

Procedures for overseeing principal and agency cross trading will be instituted if XYZA intends to change its business plan. It will also update its client disclosure documents.

## **VII. ASSET MANAGEMENT AGREEMENT POLICY**

### **A. Requirements**

Some jurisdictions make it unlawful for an asset manager to enter into or renew an asset management contract if such contract (i) provides for compensation based on a share of capital gains upon or capital appreciation of the client's assets; (ii) fails to provide that no assignment of the contract shall be made by the asset manager without the consent of the other party to the contract; or (iii) if the asset manager is a partnership, fails to provide that the asset manager will notify the other party to the contract of any change in the membership of such partnership within a reasonable time after such change.

Some jurisdictions provide that any condition, stipulation, or provision binding any person to waive compliance with any provision of the laws of the jurisdiction, or the rules thereunder, is void.

### **B. Policy**

It is the policy of XYZA to comply with the requirements relating to asset management agreements under the jurisdiction(s) in which it conducts business.

The Procedures below are designed to confirm that XYZA's asset management agreements meet the requirements of [INSERT YOUR JURISDICTION'S LAW, IF APPLICABLE].

### **C. Procedures**

Before XYZA begins to serve as asset manager for any client, XYZA shall enter into a signed, written asset management agreement.

An asset management agreement entered into by XYZA may not purport to waive compliance with [INSERT JURISDICTION'S LAW AND/OR ITS RULES].

All asset management agreements shall be maintained in accordance with [INSERT JURISDICTIONAL RULES AS APPROPRIATE].

## VIII. POLICY AND PROCEDURES ON MATERIAL NONPUBLIC (“INSIDE”) INFORMATION AND INSIDER TRADING

### A. Requirements

Trading on material nonpublic information, which is illegal in most jurisdictions, erodes confidence in capital markets, institutions, and investment professionals and promotes the perception that those with inside and special access can take unfair advantage of the general investing public. Although trading on such information may lead to short-term profitability, over time, individuals and the profession as a whole suffer if investors avoid capital markets because they perceive them to be unfair by favoring the knowledgeable insider.

Different jurisdictions and regulatory regimes may define materiality differently, but in general, information is “material” if it is likely that a reasonable investor would consider it important and if it would be viewed as significantly altering the total mix of information available. Information is “nonpublic” until it has been widely disseminated to the marketplace (as opposed to a select group of investors).

The Firm has adopted compliance procedures, such as establishing information barriers (e.g., firewalls), to prevent the disclosure and misuse of material nonpublic information. In many cases, pending trades or client or fund holdings may be considered material nonpublic information, and the Firm and its personnel must be sure to keep such information confidential. In addition, merger and acquisition information, prior to its public disclosure, is generally considered material nonpublic information. The Firm and its personnel should evaluate company-specific information that they may receive and determine whether it meets the definition of material nonpublic information.

This provision is not meant to prevent our personnel who render investment advice to clients from using the mosaic theory to draw conclusions—that is, combine pieces of material public information with pieces of nonmaterial nonpublic information to draw actionable conclusions.

### B. Policy

#### 1. Material Nonpublic Information.

The Firm’s policy prohibits an employee, while in possession of material nonpublic information, from trading securities or recommending transactions, either personally or on behalf of others (including private accounts), or from communicating material nonpublic information to others in violation of the federal securities laws.

Information is defined as “material” when there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions. Generally, disclosure of this information would have a substantial effect on the price of a company’s securities. Material information can relate to a company’s results and operations, including, for example, dividend changes, earnings results, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidity problems, and extraordinary management developments.

“Material” information may also relate to the market for a company’s securities. Information about significant trades to be effected for the Firm’s client accounts (most especially the Fund) may in some contexts be deemed as material inside information. This knowledge can be used to take advantage of price movements in the market that may be caused by the Firm buying or selling specific securities for its clients. Material nonpublic information also relates to securities recommendations and client securities holdings and transactions.

Information is “public” when it has been disseminated broadly to investors in the marketplace. Tangible evidence of such dissemination (e.g., press release or newspaper article) is the best indication that the information is public.

Any employee who believes that he or she has come into possession of material nonpublic information about a certain company should immediately contact the Compliance Officer and refrain from disclosing the information to anyone else. The Compliance Officer will review the information and consult with outside counsel, if necessary, to determine whether the information is material and nonpublic. If deemed necessary, the Firm will place that company on the Restricted List in order to prohibit trading in any security of the company for personal or client accounts. The Restricted List is highly confidential and not to be disseminated to persons outside of the Firm.

## **2. Investment Information Relating to Clients Is Inside Information.**

In the course of their work, employees may learn or obtain material nonpublic information about investment recommendations, trading, and holdings for client accounts [INSERT IF APPLICABLE: or the Fund]. Using or sharing this information other than in connection with the performance of one’s duties for the Firm is considered acting on inside information and is therefore strictly prohibited. Employees’ personal securities transactions must not be timed to precede orders placed for any advisor’s or client accounts, which could be considered as “front-running” or insider trading. Investment opportunities must be offered first to clients served by the Firm before the Firm or its employees may act on them.

## **3. Sanctions and Penalties.**

Trading securities while in possession of material nonpublic information or improperly communicating that information to others inside or outside the Firm may expose a person to stringent penalties. Regardless of whether a government inquiry occurs, the Firm views any violation of these procedures seriously. Such violations may constitute grounds for immediate dismissal.

In addition, government authorities and regulatory bodies may impose penalties for violations of securities laws. These penalties may include the following:

- Formal censure.
- Monetary fines (up to \$1,000,000 [MODIFY FOR YOUR JURISDICTION]).
- Disgorgement of profits.
- Suspension from securities-related activities.
- Disbarment from the asset management industry.

- Imprisonment (up to [ ] years [MODIFY FOR YOUR JURISDICTION]).
  - A combination of the foregoing.
- 4. Information Barriers: Sharing or Using Investment-Related Information.**

An information barrier prohibits the disclosure of nonpublic (i.e., inside), confidential and proprietary information that belongs to a company or its clients to others. In this context, this information may include, but is not limited to, an asset manager's investment recommendations, portfolio holdings, and actual or pending purchases or sales of securities or other assets.

Employees are strictly prohibited from disclosing to or discussing with anyone outside of the Firm securities or other assets being considered for accounts of clients [INSERT IF APPLICABLE: (particularly the Fund)] or any asset managers to which the Firm provides services. If an employee becomes aware of any instance in which confidential trade information is communicated to anyone outside of the Firm, the employee must immediately report such instance to the Compliance Officer. Employees are strictly prohibited from trading in any security in which he or she has obtained knowledge that a particular security is being considered for purchase or sale by [INSERT IF APPLICABLE: the Fund] or other clients, including other advisors or subadvisors. Using or sharing this information with anyone inside or outside of the Firm (including family and friends), other than in connection with the investment of its accounts or any outside asset managers to which the Firm provides services, is considered acting on inside information and is prohibited.

Failure to comply with these information barriers may result in adverse consequences for the Firm, its personnel, and the asset managers to which the Firm provides services.

### **C. Procedures**

The following procedures have been established to aid employees in avoiding insider trading and other misuses of nonpublic, confidential information, and to aid the Firm in preventing, detecting and imposing sanctions against such insider (and other inappropriate) trading. [INSERT IF APPLICABLE IN YOUR JURISDICTION: Any employee must follow these procedures or risk serious regulatory sanctions, including substantial personal liability and criminal penalties.] Any questions about these procedures should be addressed to the CO and, if necessary, with competent outside counsel or other expert.

#### **1. Identifying Inside Information.**

Before trading for yourself or others in a security of a company about which you may have inside information or communicating such information, ask yourself the following questions:

- a. Is the information material? Is this information that an investor would consider important in making investment decisions? Is this information that would substantially affect the market price of the security if generally disclosed?
- b. Is the information nonpublic? To whom has this information been provided? Has the information been effectively communicated to the marketplace by having been published in Reuters, *The Wall*

*Street Journal*, the *Financial Times*, or other publications of general circulation? [INSERT NAMES OF MAJOR PUBLICATIONS AVAILABLE IN YOUR JURISDICTION, IF APPLICABLE.]

- c. If, after consideration of the foregoing, you believe that the information is material and nonpublic, or if you have any questions as to whether the information is material and nonpublic, you should take the following steps until such information has been publicly released as described elsewhere in this policy.
  - i. Do not communicate the information outside XYZA or with family or friends.
  - ii. Do not purchase or sell the securities on behalf of yourself or others, including clients, friends, and family members.
  - iii. Contact your CO and inform him or her of the information you possess so that an assessment can be made whether to enter the security on the Restricted List.

## **2. Definition of Beneficial Ownership of Securities.**

For purposes of the “Policy and Procedures on Material Nonpublic (‘Inside’) Information and Insider Trading” of XYZA, “beneficial ownership” shall be interpreted in the same manner as it would be in determining whether a person is subject to the provisions of [INSERT YOUR JURISDICTION’S LAW AS APPLICABLE. FOR EXAMPLE: Section 16(a) of the Securities Exchange Act of 1934] and the rules and regulations thereunder, except that the determination of direct or indirect beneficial ownership shall apply to all securities that an employee has or acquires (other than government securities and security trades over which the employee has no control), including stock dividends and other corporate actions or investment accounts (not managed by a family member) over which the employee has no investment discretion (including “veto” power). Securities held in the name of another should be considered as “beneficially owned” by an employee whereby such person enjoys “benefits substantially equivalent to ownership.”

Generally, a person is regarded as the beneficial owner of securities held in the name of his or her spouse and their minor children. Absent special circumstances, transactions by these immediate family members ordinarily result in the employee obtaining benefits substantially equivalent to ownership—for example, application of the income derived from such securities to maintain a common home, to meet expenses that such person otherwise would meet from other sources; or the ability to exercise a controlling influence over the purchase, sale, or voting of such securities. An employee also is regarded as the beneficial owner of securities held in the name of a spouse, minor children, or other person, even though he or she does not obtain the aforementioned benefits of ownership, if he or she can vest or re-vest title in himself or herself at once or at some future time. Moreover, the fact that the holder is a relative or a spouse and sharing the same home as an employee may in itself indicate that the employee would obtain benefits substantially equivalent to those of ownership from securities held in the name of such relative. Thus, absent countervailing facts, it is expected that securities held by relatives who share the same home as an employee will be treated as being beneficially owned by the employee.

The term “beneficial ownership” of securities would include not only ownership of securities held by an employee for his or her own benefit, whether in bearer form or registered in his or her name or otherwise, but also (i) ownership of securities held for his or her benefit by others (regardless of whether or how they are registered), such as custodians, brokers, executors, administrators, or trustees (including trusts in which he or she has only a remainder interest), (ii) securities held for his or her account by pledges, (iii) securities owned by a partnership in which he or she is a member, if he or she may exercise a controlling influence over the purchase, sale, or voting of such securities held for his or her account by pledges; and (iv) securities owned by a partnership in which he or she is a member, if he or she may exercise a controlling influence over the purchase, sale, or voting of such securities and securities owned by any corporation. Correspondingly, this term would exclude securities held by an employee for the benefit of someone else.

Ordinarily, this term would not include securities held by executors or administrators in estates in which an employee is a legatee or beneficiary unless there is a specific legacy to such person of such securities or such person is the sole legatee or beneficiary and there are other assets in the estate sufficient to pay debts ranking ahead of such legacy, or the securities are held in the estate more than a year after the decedent’s death.

An employee also may be regarded as the beneficial owner of securities held in the name of another person, if by reason of any contract, understanding, relationship, agreement, or other arrangement, he or she obtains benefits substantially equivalent to those of ownership.



## IX. PRIVACY POLICY

### A. Requirement

As part of their ethical duties, and in many jurisdictions, asset managers must hold information communicated to them by clients or other sources within the context of the manager–client relationship strictly confidential and must take all reasonable measures to preserve that confidentiality. This duty applies when managers obtain information on the basis of their confidential relationship with the client or their special ability to conduct a portion of the client’s business or personal affairs. Managers should create a privacy policy that addresses how confidential client information will be collected, stored, protected, and used. Such nonpublic personal information may include names, addresses, phone numbers, government identification numbers, account balances, passwords, or other information not generally available to the public.

The duty to maintain confidentiality does not supersede a duty (and in some cases the legal requirement) to report suspected illegal activities involving client accounts to the appropriate authorities. Where appropriate, the Firm will consider creating and implementing a written anti–money laundering policy to prevent the Firm from being used for money laundering or the financing of any illegal activities.

For XYZA, the content of the privacy notice that must be provided to customers should include an accurate description of the following:

- The categories of nonpublic personal information collected by XYZA.
- The fact that XYZA does not disclose nonpublic personal information to any unaffiliated person of XYZA without the client’s authorization, or as required by law or by any jurisdictional regulatory agency to which XYZA is subject.
- XYZA’s policies and practices with respect to protecting the confidentiality and security of nonpublic personal information.

### B. Policy

As an asset management firm that claims compliance with the Code, the Firm will comply with the Code’s privacy requirements and with our jurisdiction’s privacy laws. We have adopted policies and procedures to protect the nonpublic personal information of natural person clients and nonpublic information of our legal entity clients and to disclose to them both policies and procedures for protecting that information. With regard to individuals, nonpublic personal information includes nonpublic personally identifiable financial information plus any list, description, or grouping of investors that is derived from nonpublic personally identifiable financial information. Such information may include personal financial and account information, information relating to services performed for or transactions entered into on their behalf, as well as data or analyses derived from such nonpublic personal information. XYZA must also comply with the jurisdictional privacy laws to the extent the Firm does business with clients who are residents of these jurisdictions.

## **C. Procedures**

XYZA has adopted various procedures to implement its privacy policies, as well as reviews intended to monitor and insure that the policy is observed, implemented properly, and amended or updated as appropriate.

### **1. Non-Disclosure of Client or Consumer Information.**

XYZA maintains safeguards to comply with the Code and jurisdictional requirements to guard each investor's nonpublic personal information. The Firm does not share any nonpublic personal information about clients, nor does it share any nonpublic personal information pertaining to clients with any nonaffiliated third parties, except in the following circumstances:

- As necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account.
- As required by regulatory authorities or law enforcement officials that have jurisdiction over the Firm, or as otherwise required by any applicable law.
- To the extent reasonably necessary to prevent fraud, criminal or money laundering activities, and unauthorized transactions.

Personnel of the Firm are prohibited, either during or after termination of their employment, from disclosing nonpublic personal and private information to any person or entity outside XYZA, including family members, except under the circumstances described above. An employee is permitted to disclose nonpublic personal and private information only to such other employees who need to have access to such information to deliver services to the client.

### **2. Security and Disposal of Investor Information.**

XYZA restricts access to nonpublic personal and private information to its personnel to provide services to the Firm's clients. Any employee who is authorized to have access to nonpublic personal and private information is required to keep such information in a secure compartment or receptacle on a daily basis as of the close of business each day. All electronic or computer files containing such information shall be password secured and firewall protected from access by unauthorized persons. Any conversations involving nonpublic personal and private information, if appropriate at all, must be conducted by employees in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations. Any employee who is authorized to possess consumer report information for a business purpose is required to take reasonable measures to protect against unauthorized access to or use of the information in connection with its disposal.

### **3. Office Security.**

[INSERT YOUR SPECIFIC SECURITY MEASURES; THE FOLLOWING IS A SAMPLE:]  
The office security system includes a front door alarm with contact sensors and a motion detector. Video surveillance is maintained on the entrance and the computer cabinet during non-business hours. The laptop computers are locked in the cabinet after business hours. Additionally, the Firm's policy is to retain client data on offsite servers rather than on local computer hard drives.

#### **4. Privacy Notices.**

XYZA provides each client with the initial notice of the Firm's current privacy policy with the delivery of its disclosure documents and as contained in the Asset Management Agreement. XYZA shall also provide each such client with a new notice of the Firm's current privacy policies at least annually if the policy is changed or otherwise updated. The CO will document the date the privacy policy was delivered to each client for each year if an annual delivery is required. [INSERT YOUR JURISDICTION'S OPT-OUT NOTICES IF APPLICABLE]

#### **D. Affiliate Marketing Regulation**

##### **1. Requirement.**

[IF YOUR JURISDICTION HAS A REGULATION REGARDING AFFILIATE MARKETING, ENTER IT HERE.]

##### **2. Policy Regarding Affiliate Marketing.**

[INSERT YOUR POLICY HERE]

## **X. BUSINESS CONTINUITY PLAN**

### **A. Requirements**

General fiduciary obligations and the AMC Code of Ethics.

Part of safeguarding client interests is establishing procedures for handling client accounts and inquiries in situations of national, regional, or local emergency or market disruption. Commonly referred to as business continuity or disaster-recovery planning, such preparation is increasingly important in an industry and world highly susceptible to a wide variety of disasters and disruptions.

The level and complexity of business continuity planning depends on the size, nature, and complexity of the organization. At a minimum, asset managers should consider having the following:

- adequate backup, preferably off site, for all account information;
- alternative plans for monitoring, analyzing, and trading investments if primary systems become unavailable;
- plans for communicating with critical vendors and suppliers;
- plans for employee communication and coverage of critical business functions in the event of a facility or communication disruption; and
- plans for contacting and communicating with clients during a period of extended disruption.

Numerous other factors may need to be considered when creating the plan. According to the needs of the organization, these factors may include establishing backup office and operational space in the event of an extended disruption and dealing with key employee deaths or departures.

As with any important business planning, the Firm should ensure that employees and staff are knowledgeable about the plan and are specifically trained in areas of responsibility. Plans should be tested on a firmwide basis at intervals to promote employee understanding and identify any needed adjustments.

### **B. Policy**

XYZA's business continuity plan ("the Plan") identifies the critical business functions and the technological resources required to support them. The Plan is designed to reduce the risk to XYZA and its asset management clients resulting from an outage by addressing the issue of either restoring the critical processing within specified time frames or by replacing the critical processing with an alternative. The Plan also provides guidelines for ensuring that needed personnel and resources are available for both disaster preparation and response and that the proper steps will be carried out to permit the timely restoration of necessary applications and functions.

XYZA's investment advisory clients invest on a long-term basis. Asset management and administrative services are the critical business functions that XYZA must continue to support in the event of a systems outage.

Because of the nature of its advisory business, XYZA places a reasonable amount of reliance on service providers and their respective continuity plans.

The CO ([\_\_\_\_\_]) is responsible for reviewing the Plan and its implementation to ensure that such reasonable reliance can be maintained.

**C. Procedures**

[INTENTIONALLY LEFT BLANK; INSERT YOUR FIRM'S PROCEDURES HERE]

## **XI. ADVERTISING POLICY**

### **A. Requirements**

Many jurisdictions prohibit asset managers from engaging in advertising practices that are fraudulent, deceptive, or otherwise misleading. The manner in which asset managers portray themselves, their services, and their investment returns to existing and prospective clients is highly regulated in many jurisdictions.

Generally, an advertisement is any written communication, including websites and emails, directed to more than one person or any notice or other announcement in any publication or on any radio or television broadcast concerning advice or recommendations about the purchase or sale of securities or any other advisory service.

Consistent with the Code, asset managers must not misrepresent any aspect of their services or activities, including (but not limited to) their qualifications or credentials, the services they provide, their performance records, and characteristics of the investments or strategies they use. A misrepresentation is any untrue statement or omission of fact or any statement that is otherwise false or misleading. Asset managers must ensure that misrepresentation does not occur in oral representations, marketing (whether through mass media or printed brochures), electronic communications, or written materials (whether publicly disseminated or not).

### **B. Policy**

XYZA uses various advertising and marketing materials to obtain new asset management clients and to maintain existing client and financial intermediary relationships. Our policy requires that advertising and marketing materials be truthful and accurate, consistent with applicable rules within our jurisdiction, and reviewed and approved by the Compliance Officer prior to use. XYZA's policy prohibits any advertising or marketing materials that contain any untrue statement of material fact, omit any material facts, or otherwise might be construed as misleading. Fraudulent, manipulative, or deceptive conduct may be deemed to have occurred when an advertisement either omits material facts or contains untrue statements of material fact or false or misleading information.

#### **Policy Statement Definition of Advertisement.**

For purposes of this policy statement, "advertising" generally includes:

- Marketing audio and videotapes, include online video such as YouTube or Vimeo;
- Podcasts;
- Bulletins;
- Circulars;
- Consultant/rating agency questionnaires and RFPs;
- Direct mail campaigns;

- Form letters, mass mailings, and blast e-mails;
- Pieces designated for internal use only or for investment professional or broker/dealer use only that may reach a client or fund shareholder;
- Investment letters;
- Marketing email messages;
- Paid advertisements in a periodical or other publication;
- Presentations or presentation deck materials;
- Press releases;
- Reprints or redistribution of third-party publications;
- Television and radio scripts; and
- Website content, including LinkedIn, Facebook, Twitter, and other social media.

This list is not exhaustive. Other communications that the Firm circulates or distributes to more than one person or that could reach a retail or non-institutional audience, as well as material directed to a single person but used repeatedly without change, may also be considered “advertising.”

For the purpose of this policy statement, “advertising” generally does NOT include:

- Oral communications other than those in podcasts, YouTube, radio, or television broadcasts;
- Academic articles in trade publications that discuss a portfolio management methodology but do not offer or discuss asset management services or fund shares/units;
- Fund shareholder reports with performance information only for those periods covered by the financial statements within the shareholder reports; or;
- Regular account or fund shareholder statements or reports sent only to existing clients or shareholders/unitholders (but not to sell new funds or solicit business from existing clients or shareholders/unitholders).

Although the Firm may use the terms “marketing” and “advertising” interchangeably, all materials used to obtain new asset management clients and to maintain existing client and financial intermediary relationships must undergo compliance review and approval prior to use.

## **C. Procedures**

### **1. Marketing Material Review Process.**

The Firm's Compliance Officer [IF APPLICABLE, SUBSTITUTE A COMMUNICATIONS MANAGER OR MARKETING MANAGER] is responsible for maintaining and updating the Firm's marketing materials. Marketing materials that contain portfolio data, performance, or other investment-related information generally will be reviewed with the personnel who are preparing the materials as a quality control safeguard (e.g., to review for human error or performance reasonability). Once approved, the marketing materials may be forwarded to the CO for review and final approval. Marketing materials previously approved by the CO that are altered must be resubmitted for new approval. All marketing and advertising materials identified above may go through the review process.

**Note:** [INSERT AS APPLICABLE IN YOUR JURISDICTION] All fund advertising pieces will generally follow the same process, although they will require an additional level of review by a fund distributor or fund regulator [INSERT AS APPLICABLE WITHIN YOUR JURISDICTION]. This additional review will be part of the Compliance review process and does not impose any additional process requirements for the end user over what is described above.

### **2. Non-Performance-Related Advertising.**

Any misleading advertisement violates the Code [INSERT ANY APPLICABLE JURISDICTIONAL GUIDANCE]. As a Best Practice, we have detailed various advertising practices that our Firm views as being misleading, potentially fraudulent, deceptive and/or manipulative. The Firm generally bases its determination on all the particular facts relative to the advertisement and looks carefully at the form and content of the advertisement, the implications or inferences that could reasonably be made from the advertisement in its total context, and the overall sophistication of the audience who would be receiving the advertisement.

As a Best Practice consistent with the Code, we will prohibit the following content in advertisements made by the Firm:

- Testimonials concerning the Firm or any advice or service of the Firm (see further detail below);
- Direct or indirect references to past specific recommendations of the Firm that were or would have been profitable to a person, excepting advertisements listing or offering to list all recommendations for at least one year together with certain required information and containing a required cautionary clause (see further detail below);
- Representations that any graphs, charts, formula, or device can be used to determine which securities to buy or sell or when to buy or sell them, unless accompanied by explicit disclosure regarding the limitations and serious difficulties and risks inherent with their use;
- Any representation that a service will be provided free of charge unless there is in fact no condition or obligation; or
- Any untrue statement of a material fact or that may be false and/or misleading.



### **3. Testimonials.**

Testimonials are typically statements of a client's experience with, or an endorsement of, the Firm or our asset management and are strictly prohibited. In some jurisdictions, they are prohibited on the basis that they can create the idea that all clients have the same or similar favorable experiences as the one giving the testimonial. Similar to "cherry picking," testimonials emphasize only favorable experiences with the asset manager and ignore those that may be negative.

### **4. Representative Client Lists.**

The Firm allows the advertisement of a representative or partial list of its clients under the following circumstances:

- The Firm has not used performance-based data to determine which clients to include on the list (for example, it could be misleading to advertise a partial list of clients that have experienced above-average performance);
- The Firm clearly discloses that "it is not known whether the listed clients approve or disapprove of the Firm or the asset management services provided";
- The Firm clearly discloses the objective criteria used to determine which investors to include on the list; and
- The Firm has obtained the prior written approval of the client to be included on the list.

### **5. Unbiased Third-Party Reports and Rankings.**

[REVIEW FOR YOUR JURISDICTION'S RULES AND MODIFY, IF APPLICABLE] An asset manager's use of client surveys in advertising or marketing materials that are conducted by an unbiased third-party service provider is considered a testimonial in some jurisdictions. However, other jurisdictions have indicated that such surveys may be used in an advertisement provided the survey results represent a valid sample, involve no subjective analysis, do not favor positive or negative results, adequately disclose the criteria on which the survey and findings are based, and are otherwise consistent with jurisdictional regulatory requirements, among other things.

### **6. Past Specific Recommendations.**

The Code prohibits an asset manager from disseminating any advertisement that refers, directly or indirectly, to past specific recommendations that were, or would have been, profitable to any person because it is deemed to be "cherry picking" or selectively presenting certain time periods or investments that were profitable to the exclusion of others that were not. The Code insists that asset managers provide as much portfolio transparency as possible. To that end, the Firm will allow such advertisements under the following conditions:

- Set out or offer to furnish a list of all recommendations made by the Firm within the immediately preceding period of not less than one year.

- State (i) the name of each security recommended; (ii) the date and nature of each recommendation (e.g., buy, sell, or hold); (iii) the market price of the security at the time of the recommendation; (iv) the price at which the recommendation was to be acted on; and (v) the market price of each security as of the most recent practicable date.
- Include the following or similar legend on the first page (in print or type as large as the largest print or type used in the text of the advertisement or list): “It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities in this list.”

The Firm takes the position that certain communications that include information about profitable and unprofitable past specific securities recommendations are not considered to be advertisements. They are as follows:

- Written communications by the Firm or its representatives responding to unsolicited client, prospective client, or consultant requests about profitable or unprofitable past recommendations; and
- Written communications by the Firm to existing clients about past specific recommendations that are or were held by those clients.

The Firm’s communications to its existing clients about their portfolio holdings and transactions are not considered an advertisement unless the communication appears to be soliciting for or an offering of asset management services.

## **7. List of Partial Recommendations.**

The Firm may also distribute reports to clients and prospective clients that identify and discuss certain, but not all, securities bought, sold, or managed by the Firm provided certain conditions are met. These conditions include (1) using consistent and objective non-performance-based criteria in selecting the securities (e.g., largest position, etc.), (2) not disclosing profits or losses, (3) including specific disclosures, and (4) maintaining records, among others.

## **8. Free Information.**

The Code and most jurisdictions prohibit advertisements indicating that a report, analysis, or other service will be provided free of charge, unless the materials for services are actually provided free of charge and without obligation.

## **9. Other Information That Could Mislead.**

- References to GIPS® Standards.** The Firm must not claim compliance with the GIPS standards, in advertising or presentation materials, unless the Firm fully complies with the GIPS standards. Contact the CO regarding questions relating to GIPS and how the Firm is defined for the purposes of compliance with the GIPS standards. GIPS® is a registered trademark owned by CFA Institute.

- b. Superlatives and Exaggerated or Unsubstantiated Claims.** Words such as “superior performance,” “proven,” “guarantee,” or any similar terms that cannot be documented or proved true (even if believed to be true), or language that may be construed as promissory in nature, should not be used in any advertising.
- c. Advertising Inconsistent with Firm Disclosure Documents.** All advertising and marketing materials must be consistent with the fees and services as described in the Firm’s current disclosure documents and asset management agreements or engagement letters.
- d. Article Reprints.** Reprints of newspaper or periodical articles about our Firm, or our personnel, are subject to the Firm’s compliance review and must not be misleading. They will not be used if extensive disclosure or disclaimers are necessary to balance any misleading or unbalanced statements.
- e. Website Materials.** Information provided on our website is considered advertising and is subject to the review of the CO, as well as any applicable jurisdiction regulations. Website information is subject to the same policies and procedures for the review, approval, and retention of advertising and marketing materials. In addition to our own website, website content includes, but is not limited to, the Firm’s usage of social media services such as Facebook, LinkedIn, and Twitter.

Advertising or providing asset management services on the Internet may also result in having to register the Firm and its asset manager representatives in various jurisdictions unless certain safeguards, checkpoints, or disclosures are provided. Jurisdiction regulations should be checked for specific requirements.

## **10. Performance Advertising Requirements.**

The use of performance data in advertising and marketing materials is a highly complex subject and is carefully scrutinized in certain jurisdictions. [REVIEW AND INSERT YOUR JURISDICTION’S RULE, IF APPLICABLE] Guidance surrounding the use of performance is based on the Code and Best Practices. An advertisement using performance data must disclose all material facts necessary to avoid any unwarranted or misleading inferences.

When evaluating model or actual performance in an advertisement, the Firm will generally consider the advertisement to be fraudulent or misleading if it:

- a.** Fails to disclose the effect of material market or economic conditions on the results portrayed;
- b.** Includes model or actual results that do not reflect the deduction of asset management fees, brokerage or other commissions, and any other expenses that a client would have paid or actually paid;

- c. Fails to disclose whether and to what extent the results portrayed reflect the reinvestment of dividends and other earnings;
- d. Suggests or makes claims about the potential for profit without also disclosing the possibility of loss;
- e. Compares the model or actual results to an index without disclosing all material facts relevant to the comparison;
- f. Fails to disclose any material conditions, objectives, or investment strategies used to obtain the results portrayed;
- g. Fails to disclose prominently the limitations inherent in model results, particularly the fact that the results do not represent actual trading;
- h. Fails to disclose, if applicable, that the conditions, objectives or investment strategies of the model portfolio changed materially during the time period portrayed in the advertisement and the effect of the change on the results portrayed;
- i. Fails to disclose, if applicable, that any of the securities contained in or the investment strategies followed with respect to the model portfolio do not relate or partially relate to the type of asset management services currently offered by the asset manager;
- j. Fails to disclose, if applicable, that the asset manager's clients had investment results materially different from the results portrayed in the model; or
- k. Fails to disclose, if applicable, that the results portrayed relate only to a select group of the asset manager's clients, the basis on which the selection was made, and the effect of this practice on the results portrayed, if material.

#### **11. Gross- and Net-of-Fee Performance.**

Gross performance numbers can be used in one-on-one presentations to prospective clients, provided that four conditions are met. The Firm requires that at the time of the one-on-one presentation, the client must be presented with written disclosure stating that:

- a. The performance figures do not reflect the deduction of asset management fees;
- b. The client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its asset management account;
- c. The asset management fees are described in the Firm's disclosure documents and asset management agreement; and

- d. The presentation includes a representative example (e.g., a table, chart, graph, or narrative) that shows the potential effect of an asset management fee, compounded over a period of years, on the total value of a client's portfolio.

Typically, a one-on-one presentation is intended to mean a confidential and private meeting between the Firm's asset management representative and a prospective client, in which the client can ask specific questions and request clarification regarding items included in marketing materials.

## **12. Inclusion of Funds in Asset Management Composites.**

The Firm may include, if applicable, mutual fund performance in an asset management composite, including those computed on a gross-of-fee basis, provided no particular fund is identified. These "generic" asset management advertisements would not specifically be fund advertisements [CHECK AGAINST YOUR JURISDICTION'S RULES AND MODIFY IF APPLICABLE].

## **13. Multi-Manager Accounts.**

The Firm may include in performance advertisements the portion of a multi-manager account for which the Firm is responsible. Net performance for that portion must be reduced by the transaction costs related to the Firm's asset management and all fees or charges paid to the Firm or its affiliates.

## **14. Performance Records.**

If the Firm uses performance data in its advertisements, we will maintain the advertisements and all data supporting the performance figures for the entire performance period (e.g., if we advertise performance for a 10-year period, then for that entire period). As a Best Practice, the records will be maintained for a period of five years after the end of the fiscal year in which the advertisement/performance was last disseminated. The advertisements and supporting documents must be maintained in an appropriate office for the first two fiscal years following the dissemination of the advertisement and in an easily accessible place for the next three years, or for a period of five years from the year last disseminated. [CHECK AND MODIFY FOR YOUR JURISDICTION'S RECORD RETENTION REQUIREMENTS, IF APPLICABLE]

If the performance data is based on individually managed accounts, the Firm will retain all worksheets necessary to demonstrate the calculation of the performance data. In addition, all account statements (including accounts that were not used in the computation of the performance figures) reflecting all debits, credits, and transactions in a client's account must be retained.

If the performance data is not based on individually managed accounts, the Firm will prepare and maintain whatever documents are needed to substantiate the performance data.

## **15. Deduction of Model Fees.**

Instead of showing performance in advertisements net of actual fees incurred, the Firm may permit the deduction of a "model" fee equal to the highest fee the Firm charges to a client with respect to that particular investment strategy.

Additional recommended disclosures when using model advisory fees should disclose that:

- The performance data reflects the deduction of the highest fee charged for the specific investment strategy for the performance period represented;
- Actual asset management fees may vary among clients with the same investment strategy; and
- The Firm's fee schedules are available in its disclosure documents or upon request.

#### **16. Portability of Performance Results.**

The Firm must closely consider a number of factors in determining whether the performance of a portfolio manager(s) at a prior firm may be used by our firm—that is, the “portability” of a manager's performance results from one firm to another.

[REVIEW AND INSERT YOUR JURISDICTION'S RULES IF APPLICABLE] Some jurisdictions have indicated that an advertisement that includes prior performance would not, in and of itself, be misleading if the following conditions were satisfied:

- The person or persons who manage accounts at the successor asset manager were also primarily responsible for achieving the prior performance results;
- The accounts managed at the predecessor are so similar to the accounts currently under management that the performance results would provide relevant information to prospective clients of the successor asset manager;
- All accounts that were managed in a substantially similar manner are advertised unless the exclusion of any such account would not result in materially higher performance;
- The advertisement includes all relevant disclosures, including the fact that the performance results were from accounts managed at another entity.

Further, the Firm must have possession of the necessary records from the prior firm to support the prior performance information.

#### **17. Fund Advertising Requirements.**

[REVIEW YOUR JURISDICTION'S RULES WITH RESPECT TO FUND ADVERTISEMENTS AND INSERT THEM HERE. DELETE IF NO SUCH RULES EXIST]

## **XII. CLIENT COMPLAINTS**

### **A. Requirements**

Based on an asset manager's fiduciary duty to its clients and on the Code, and as a good business practice of maintaining strong and long-term client relationships, any asset management client complaints of whatever nature and size should be handled in a prompt, thorough, and professional manner. Some jurisdictional regulatory agencies may also require or request information about the receipt, review, and disposition of any written client complaints.

[INSERT ANY JURISDICTIONAL RULES REGARDING COMPLAINTS HERE] Some jurisdictions require that an asset manager make and keep accurate records of originals of all written communications received by the asset manager regarding any matters, including complaints from clients, pertaining to any recommendations made or proposed and any advice given or proposed to be given, or any other matter related to the business of the asset manager as such.

### **B. Policy**

As an asset manager and as a fiduciary to our clients, XYZA has a general policy to adequately and promptly address all client complaints with a fair resolution. The Firm will maintain a complaint file containing copies of all written complaints, as well as any oral complaints as summarized in a brief dated and initialed memorandum. The types of complaints that must be kept in the complaint file include any criticisms of the performance of the asset manager or of any asset manager representative. Complaints do not include simple statements by a client that he or she is disappointed with the performance of a security or a type of security recommended. Likewise, complaints do not include client letters expressing political or market opinions. However, criticisms based on the suitability of a recommended security in light of the client's circumstances must always be reported. If in doubt, contact the CO.

The Compliance Officer is responsible for ensuring that any client complaints are promptly and adequately addressed. The Compliance Officer or his or her designee may work with any appropriate member of the Firm and/or the asset manager representative when addressing any complaints. Bear in mind that even seemingly minor complaints can become major lawsuits. What seems minor to the Firm or its personnel may not be minor to the client. Prompt and effective responses to all complaints may avoid larger problems later.

### **C. Procedures**

The following steps must be taken with respect to any complaint received by the Firm or any asset manager representative. To remove subjectivity on the part of the recipient, these procedures must be followed whether or not the person who received the complaint believes it has any merit:

## **1. Promptly Forward Written Complaints to the Compliance Officer.**

If a written complaint is received by an asset manager representative, it must be forwarded to the Compliance Officer on the day it is received. The asset manager representative receiving the complaint should prepare a memorandum summarizing any comments he or she may have as background information. The memorandum should cover the information described in the next paragraph.

## **2. Oral Complaints.**

If an oral complaint is received, on the day it is received, the asset manager representative must prepare a brief memorandum summarizing the relevant details, as applicable, including: the client's name, address, and home and business telephone number; the date of the complaint and the date(s) of the underlying transaction(s) that gave rise to the complaint; a synopsis of the client's concerns; the name(s) of the security or product(s), if any, involved; any background comments including how the problem occurred; a summary of what the representative told the client during the initial and any subsequent conversation; a description of the action threatened (e.g., lawsuit or complaint to regulatory agency) and of any action that may have been immediately taken as a result of the complaint. The memorandum must then be sent to the Compliance Officer.

## **3. Threats of Legal or Administrative Action.**

The representative must contact the Compliance Officer immediately if the client has threatened to start some sort of legal or administrative action and discuss the complaint with the Compliance Officer, receive instructions from the Compliance Officer [OR OTHER APPROPRIATE PARTY SUCH AS LEGAL], and then respond to the client's concerns in accordance with those instructions. After the contact, the representative should prepare a written memorandum summarizing what, if any, follow-up action was taken and include the resolutions of the complaint.

## **4. Complaints Directed to Firm.**

If complaint is received by the Firm, the Compliance Officer will contact any asset manager representative involved with the complaint. The asset manager representative will then be responsible for preparing a memorandum as described in this policy.

## **5. Complaints Related to the Fund [INSERT IF APPLICABLE IN ACCORDANCE WITH ANY JURISDICTIONAL RULES].**

Complaints received concerning the Fund(s) (oral or written) are to be reported to the Compliance Officer, who in turn must contact the Fund Compliance Officer [IF APPLICABLE IN YOUR JURISDICTION] and follow his or her instructions as to handling and recordkeeping. In the absence of specific recordkeeping instructions from the Fund CO, the Compliance Officer will draft a memorandum to the Complaint file summarizing the nature of the complaint and the resolution from the Fund.



## **6. Recordkeeping.**

The Compliance Officer will retain copies of all written complaints, memoranda, and other pertinent documentation in the complaint file. A photocopy must also be placed in the client's permanent files.

A complaint about an asset manager representative may be reportable in certain jurisdictions. Consult with the Compliance Officer as needed on this determination.

If found to be meritorious, complaints relating to the performance or activity of an asset manager representative will be noted in the representative's personnel file.

## XIII. CUSTODY AND SAFEGUARDING OF CLIENT ASSETS

### A. Requirements

In accordance with the Code, client assets should be handled with the greatest possible care. Acting with care requires asset managers to act in a prudent and judicious manner in avoiding harm to clients. Adequate protection of client assets requires appropriate administrative, back-office, and compliance support. Asset manager firms should ensure that adequate internal controls are in place to prevent fraudulent behavior. In well-regulated jurisdictions, policies and procedures should ensure strict compliance with all applicable laws and regulations.

[INSERT YOUR JURISDICTION'S REQUIREMENTS HERE—U.S.-BASED EXAMPLE FOLLOWS; DELETE AS DESIRED] In some jurisdictions, “custody” is defined as holding directly or indirectly client funds or securities or having any authority to obtain possession of them.

Custody includes the following:

- Possession of client funds or securities. However, checks drawn by clients and made payable to third parties will not result in custody by the asset manager. Additionally, funds or securities received inadvertently, but returned within three business days to the sender, will not cause the asset manager to have custody.
- Arrangements permitting an asset manager to withdraw client funds or securities from a custodian will result in custody. Additionally, if through other than authorized trading, the asset manager can dispose of client funds or securities, then custody will also result. Likewise, the ability to withdraw fees or other expenses directly from a client’s account will be deemed to be custody on the part of the asset manager.
- Authority to access client accounts using a client’s PIN/password if the password access provides the Firm with the ability to withdraw funds or securities or transfer them to an account not in the client’s name at a qualified custodian.
- Standing letters of instruction or other similar asset transfer authorization arrangements (collectively, “SLOA”) established between the client and the qualified custodian that instruct the qualified custodian to transfer assets, either on a specified schedule or from time to time, to a designated third party upon the future request of the client that authorized the asset manager.
- Any legal capacity, such as being the trustee of a trust, that gives the asset manager legal ownership or access to client funds or securities will result in custody.

In many jurisdictions, it is a fraudulent, deceptive, or manipulative act, practice, or course of business for an asset manager to have custody of client funds or securities unless:

- Client accounts are maintained with a qualified custodian, which includes most regulated banks, registered broker dealers, and certain other financial institutions.

- Upon opening an account with a qualified custodian, the asset manager notifies the client or investor in writing of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. This requirement does not apply when the client and not the asset manager opens the custodial account. XYZA does not open accounts with custodians on behalf of clients or have discretionary authority to do so. [EDIT THIS TO FIT YOUR FIRM'S POLICY AROUND QUALIFIED CUSTODIANS]
- Authority to instruct the custodian to perform check-writing to the client's address of record provided that (1) the client has granted such authority in writing and a copy of that authorization is sent to the qualified custodian; (2) XYZA has no authority to open an account on behalf of the client; and (3) XYZA has no authority to designate or change the client's address of record with the qualified custodian.
- Authority to transfer via a signed SLOA client funds between client accounts maintained at unaffiliated qualified custodians, provided the client has authorized XYZA in writing to make such transfers specifying the client's account, including the name, account numbers, and routing numbers, all of which must be specified in writing in the SLOA. A copy of the SLOA must also be provided to the sending custodian.
- At least quarterly, account statements are sent to the client from the qualified custodian that set forth all of the transactions in the account during the quarter and regarding which, the asset manager has a reasonable basis, after due inquiry, to believe that the qualified custodian sends account statements at least quarterly to each client.
- Client funds and securities for which the asset manager is deemed to have custody are verified by an actual examination at least once per year by an independent public accountant on a surprise examination basis. There must be a written agreement between the asset manager and the independent public account, and the surprise examination must take place at a time of the accountant's choosing, without prior notice to the asset manager and at times that vary from year to year.

Other aspects may apply to XYZA that pertain to sending its own statements in lieu of the custodial statements, but only under the conditions of an independent and surprise annual audit. [EDIT TO ALIGN WITH YOUR JURISDICTION'S REQUIREMENTS]

## **B. Policy**

Neither the Firm nor any employee on behalf of the Firm may take custody of clients' funds or assets other than the kind of custody that may be deemed as a result of automatically deducting fees from a client's account or where it serves as the general or limited partner of an investment partnership or other arrangement as a manager to a pooled investment fund.

[INSERT YOUR FIRM'S POLICY HERE. THE FOLLOWING IS A SAMPLE BASED ON U.S. JURISDICTIONAL STANDARDS] Additionally, XYZA will not use SLOAs and does not generally have custody of securities or funds of clients except in cases where XYZA or [ ] are acting as a trustee to a client's trust account for which the Firm is also providing asset management services. In some jurisdictions, each of the accounts for which the

Firm has custody will be subject to a surprise or unannounced audit annually by an independent public accounting firm. [EDIT TO MATCH YOUR JURISDICTION'S REQUIREMENTS]

XYZA generally has the ability to deduct asset management fees from client accounts, but it deducts asset management fees only via qualified custodians. All qualified custodians used by the Firm send to clients the requisite statements, which reflect the deduction of the asset management fee. The deductions are limited to the asset management fee, and the custodian is aware of the Firm's limitations as to the account deductions. XYZA advises clients of the fee deduction via the disclosure in the Firm's disclosure brochure and the Asset Management Agreement, wherein clients are also advised to review each statement carefully and contact the Firm if they have any questions or concerns. Lastly, clients may terminate the fee deduction at any time.

XYZA reasonably believes its clients receive at least quarterly statements because of the fact that either XYZA receives an email from the custodian providing notice that statements have been sent or XYZA receives duplicate copies of such statements. XYZA does not issue client statements that replace those provided by the custodian.

### **C. Procedures**

[INSERT YOUR FIRM'S PROCEDURES HERE; THE FOLLOWING ARE SAMPLE PROCEDURES BASED ON U.S. LAW AND REGULATION] In light of the Firm's restrictive policy with respect to custody, XYZA is not authorized to accept checks or cash from a client unless it is for the exact payment of asset management fees that can be matched with an appropriate billing period or if it pertains to fees for financial planning. On a quarterly basis, XYZA sends detailed fee invoices to all asset management clients. If the asset management fee is automatically deducted from the client's account(s), it is denoted on the invoice. In the case of clients with multiple accounts, the amount deducted from each account is shown. Although not required, XYZA's practice is to wait approximately two weeks from the sending of the invoice before deducting fees in order to give clients the opportunity to contact the Firm if any questions arise regarding the quarterly fees.

In some jurisdictions, if the Firm were to receive a check from a client via the mail or in person that is made out in the name of the employee and not the Firm, the employee would be prohibited from holding, cashing, or endorsing said check in order to maintain compliance with the jurisdiction's custody rules. Further, no employee may endorse, cash, or hold a check when such check can reasonably be construed to be an investment deposit for a client's account. Such checks should be returned to the client within three business days with a note of explanation, including instructions on how to deposit funds in the client's account and to whom to make the check payable. [EDIT TO MATCH YOUR JURISDICTION'S REQUIREMENTS]

XYZA is allowed to assist a client in remitting an appropriately completed check to the custodian, however, which would generally be the case when the client is in a face-to-face meeting with the employee/asset management representative and desires the Firm to overnight the check to the custodian for proper deposit.

With regard to those accounts for which the Firm (or [INSERT NAME OF EMPLOYEE, IF APPLICABLE]) is acting as a trustee and for which the Firm is also engaged to provide asset management services, the Firm will enter into a written agreement with an independent public accountant to verify such funds and securities of which the Firm is deemed to have custody. The

public accountant will conduct an annual surprise audit or examination on an irregular basis that must take place at a time of the accountant's choosing without prior notice to XYZA.

The written agreement must provide that the first surprise examination must occur within six months of the date on which the Firm has custody for the first time.

The agreement must also require the accountant to perform the following [EDIT FOR YOUR JURISDICTION'S REQUIREMENTS, IF ANY]:

1. File any regulatory required forms with the jurisdictional regulator within [ ] days after the examination, stating that the accountant has examined the funds and securities and describing the nature and extent of the exam;
2. Notify the jurisdictional regulator by fax, email, or other approved method of sending within [ ] business day(s) of finding any material discrepancies during the examination; and
3. File any regulatory required forms with the jurisdictional regulator within [ ] business days of resignation, dismissal, or termination of the engagement (or upon removing itself or being removed from consideration for reappointment), accompanied by a statement that includes the date of the resignation, dismissal, removal, or termination, and an explanation of any related problems concerning the examination scope or procedure.

[EDIT THE FOLLOWING TO MATCH YOUR FIRM] XYZA does/does not currently advise pooled investments for which it may be deemed to have custody and therefore is/is not required to engage an accountant to audit such pooled funds.

Should XYZA hire additional employees in the future, the Firm will consider adding policies and procedures to its compliance program that will provide for controls limiting employee access to client assets to prevent misappropriation or misuse of client assets. The Firm will also consider developing systems or procedures to assure prompt detection of any misuse, in order to take appropriate action if any misuse of client assets occurs.

## **XIV. VALUATION POLICY**

### **A. Requirements**

Asset management firms have a fiduciary duty to ensure that portfolio holdings for accounts for which the asset manager has investment discretion are valued fairly and consistently. Proper valuations are necessary for accurate performance calculations and fee billing purposes and to avoid conflicts of interest arising from the Firm both assessing its fees and valuing the securities from which fees are assessed. To avoid such conflicts of interest, independent pricing services and sources should be used as much as possible.

### **B. Policy**

XYZA has adopted this policy, which requires that all client portfolios and investments reflect current, fair, and accurate valuations. Pricing or valuation of securities is independently performed by the custodian bank that holds client assets and will usually not be performed by XYZA. The purpose of this policy is to avoid potential conflicts of interest that can arise from the Firm assessing its fees based on a percentage of assets under management or, in some cases, where an additional fee is calculated as a percentage of annual returns earned on the assets when the Firm has the additional responsibility of determining end-of-period valuations and returns on assets.

Any pricing errors, adjustments, or corrections are to be verified as much as possible through the use of such independent sources engaged by the Firm. It is XYZA's overarching policy to place clients' interests first and foremost in all circumstances.

### **C. Procedures**

With regard to separately managed client accounts, the Firm generally relies on the pricing services of the bank custodian(s) that have custody or otherwise hold client assets.

To determine the fair value of holdings for which no independent, third-party market quotation is available, the Firm will make a good faith determination of valuation based as much as possible on third-party sources or valuation algorithms.

General procedures are as follows [TAILOR TO YOUR FIRM'S PROCEDURES]:

1. Equity and fixed-income securities are priced using the Firm's portfolio accounting system.
2. The Firm's portfolio accounting system receives daily downloads from most pricing vendor services via electronic submission.
3. Client accounting reviews pricing vendor feeds on a daily basis for any pricing outages, corporate action changes, etc.
4. Client Accounting uses [INSERT PRICING VENDOR NAME] to conduct a secondary pricing check on a weekly basis and may rely on [PRICING VENDOR'S] price in the event of stale pricing.

5. At month end, Portfolio Management also runs a report from the performance postings indicating any securities positions that are missing and need to be obtained.

[DELETE IF NOT APPLICABLE] With respect to the Fund(s), the Board of Directors of the Fund(s) has entered into an agreement with [INSERT NAME OF CUSTODIAN BANK] to, among other things, supervise the determination of net asset value and all financial statements with respect to the Fund(s).

Generally, the Fund's investments are valued at market value as determined by the Fund's custodian bank. The Fund also uses the services of [INSERT NAME OF VALUATION SERVICE PROVIDER, IF APPLICABLE], which provides end-of-day pricing data for non-US or illiquid securities.

Additionally, the Fund has formed a Valuation Committee, to which the Board has delegated the function of overseeing the valuation of the portfolio securities to help make determinations relating to the valuation of portfolio securities on an ad hoc basis between Board meetings to the extent necessary. The Valuation Committee members may include one or more of the independent directors and the Fund's Treasurer. The function of this committee is to value securities held in the Fund(s) for which current and reliable market quotations are not readily available. Such securities are valued at their respective fair values as determined in good faith by the Valuation Committee, and the actions of the Valuation Committee are subsequently reviewed and ratified by the Board.

At the quarterly meetings of the Board, the Valuation Committee will provide reports to the Board on any actions taken, and the Board will be asked to ratify the actions taken.

The Board has delegated the responsibility of calculating the NAV of each of the Funds to the custodian. Where market quotations are available, the custodian may rely on third-party independent pricing services.

## **XV. TRADE ALLOCATION AND AGGREGATION POLICY**

### **A. Requirements**

In accordance with the Code, when placing trades for client accounts, asset managers must allocate trades fairly so that some client accounts are not routinely traded first or receive preferential treatment. Where possible, asset managers should use block trades and allocate shares on a pro rata basis by using an average price or some other method that ensures fair and equitable allocations. When allocating shares of an initial or secondary offering, asset managers should strive to ensure that all clients for whom the security is suitable are given opportunities to participate. When asset managers do not receive a large enough allocation to allow all eligible clients to participate fully in a particular offering, they must ensure that certain clients are not given preferential treatment and should establish a system to ensure that new issues are allocated fairly (e.g., pro rata). Asset manager's trade allocation policies should specifically address how initial public offerings and private placements are to be handled.

### **B. Policy**

The Firm's policy is to provide for the fair and equitable allocation of transactions in client accounts and describe its trade allocation practices in its disclosure documents, consistent with the Code and any regulatory or jurisdictional requirements.

### **C. Procedures**

Trade allocation decisions are made by the Firm, among client accounts, on a fair and equitable rotational basis to ensure that no single relationship has a trading advantage. When two or more client accounts are simultaneously engaged in the purchase or sale of the same security, to the extent possible, the transactions may be bunched or block traded, and these accounts will receive the security at an average price. The block trade will typically be allocated before the close of the trade day. The ability of a client account to participate with other client accounts in bunched or blocked transactions may produce better executions for the individual client account. In some cases where the client designates the broker/dealer to trade with, the client may be unable to participate in bunched or block trades.

For partial allocations, client accounts are typically allocated on a random basis with such method of allocation having been predetermined in advance of the allocation. In some instances, client accounts that maintain maximum/minimum cash restrictions may be allocated manually ahead of another client account within the same bunch/block trade so as to not violate the imposed restriction.

#### **1. Initial Trade Determination.**

XYZA is responsible for (i) selecting investments for each client account and (ii) reviewing orders to ensure that account restrictions are being followed and that the account has sufficient available cash to purchase the securities in question. If the Firm determines to buy or sell the same security on behalf of more than one client account, it may, but is not obligated to, place an aggregated order for such accounts in order to obtain best execution or other efficiencies.



## 2. Trade Memoranda.

XYZA's portfolio manager must create an internal trade memorandum (whether electronic or hardcopy) before an aggregated order is placed with a broker for execution, listing the number of shares to be purchased. All internal trade memoranda must be time and date stamped before trading on that memorandum may commence.

## 3. Allocation of Executed Aggregated Orders.

When an aggregated order is filled in its entirety, each participating client account will participate at the average share price for the aggregated order, and transaction costs shall be shared pro rata based on each client's participation.

- a. **Pro Rata Allocation:** If an order cannot be completely filled, the partial fill will generally be allocated pro rata, subject to rounding to achieve round lots. Each account participating in a particular aggregated or batched trade will receive the share price with respect to that aggregated order or, as appropriate, the average share price for all executed batched trades on that trading day.
- b. **Non-Pro Rata Allocation:** The Firm may allocate on a basis other than pro rata if, under the circumstances, such other method of allocation is reasonable, does not result in improper or undisclosed advantage or disadvantage to other accounts, and results in fair access over time to trading opportunities for all eligible managed accounts. For example, the Firm may identify investment opportunities that are more appropriate for certain accounts than others, based on such factors as investment objectives, style, risk-return parameters, regulatory and client restrictions, tax status, account size, sensitivity to turnover, and available cash and cash flows. Consequently, the Firm may decide it is more appropriate to place a given security in one account rather than another account. Other non-pro rata methods include rotation allocation and random allocation. Alternative methods of allocation are appropriate, for example, when the transaction size is too limited to be effectively allocated pro rata among all eligible accounts.
- c. **Deviation from Proposed Trade Ticket Allocation:** An executed order may be allocated on a basis different from that specified in the trade ticket if all accounts of clients whose orders were aggregated receive fair and equitable treatment.
- d. **Fixed-Income Securities Exception:** The aggregation and allocation policies and procedures apply to trades in equity securities only. The Firm effects transactions in fixed-income securities through a bidding process that does not require us to aggregate or allocate these transactions. Additionally, orders for mutual funds or exchange-traded funds are generally fully filled and do not present allocation issues.

#### **4. IPOs.**

IPOs will be allocated as follows: accounts that are eligible to purchase shares in IPOs because such purchases are consistent with their stated investment objectives may participate in aggregated orders for shares in IPOs. Allocation of any share received will be made on a pro rata basis based on the initial amount requested for each account participating in the aggregated order, subject to rounding to achieve round lots. Small fills may be allocated on a basis other than pro rata in accordance with the procedures in sections 3.b. and 3.c. above.

#### **D. Compliance Review Procedures**

With respect to secondary market trading:

The Compliance Officer will review a sample of trade executions and confirm that the trades were allocated consistent the Firm's disclosure documents and these procedures. Any potential exceptions will be reviewed and documented.

With respect to IPOs:

The Compliance Officer will review a sample of IPO transactions, at least quarterly, and confirm that all IPO allocations were allocated consistent with the Firm's disclosures and these procedures. Any potential exceptions will be reviewed and documented.

## **XVI. PROXY VOTING POLICY**

### **A. Requirements**

As part of their fiduciary duties, asset managers that exercise voting authority over client shares must vote them in an informed and responsible manner. This obligation includes the paramount duty to vote shares in the best interests of clients.

To fulfill their duties, asset managers must adopt policies and procedures for the voting of shares and disclose those policies and procedures to clients. These disclosures should specify, among other things, guidelines for instituting regular reviews for new or controversial issues, mechanisms for reviewing unusual proposals, guidance in deciding whether additional actions are warranted when votes are against corporate management, and systems to monitor any delegation of share-voting responsibilities to others. Asset managers also must disclose to clients how to obtain information on the manner in which their shares were voted.

[INSERT YOUR JURISDICTION'S LAWS AND RULES REGARDING VOTING SECURITIES ON BEHALF OF CLIENTS]

### **B. Policy**

[SAMPLE TEXT IF YOUR FIRM DOES NOT VOTE PROXIES FOR CLIENTS]

Clients of XYZA retain all indicia of ownership of the securities in their accounts. Therefore, XYZA does not vote proxies on behalf of its clients. This information is disclosed in Firm's disclosure documents and in the standard Asset Management Agreement. Clients are responsible for ensuring that all proxy materials are sent directly to them from the custodian.

[SAMPLE TEXT IF YOUR FIRM VOTES SHARES ON BEHALF OF ITS CLIENTS]

### **C. Procedures**

[SAMPLE TEXT IF YOUR FIRM DOES NOT VOTE PROXIES FOR CLIENTS]

In the unlikely event that XYZA were to receive proxy materials on behalf of a client, the Firm would notify the sender of the error and immediately forward the materials on to the client with a copy of the error notice mailed to the sender.

Additionally, were a client to seek advice from XYZA as to how to vote a proxy for a fund, the Firm would advise the client that it does not provide proxy research services.

[SAMPLE TEXT IF YOUR FIRM VOTES SHARES ON BEHALF OF ITS CLIENTS]

For clients for whom the Firm retains investment discretion over the client account, the Firm has authority to vote proxies for portfolio securities (equities) consistent with the best interests of its clients. Our written policies and procedures as to the handling, research, voting, and reporting of proxy voting, as well as appropriate disclosures about proxy policies and practices, are discussed below. The Firm's policy and practice include the responsibility to monitor corporate actions, receive and vote client proxies, and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio

securities and maintaining relevant and required records. [IF YOUR FIRM USES A PROXY VOTING SERVICE, INSERT THE FOLLOWING TEXT:] It should be noted that XYZA has contracted with [\_\_\_\_\_], which will vote proxies in accordance with the Firm's proxy voting policies.

## **1. Departmental Responsibilities.**

The following outlines the responsibilities for establishing, implementing, and enforcing the Firm's proxy voting procedures. [TAILOR TO YOUR FIRM'S ORGANIZATIONAL STRUCTURE]

### **a. Account Administration.**

- i.** [INSERT IF YOUR FIRM USES A PROXY SERVICE] Conducting due diligence of the third party proxy voting service provider ("proxy voting agent") (to ensure that the proxy voting agent is properly voting proxies on behalf of the Firm's clients).
- ii.** Providing any client-specific voting instructions to the proxy voting agent and verifying with the proxy voting agent that client instructions were properly followed.
- iii.** Reviewing selected New Account documentation to verify the consistency between the proxy voting election in the documentation and the Firm's systems.

### **b. Compliance.**

- i.** Disclosing XYZA's proxy voting practices within its disclosure documents, monitoring for any material conflicts, and maintaining a database of each written client request for proxy voting information.
- ii.** Reviewing periodically the policies and procedures stated in this Manual to ensure they continue to be effective and current. In addition, the CO or a designee will review the Firm's proxy voting disclosures to ensure that the written disclosure is clear and accurately reflects current policies and practices.

### **c. Investment Services and Client Support.**

- i.** Providing clients, upon request, with proxy voting records and/or a copy of the Firm's proxy voting policies.
- ii.** Providing a report from the proxy voting agent on how proxies were voted for the securities held in the account, if an asset management client requests information on how their proxies were voted for specific securities and the account is set up to accommodate these requests.

However, if the account is not set up that way, or the account's proxy votes are aggregated, the Firm will provide a report from the proxy voting agent on how proxies were voted for the securities held in the model portfolios.

- iii. Ensuring that each written client request and any written response is placed into the client's file.

**d. Potential Firm Conflicts.**

All directors, officers, and employees are responsible for notifying the CO of the following:

- i. Any personal or business relationships with any executive director or officer of a company whose securities are (or may be) recommended to the Firm's clients.
- ii. If he or she (or spouse/close relative) currently, or formerly, serves as a director or executive of any company.
- iii. If he or she (or spouse/close relative) holds more than [ ]% financial interest in any company. [INSERT PERCENTAGE SUITABLE FOR YOUR JURISDICTION]

**2. Account Procedures.**

**a. Asset Management Accounts.**

The Firm's asset management agreements and disclosure documents describe how the Firm will vote proxies solicited by, or with respect to, the issuers of securities in its clients' accounts. However, the Firm will not vote proxies for the following types of securities:

- i. Securities not under the Firm's asset management supervision;
- ii. Securities in transition (e.g., securities held in an account that are in the process of being sold so the account can be aligned with the model portfolios or asset allocation of the IPS);
- iii. Model securities that have been sold. These represent securities that are no longer in the model at the time of the proxy vote; [DELETE IF YOUR FIRM DOESN'T HAVE MODEL PORTFOLIOS] or
- iv. Voting for foreign securities in countries that require "share blocking." [TAILOR TO YOUR FIRM]

**b. Proxy Voting Agent.**

The Firm uses a vendor for proxy voting and corporate governance services, to provide research on corporate governance issues and corporate actions, to make proxy vote recommendations, and to handle the administrative functions associated with the voting of client proxies. Although the Firm generally accepts the proxy voting agent's proxy vote recommendations, the Firm retains the ultimate authority to decide how to vote.

The proxy voting agent maintains proxy vote records and proxy materials, including the proxy voting ballot issue and votes cast. The proxy voting agent provides the Firm with various proxy voting reports, including reports that indicate the number of shares and votes taken for all applicable proxy votes cast.

**c. Conflicts of Interest.**

The Firm is committed to the highest standards of business conduct. In order for the Firm to identify potential or actual conflicts of interest, it is our policy that personnel must immediately contact the CO or his or her designee if they believe that a certain outside activity raises or appears to raise a conflict of interest in connection with the proxy voting activities of the Firm. It is every employee's duty to notify the CO or his or her designee of any conflicting relationship as it arises. In any instance where a conflict of interest arises, the Firm will vote in accordance with the proxy voting agent's recommendations.

**d. Disclosure.**

In accordance with the Code, the Firm's disclosure documents will make the following disclosures to clients:

- i. Whether the Firm votes proxies for clients.
- ii. Our proxy voting policies, practices, and procedures.
- iii. Whether a client can direct a vote in a proxy solicitation.
- iv. How clients can obtain information on how their proxies were voted.
- v. A copy of proxy policies is available upon request. The policy available to clients is a concise summary of the Firm's proxy voting process, and it will indicate that a copy of the complete policies and procedures is available upon request.

**e. Recordkeeping.**

The Firm will make and retain the following books and records:

- i. Proxy voting policies and procedures.
- ii. A copy of each proxy statement that the Firm receives regarding client securities.
- iii. A record of each vote cast by the Firm on behalf of a client.
- iv. A copy of any document created by the Firm that was material to making a decision how to vote proxies on behalf of a client or that memorializes the basis for that decision.
- v. A copy of each written client request for information on how the Firm voted proxies on behalf of the client, and a copy of any written response by the Firm to any (written or oral) client request for information on how the Firm voted proxies on behalf of the requesting client.

## **XVII. BROKERAGE, SOFT DOLLAR, AND BEST EXECUTION POLICY**

### **A. Requirements**

#### **1. Soft Dollars.**

Asset managers must recognize that commissions paid (and any benefits received in return for them) are the property of the client. Consequently, any benefits offered in return for commissions must benefit the asset manager's clients.

To determine whether a benefit generated from client commissions is appropriate, asset managers must determine whether it will directly assist in the asset manager's investment decision-making process. The investment decision-making process can be considered the qualitative and quantitative process, and the related tools used by the asset manager in rendering investment advice to clients. The process includes financial analysis, trading and risk analysis, securities selection, broker selection, asset allocation, and suitability analysis.

Some asset management firms have chosen to eliminate the use of soft commissions (also known as soft dollars) to avoid any conflicts of interest that may exist. Asset management firms should disclose their policy on how benefits are evaluated and used for the client's benefit. If a firm chooses to use soft commissions or bundled brokerage arrangements, they should disclose this use to their clients. Asset managers should consider complying with industry best practices regarding the use and reporting of such an arrangement.

#### **2. Best Execution.**

When placing client trades, asset managers have a duty to seek terms that secure best execution for and maximize the value of each client's portfolio (i.e., ensure the best possible result overall). Asset managers must seek the most favorable terms for client trades within each trade's particular circumstances (such as transaction size, market characteristics, liquidity of security, and security type). Asset managers also must decide which brokers or venues provide best execution while considering, among other things, commission rates, timeliness of trade executions, and the ability to maintain anonymity, minimize incomplete trades, and minimize market impact.

When a client directs an asset management firm to place trades through a specific broker or through a particular type of broker, the asset management firm should alert the client that by limiting his or her ability to select the broker, the client may not be receiving best execution. The asset manager should seek written acknowledgment from the client of receiving this information.

### **B. Policy**

The Firm believes that brokerage commissions are client assets and should be utilized in accordance with fiduciary principles for the benefit of all clients. It is incumbent upon the Firm to obtain best execution and to use brokerage commissions in the interests of all clients. Therefore, the Firm will endeavor to obtain best execution in all brokerage arrangements, including those involving soft dollar benefits.



## 1. Brokerage Practices.

The Firm currently recommends the services of [INSERT NAME OF BROKER, IF APPROPRIATE] and may suggest that clients establish brokerage accounts with this service provider. Although clients may select other brokerage firms to be custodian of assets, the Firm cannot guarantee best execution of transactions because of limitations of services or because of limitations placed on the Firm by the service provider. Additionally, other custodians may charge a minimum fee for each transaction in an account. Because of this minimum fee, it is often not economically feasible to select any other broker than the custodian for equity, mutual fund, and exchange-traded fund transactions.

[ ] provides the Firm with access to its institutional trading and operations services, which are typically not available to retail investors. Services received include research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

The Firm may receive traditional non-cash benefits from [ ] that may benefit the Firm but may not benefit its clients' accounts in every case. Some of these other products and services assist the Firm in managing and administering clients' accounts, such as software and other technology that provide access to client account data (trade confirmations and account statements); facilitate trade execution (including allocation of aggregated orders for multiple client accounts); provide research, pricing information, and other market data; facilitate payment of the Firm's fees from its clients' accounts; and assist with back-office support, recordkeeping, and client reporting. Many of these services may be used to service all, or a substantial number, of the Firm's accounts, including accounts not maintained at [ ]. [ ] may also provide the Firm with other services intended to help it manage and further develop its business enterprise. These services may include general consulting, publications, and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. However, the availability to the Firm of the aforementioned services and products is contingent upon the Firm committing to [ ] a specified amount of business from assets in custody, trading, or commissions.

## 2. Best Execution.

The Firm's policy is to seek best execution for all client transactions for which it has investment discretion. Therefore, in determining and seeking best execution, the Firm will consider such factors as the commission rates charged, the ability to negotiate commissions, the ability to obtain volume discounts, execution capability and speed, ability to obtain price improvement, financial strength, access to markets, research provided, and general responsiveness to trade matters as they arise, including error correction.

Given the difficult and challenging definition of best execution beyond mere commission costs, the Firm will periodically review the execution performance for those accounts for which the Firm has brokerage discretion as well as evaluate the performance of the broker/dealers.

The Firm has adopted a set of best execution policy goals that it seeks to achieve in placing trades on behalf of clients:

- a. The Firm will use its best efforts to seek the best available price and most favorable execution with respect to the management of client accounts.
- b. “Best available price and most favorable execution” is defined to mean the general policy of executing client transactions at prices and, if applicable, commissions that provide the most favorable total cost or proceeds reasonably obtainable under the circumstances.
- c. In selecting a broker/dealer for each specific transaction, the Firm will use its best judgment to choose the broker or dealer most capable of providing the brokerage services necessary to seek the best available price and most favorable execution. The full range of brokerage services applicable to a particular transaction will be considered when making this judgment.
- d. The Firm is not obligated to choose the broker/dealer offering the lowest available commission rate if, in its reasonable judgment, there is a material risk that the total cost or proceeds from the transaction might be less favorable than may be obtained elsewhere. The Firm makes every effort to keep informed of commission rate structures and prevalent bid–ask spread characteristics of the markets and securities in which transactions for its clients occur. The Firm may or may not solicit competitive bids based on its judgment of the expected benefit or harm to the execution process for that transaction.

### **3. Soft Dollar Programs.**

[TAILOR TO YOUR JURISDICTION; THE FOLLOWING IS BASED ON U.S. LAW AND REGULATION] When appropriate under its discretionary authority and consistent with its duty to seek best execution, the Firm may direct trades for client accounts to brokers that provide the Firm with brokerage and research services. Those client commissions used to acquire brokerage and research services are “soft dollar” benefits. The Firm’s policy is to seek to comply with Section 28(e) safe harbor discussed above allowing the Firm to pay more than the lowest available commission for brokerage and research services if it determines in good faith that: (1) the brokerage and research services fall within the definitions set forth in Section 28(e); (2) the brokerage and research services provide lawful and appropriate assistance in the investment decision-making process; and (3) the commission paid is reasonable in relation to the brokerage and research services provided. In assessing soft dollar programs, however, the Firm will be cognizant that the use of client commissions to pay for research and brokerage services may present it with conflicts of interest because (1) it receives a benefit that it does not have to pay from its own capital and (2) the Firm may be incented to select brokers based on receiving brokerage and research services rather than receiving the most favorable execution.

To manage that conflict, the Firm has delegated the review of soft dollar programs to the [INSERT YOUR FIRM’S RESPONSIBLE PARTIES; THE FOLLOWING IS A TYPICAL FORMAT] Investment Committee, which will periodically perform evaluations of soft dollar programs focusing on the quality and quantity of brokerage and research services provided by brokerage firms and whether the commissions paid for such services are fair and reasonable. Generally, brokerage and research services acquired with soft dollars may include, but are not limited to:

written and oral reports on the economy, industries, sectors, and individual companies or issuers; appraisals and analyses relating to markets and economic factors; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; online quotations, trading techniques, and other trading systems; risk measurement; analyses of corporate responsibility issues; research-related online news services; seminars; on-site visits; asset allocation software; pricing; indices data; and financial and market database services.

Brokerage and research services obtained with soft dollars are not necessarily limited to specific accounts that generated the soft dollars. Some clients who restrict the use of soft dollars may benefit from the research and brokerage products obtained from soft dollars despite the fact that their trade commissions are not be used to pay for these services. The Firm will not attempt to allocate the relative costs or benefits of brokerage and research services among client accounts because it believes that, in the aggregate, the brokerage and research services it receives benefit all clients and assist the Firm in fulfilling its overall investment responsibilities.

Selected products or services provided by brokers may have administrative, marketing, or other uses that do not constitute brokerage or research services within the meaning of Section 28(e). These are referred to as “mixed-use” products and services. The Firm evaluates mixed-use products and services and attempts to make a reasonable allocation of the cost of these products or services according to their use, including the number of people involved, the intended purpose, or the amount time that different functions utilize the product or service. A conflict of interest may arise in allocating the cost of mixed-use items between research and non-research products and services. The portion of a product or service attributable to eligible brokerage or research services will be paid through brokerage commissions generated by client transactions; the remaining cost of the product or service will be paid by the Firm from its own resources.

### **C. Procedures**

The Firm discloses its soft dollar, directed brokerage, best execution policy, as well any other arrangements, in its disclosure documents required under the Code [OR JURISDICTION REQUIREMENTS].

With respect to fulfilling its best execution obligations to its clients and oversight of soft dollar programs, the Firm has established the following practices.

#### **1. Best Execution and Soft Dollar Review.**

The Firm has established an Investment Committee (“Committee”) [THE PRECEDING IS TYPICAL; REPLACE IF YOUR FIRM USES A DIFFERENT FORMAT] composed of individuals from investment research, trading, compliance, and executive management. Among its responsibilities, the Committee, or an appointed subcommittee, meets periodically to review the Investment Team’s best execution efforts and to oversee all soft dollar arrangements to ensure compliance with the safe harbor, including the review and approval of new soft dollar programs. Minutes are to be kept noting all reviews and approvals.

## 2. Brokerage Transactions Quality Report.

The Investment Team may prepare periodic reports to assist in the evaluation of the Firm's best execution efforts. During its meetings, the Committee evaluates the cost of brokerage services relative to their quality. Also included in this review is the broker/dealer selection process, which is an evaluation of each of the current broker/dealers' abilities. Additionally, potential new broker/dealers, if any, are assessed in terms of their ability to add value and assist in the Firm's trading requirements.

The Investment Team may consider the following qualitative and quantitative factors in selecting broker/dealers and determining best execution:

- a. **Execution Capability and Available Liquidity.** Execution capability is defined as the broker/dealer's general trading skills and ability to accommodate the Firm's trading requests. The Investment Team evaluates:
  - the broker/dealer's ability to work an order with an internal market maker or through floor brokers;
  - the order flow through the broker/dealer (the ability to find the natural other side of a trade and trade larger blocks of stock);
  - the communication flows; and
  - trading expertise.
- b. **Timing and Size of Particular Orders.** Broker/dealers are chosen based on their ability to handle different sizes and types of orders in with speed and precision.
- c. **Commission Rates.** Commission rates are required to be competitive among like broker/dealers with which the Investment Team does business. However, achieving the lowest commission rate is not considered an overriding factor.
- d. **Responsiveness.** The Investment Team looks to ensure that the trader/firm is attentive to all orders given. The Team defines responsiveness as not only the ability to enter trades quickly, but also the timeliness of return phone calls (or other forms of communication) regarding progress of the order. The Team requires general feedback on the stock, including the general breadth and depth of the market, not simply the bid and ask quotes.

Other factors that the Investment Team may consider include:

- Financial strength and willingness to commit capital to complete trades;
- Trading experience;
- Reputation, integrity, and fairness in resolving disputes;
- Good settlement/back-office that is prompt in identifying and solving trading and billing issues;
- Disclosure of current market conditions;
- Availability of alternative trading systems and venues.

### **3. Best Execution Analysis Report (Monthly VWAP Analysis).**

The Investment Team may conduct a Volume Weighted Average Price (VWAP) comparison analysis upon certain client transactions. In addition, the Team may utilize specific trade data to graph and evaluate the Firm's trading relationships for any execution trends or patterns.

### **4. Monthly Trade Summary Report.**

At least one trade per month will be evaluated against the market given specified trade parameters for the day the trade was executed. If no trades are executed over a monthly cycle, the next trade to occur will be evaluated. Trades will be compared to any regulatory-required or securities industry-provided statistics available at the time(s) of the execution to review for best execution. For example, the Consolidated Quotation System gives the National Best Bid and Offer ("NBBO") for securities listed on the New York Stock Exchange, the Unlisted Trading Privileges Quote Data Feed gives the NBBO for securities listed on the NASDAQ, and the London Stock Exchange Group provides Best Execution – RTS 27 reporting. A member of the Investment Team will perform the review and prepare a summary report for the Committee.

### **5. Brokerage Allocation Reports.**

The Investment Team may prepare a periodic brokerage allocation report that details how discretionary brokerage was distributed among approved broker/dealers. With regard to soft dollar programs that have mixed use, the Investment Team will make a bona fide estimate of the allocation of costs between 28(e) safe harbor uses and uses outside the safe harbor. A record will be maintained of the estimated allocation and costs for the Firm's records and review by the Committee.

### **6. Statements from Soft Dollar Brokers and the Firm Soft Dollar Records**

The Firm shall maintain a record listing all soft dollar programs in effect, including the name of the broker, the soft dollar services obtained, the start date, the termination date (when discontinued), total commissions required, and a good faith cost allocation between the Firm and the soft dollar broker. On a quarterly basis, the record will be updated to reflect the amount of commissions paid toward the annual cost. The Compliance Officer or his or her designee will be

responsible for maintaining the Firm's internal soft dollar records. The Committee, through its designee, will seek to obtain statements from soft dollar brokers, if available, listing all soft dollar arrangements in effect with each broker in order to compare them with the Firm's internal records to ensure consistency and control by the Firm of all soft dollar programs.

#### **7. Soft Dollar Training.**

As needed, the Committee will ensure that employees receive periodic training on soft dollar rules and the Firm's procedures.

#### **8. Use of ECNs.**

The Investment Team may consider, as appropriate, the use of Electronic Communications Networks (ECNs) as a tool toward best execution as opportunities for price improvement may be available through ECNs.

## **XVIII. TRADE ERROR CORRECTION AND ADJUSTMENT POLICY AND PROCEDURES**

### **A. Requirement**

The high ethical standards of the Code indicate that asset managers should bear any loss associated with correcting a trade error in a client account and that it is inappropriate to use soft dollar credits to compensate a broker/dealer for absorbing the cost of the error or to promise future commissions to compensate for the costs. Additionally, an asset manager may not use one client's account to correct an error made in another client's account.

### **B. Policy**

As a fiduciary, XYZA has the responsibility to effect orders correctly, promptly, and in the best interests of clients. In the event any error occurs in the handling of any transaction because of XYZA's actions, or inaction, or the actions of others, XYZA's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging clients or benefiting XYZA in any way.

XYZA's policy and practice are to monitor and reconcile all trading or investment activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory oversight, and maintain a trade error file.

### **C. Procedures**

Although XYZA's policies and systems are designed to allow it to manage client assets without incident, errors may occur. Any procedures developed cannot possibly anticipate every potential error or adjustment. For purposes of this policy, errors in the investment, trading, or administration of an account are referred to as trade errors.

#### **1. Definition.**

A trade error, for the purposes of this policy, is defined to include, but not necessarily be limited to, the following situations:

- a.** Purchase or sale of securities not authorized by the account's investment objectives or investment policy statement.
- b.** Purchase or sale of securities not authorized by the asset management contract.
- c.** Purchase or sale of the incorrect number of securities.
- d.** Purchase or sale of the incorrect securities.
- e.** Purchase or sale of securities for the wrong account.
- f.** Allocation of a wrong or unintended number of securities.
- g.** Allocation of securities to the wrong account.

- h.** Failure to purchase or sell securities as instructed.
- i.** Failure to follow specific client directives to purchase/sell/hold/wait to purchase securities.
- j.** Sale of stock not owned (inadvertent short sale).
- k.** Price or recordkeeping error.
- l.** Purchase or sale of securities not authorized for an account (e.g., purchasing a restricted security).
- m.** Failure to follow client guidelines or client-imposed restrictions may constitute a trade error for purposes of corrective action requirements.

## **2. Trade Error Oversight.**

Because errors are rare, members of the Investment Committee and Investment Team [TAILOR TO YOUR FIRM'S STRUCTURE; THIS TEXT IS TYPICAL] will meet, as necessary, to discuss all trade errors and to evaluate the controls in use to prevent and/or detect errors in the future. The Compliance Officer also evaluates whether any errors appear to be a pattern.

## **3. Investment Team Procedures for Identifying and Resolving Trade Errors.**

Any procedures developed cannot possibly anticipate every potential error or adjustment. The following procedures are therefore designed to generally address what to do in the event of a material error or an adjustment and are not meant to be exhaustive.

- a.** All errors or suspected errors should be reported to the Portfolio Manager and CO immediately upon discovery.
- b.** Work with the CO and executive management to investigate and determine all the underlying facts surrounding the potential trade error. Make every effort to correct the mistake as quickly as possible, with the goal of minimizing any adverse consequence to the client and the Firm.
- c.** If the potential error appears to involve trades that should have been placed or were placed erroneously, prepare an error memorandum or spreadsheet that includes the number of shares, the symbol, the price at which the error occurred, and the current price. After the trade is corrected, the memorandum or spreadsheet should reflect all correcting transactions and resulting gains or losses.
- d.** Upon completion of the trade error assessment and any necessary error correction estimates, the CO and executive management will determine how to resolve the error.



- e. No employee should agree to make any payments with respect to an error without obtaining prior approval from the CO and executive management.
- f. Documentation of the trade error should include a description of the cause of the error, the correction process, the gain/loss from the incident, how the loss was charged, and whether any rebalancing or reallocation was necessary and completed in the affected account(s).
- g. Following the resolution of the error, the CO and the Investment Team should consider whether any revisions are appropriate to internal controls and procedures.
- h. A copy of each trade error memorandum will be maintained in the CO's trade error file and will be reviewed at least during the annual review of the Firm.

#### **4. Prohibited Trade Error Correction Methods.**

- a. Do not delay in reporting a trade error.
- b. Do not attempt to rectify the problem by moving the trade to another client account. The Firm will determine whether to use an error account to rectify trade errors.
- c. Do not agree or offer to compensate for a loss by providing commissions, soft dollars, or a commitment to future trading with a broker or any other party. Further, broker/dealers are not permitted to assume responsibility for trade errors caused by the Firm. It is expected, however, that trade errors caused by the broker/dealer will be resolved by the broker/dealer exclusively.
- d. Do not agree to make any payments in respect of a material error or adjustment without careful review of the incident by senior management and the CO.
- e. Do not attempt to time the market to minimize a trade loss. Reverse the trade as quickly as possible in accordance with the preceding procedures.

#### **5. Use of Trade Error Accounts.**

Trade error accounts will be used in the following manner:

- a. Certain broker/dealers may maintain trade error accounts on behalf of the Firm. They allow for netting of trade error gains and losses occurring with respect to clients' accounts custodied at that broker/dealer. Any net losses in a trade error account will require

reimbursement from the Firm. Any net gains will accumulate to be used to offset future trade error losses. In no case will the Firm use net trade error gains for anything other than the offsetting of trade losses.

- b.** The Firm policy is not to receive or benefit from any trade error gains generated from client accounts with broker/dealers who do not provide in-house error accounts on the Firm's behalf to be used to offset future trade losses. However, if a trade error occurs and a gain is generated as a result of an error correction, and the account is restricted from receiving the gain, the Firm will donate the gain to charity.

## **XIX. ASSET MANAGER CODE OF ETHICS**

### **A. Requirements**

The Asset Manager Code and many jurisdictions require asset managers to establish, maintain, and enforce a written code of ethics to prevent acts, practices, or courses of business that are fraudulent, deceptive, or manipulative and to ensure compliance with the laws and regulations of the jurisdictions in which they operate.

### **B. Policy and Statement of Purpose**

Both the Firm and our asset management representatives (“AMRs”) as well as our employees are committed to providing high-quality investment guidance to clients in an atmosphere that puts clients’ interests first, in full compliance with any applicable laws and regulation in the jurisdictions in which the Firm conducts business. Therefore, the Firm’s Board of Directors has adopted the following Code of Ethics, which covers the Firm and its directors, officers, AMRs, and employees (“Covered Persons” or “employee”). The Firm has distributed a copy of this Code of Ethics (“COE”) to each Covered Person. The COE may also be provided to clients and regulators upon request. Accordingly, the Firm expects and requires you and all other Covered Persons to fully comply with this COE, as well as all laws, rules, and regulations applicable to the Firm’s operations and business. The obligations of the Firm, as well as all Covered Persons, are set forth in the Firm’s Compliance Program Manual. In the event you have any questions regarding applicable jurisdictional laws, rules, and regulations, you should feel free to discuss them with our CO. Violations of this COE may result in disciplinary sanctions including, without limitation, fines, suspensions, and possibly termination of employment. Regulators could also impose sanctions.

We take pride in the reputation and quality of the Firm and our employees. Therefore, it is the responsibility of all supervisory personnel and employees to ensure that the Firm conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties to its clients. All personnel must avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interests of clients. Generally, this COE, adopted by the Board of Directors, will seek at all times to:

- Place client interests ahead of the Firm’s. As a fiduciary, the Firm will serve in its clients’ best interests. In other words, no employee may benefit at the expense of clients.
- Engage in personal investing that is in full compliance with this Code of Ethics and abide by the Firm’s Personal Securities Transaction and Insider Trading Policies.
- Avoid taking advantage based on position or function. Personnel must not accept investment opportunities, gifts, or other gratuities from individuals seeking to conduct business with the Firm, or on behalf of an asset management client, unless in compliance with the Firm’s Gift and Entertainment Policies noted in the Written Policies and Procedures Manual.
- Maintain full compliance with any applicable jurisdictional laws and regulations. Any employee must abide by the standards set forth in [INSERT YOUR

JURISDICTION'S LAW OR REGULATION, IF APPLICABLE] and maintain full compliance with applicable jurisdictional securities laws.

## **1. Risks.**

In developing this Code of Ethics, the Firm considered the material risks associated with administering the Code. This analysis includes risks such as the following:

- Employee engages in various personal trading practices that wrongly make use of nonpublic information, resulting in harm to clients or unjust enrichment to the employee. (These practices include trading ahead of clients and passing nonpublic information on to spouses and other persons over whose accounts the employee has control.)
- Employees are able to cherry pick clients' trades, systematically moving profitable trades to a personal account and letting less profitable trades remain in clients' accounts.
- One or more employees engage in an excessive volume of personal trading (as determined by the CO) that detracts from their ability to perform services for clients.
- Employees take advantage of their position by accepting excessive gifts or other gratuities (including access to IPO investments) from individuals seeking to do business with the Firm.
- Employees are not aware of what constitutes insider information.
- Employees serve as trustees and/or directors of outside organizations. (This situation could present a conflict in a number of ways—for example, if the Firm wants to recommend the organization for investment or if the organization is one of Firm's service providers.)

The firm has established the following guidelines as an attempt to mitigate these risks.

## **2. Guiding Principles and Standards of Conduct.**

All employees will act with competence, dignity, and integrity, in an ethical manner and consistent with all applicable fiduciary and jurisdictional legal obligations when dealing with clients, the public, prospects, third-party service providers, and fellow employees. As a fiduciary, we owe our clients a duty of care, loyalty, honesty, good faith, and fair dealing to act in clients' best interests at all times. Thus we must place the interests of clients first at all times. The following set of principles frame the professional and ethical conduct that the Firm expects from its employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, and employees.
- Place the integrity of the investment profession, the interests of clients, and the interests of the Firm above one's own personal interests.

- Adhere to the fundamental standard that you should not take inappropriate advantage of your position.
- Avoid any actual or potential material conflict of interest.
- Conduct all personal securities transactions in a manner consistent with this policy.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on you and the profession.
- Promote the integrity of, and uphold the rules governing, capital markets.
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal and state securities laws.

Firm personnel also must not:

- Employ any device, scheme, or artifice to defraud a client.
- Make any untrue statements of material fact to any client or fail to state a material fact so as to mislead a client.
- Engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon a client.
- Use their positions, or any investment opportunities presented by virtue of their positions, to personal advantage or to the detriment of a client.
- Conduct personal trading activities in contravention of this Code or applicable legal principles or in such manner as may be inconsistent with the duties owed to clients as a fiduciary.

These general standards are meant as overriding guidelines to be adhered to in all current and emerging situations and are not limited to the detailed behavior specifically discussed in the Code.

The Code of Ethics also contains certain procedural requirements that all employees must follow to meet potential jurisdictional regulatory and legal requirements as well as ethical standards. Our procedures are meant to do the following:

- Address trading policies applicable to employees' personal investments.
- Define confidentiality expectations and "nonpublic information," and set forth the parameters for appropriate use of this information.

- Describe the procedures we have established for “information barriers,” which govern the dissemination of information outside of the Firm.
- Address general business conduct expected of employees to avoid conflicts of interest or conduct that may put the Firm’s reputation at risk.

Failure to comply with the Code may result in disciplinary action including, but not limited to, a warning, fines, disgorgement, suspension, demotion, or termination of employment. Violations also may result in referrals to civil or criminal authorities where appropriate.

If any employee becomes aware of any actual or suspected violation of the Code, the employee must report the incident promptly to the Compliance Officer. Any questions regarding this Code should be referred to the Compliance Officer.

### 3. Personal Trading Policies Applicable to All Employees.

All employees are subject to the following policies governing personal securities transactions, which are monitored by the Firm through the Compliance Officer or his or her designee. Failure to comply with any of the procedures may result in disciplinary action, up to and including termination of employment and other sanctions.

The terms used in the COE are defined as follows:

- a. **Access Person.** An Access Person is any partner, officer, director, and employee, as well as any other person who provided advice on behalf of the Firm and is subject to the Firm’s supervision and control and (i) who has access to nonpublic information regarding any clients’ purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or (ii) who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. Because providing asset management advice is the Firm’s primary business, all of the Firm’s directors, officers, and any who occupy a similar place or perform similar functions are presumed to be Access Persons.
- b. **Affiliated Fund.** An Affiliated Fund is any pooled investment vehicle (e.g., mutual fund, hedge fund, etc.) that is advised or subadvised by the Firm.
- c. **Beneficial Interest.** An employee is considered to have beneficial interest in any transaction in which there exists the opportunity to directly or indirectly profit or share in the profit from the securities transacted.
- d. **Clients.** Clients are accounts for which the Firm provides asset management services.

- e. **Initial Public Offering (“IPO”).** An IPO is an offering of newly issued securities not previously available in the secondary market. [REVIEW YOUR JURISDICTION’S DEFINITION AND INSERT IF APPROPRIATE]
- f. **Limited Offering.** Generally, a limited offering consists of securities that are available privately and not on a securities exchange or over the counter. [REVIEW YOUR JURISDICTION’S DEFINITION AND INSERT IF APPROPRIATE]
- g. **Personal Securities Transaction.** Personal securities transactions reflect securities transactions in which an employee has a beneficial interest.
- h. **Reportable Account.** A reportable account is any account held at a broker, dealer, or bank that holds or may hold a reportable security or reportable fund.
- i. **Reportable Fund.** A reportable fund is any fund for which the Firm serves as asset manager or any fund whose asset manager or principal underwriter controls the asset manager, is controlled by the asset manager, or is under common control with the asset manager.
- j. **Reportable Security.** A reportable security means a security that must be disclosed to the CO as a part of this COE. Generally, a reportable security is any stock, bond, security future, option, investment contract, limited partnership, hedge fund, foreign mutual fund, etc. [REVIEW YOUR JURISDICTION’S DEFINITION AND INSERT IF APPROPRIATE]. The following securities are not reportable:
  - i. Direct obligations of government securities.
  - ii. Bankers’ acceptances, bank certificates of deposit, commercial paper, and high-quality short-term debt instruments, including repurchase agreements.
  - iii. Shares issued by money market funds.
  - iv. Shares issued by open-end funds (i.e., mutual funds) other than reportable funds.
  - v. Shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are reportable funds.

#### 4. Pre-clearance Requirements.

**Transactions Requiring Pre-clearance:** Employees are required to pre-clear their personal securities transactions prior to execution for transactions in any security,<sup>1</sup> except for those securities specifically exempted from pre-clearance in this Code. Pre-clearance is required for every transaction that occurs in an employee's own account, an account in which an employee has direct or indirect beneficial interest, or an account over which an employee has direct or indirect influence or control (i.e., immediate family<sup>2</sup>) unless otherwise exempted below. [See Exhibits C and E of Forms—respectively, Personal Securities Pre-clearance and Reporting Requirements and Personal Trading Pre-clearance Form]

An employee is presumed to have beneficial interest in, and therefore required to pre-clear and report, the following (unless otherwise exempted):

- Securities owned by an employee in his or her name.
- Securities owned by an individual employee indirectly through an account or investment vehicle for his or her benefit (e.g., a retirement account, family trust, or family partnership).
- Securities owned in which the employee has a joint ownership interest (e.g., property owned in a joint brokerage account).
- Securities in which an immediate family member has direct, indirect, or joint ownership interest if the immediate family member resides in the same household as an employee.
- Securities owned by trusts, private foundations, or other charitable accounts for which the employee has investment discretion (other than any client accounts of the Firm).

**Exchange-Traded Funds (“ETFs”):** Closed-end ETFs and index funds require pre-clearance unless they are based on certain broad-based indices such as the S&P 500 Index. To determine whether an ETF is a closed-end ETF, employees can refer to the following website: <http://www.cefcconnect.com>. At this site, an employee may enter the ticker symbol of the ETF. The site will return information that indicates whether the fund is a closed-end ETF that requires pre-

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<sup>1</sup> [IF YOUR JURISDICTION HAS A DEFINITION FOR A SECURITY, INSERT IT HERE]

<sup>2</sup> [IF YOUR JURISDICTION HAS A DEFINITION FOR “IMMEDIATE FAMILY”, INSERT IT HERE. THE FOLLOWING IS AN EXAMPLE] For purposes of the Code, “immediate family” means any child, stepchild, foster child, grandchild, parent, stepparent, grandparent, spouse, domestic or civil partner, significant other, brother, sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law sharing the same household (including adoptive relationships) as well as any unrelated individual whose investments are controlled by the employee or any individual to whose financial support an employee materially contributes. Trustee or custodial accounts in which the employee has a financial interest or over which an employee has investment discretion also are considered “immediate family” accounts.



clearance or a broad-based index ETF, which does not require pre-clearance. Employees should remember that pre-clearance for all securities is good only for the date approved.

**Securities Exempt from Pre-clearance:** Employees are not required to pre-clear transactions in direct government obligations, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements, shares of open-end mutual funds, including Affiliated Funds, money market funds, open-end ETFs, variable annuity contracts, interests in 529 plans, and transactions effected pursuant to an automatic investment plan (e.g., 401(k) plan).

[SAMPLE POLICY FOR FIRMS WITH MANAGED FUNDS:]

**5. Prohibited Trading Practices and Blackout Period Related to the Fund.**

- a. No Access Person may purchase or sell directly or indirectly, any security in which he or she has any direct or indirect beneficial ownership if such security to his or her actual knowledge at the time of such purchase or sale:
  - i. is being considered for purchase or sale by the Fund;
  - ii. is in the process of being purchased or sold by the Fund, or completed within the most recent 7 calendar day period, except that an Access Person, in the case of a special request (see the "Special Requests" section below), may participate in a bunched selling transaction with the Fund if the price terms are the same in accordance with trading policies and procedures adopted by the Firm);
- b. No Access Person may trade ahead of the Fund – a practice known as "front-running."

**6. Blackout Periods for Separately Managed Accounts.**

With respect to separately managed accounts ("SMAs"), employees may not buy or sell a security that is under consideration for purchase or sale for a client account, or that is in the process of being purchased or sold for a client account, for seven calendar days after an SMA client transacts with that issuer. For example, if an SMA trade is completed on a given day, an employee may not purchase or sell that security until the eighth day following the trades completion (i.e., trade date + 7 calendar days = Day 8).

If an SMA transaction takes place within the seven calendar days following a pre-cleared transaction by an employee, the personal transaction may be reviewed by the Compliance Officer to determine the appropriate action, if any. For example, it may be recommended that the employee be subject to a price adjustment to ensure that he or she has not received a better price than the SMA account. The adjustment may be in the form of a donation to a charity.

## **7. Restricted Securities List.**

If deemed necessary, the Firm will maintain a Restricted List consisting of a current list of issuers in which employee transactions are prohibited. Generally, a security will be placed on the Restricted List if, at any time, it becomes known to the Portfolio Manager or the Compliance Officer that any employee of the Firm is in possession of material nonpublic information. Additionally, a security will be added to the Restricted List for any company under consideration for purchase by the investment research team of the Firm for the Fund or across other SMA accounts. A security will be removed once the Compliance Officer determines that the information that the employee or the Firm possesses has been fully disseminated to the public, thus removing the necessity for the prohibition of trading in the security. Similarly, when a security is no longer under consideration for purchase by the Firm, it will be removed from the Restricted List. This list is highly confidential and may be provided only to certain individuals whom the Compliance Officer deems appropriate to facilitate pre-clearance or denial of employee transactions (e.g., the President, Chief Investment Officer, or Portfolio Manager, etc.). The Restricted List will include the date that a security was added to or removed from the list. The Compliance Officer and any member of Senior Management reserve the right to add securities to the Restricted List for any other reason. The Compliance Officer may, but is not required to, record the rationale for including or excluding an issuer from the list.

### **C. Pre-clearance Procedures**

- 1.** The employee must send an email to the Portfolio Manager with a copy to the Compliance Officer expressing the employee's intent to trade in covered securities, specifying the type and the amount of securities that the employee intends to trade and inquiring whether the Firm will trade in the securities on behalf of SMA clients and/or the Fund on that day.
- 2.** The employee must wait until 30 minutes prior to the close of the New York Stock Exchange to send another email to the Portfolio Manager requesting a final clearance for the employee's trade in the covered security.
- 3.** The Portfolio Manager must respond to the employee via email with a copy to the Compliance Officer, stating whether SMA clients or the Fund are trading in the covered security on the day of the request and giving the employee the pre-clearance approval to execute the trade, provided that:
  - the security is not on the Restricted List;
  - neither SMA clients nor the Fund are trading in the covered security; or
  - the security is not otherwise under consideration for purchase by the Fund or SMA accounts.

4. The employee may trade in covered securities if the employee receives the final clearance from the Portfolio Manager as described in paragraph (3) above. Pre-clearance is good only for the day that it is given. If the trade is not executed on that day, the employee will need to obtain new pre-clearance approval for the transaction.

The Chief Investment Officer must pre-clear the transactions of the Compliance Officer.

In no instance should an employee place a personal trade requiring pre-clearance for his or her account without first obtaining pre-clearance approval.

Any profit realized on a personal transaction effected without prior pre-clearance during this time period may be required to be disgorged and donated to the charity chosen by the Investment Committee.

#### **D. Special Requests.**

Only under special circumstances will the Firm allow an employee to sell his or her security holding that would otherwise be prohibited under the Code (e.g., estate liquidation, home purchase, or financial hardship). "Special Requests" must be submitted via a Special Request Form — Personal Securities Transaction Approval [see Exhibit B of Forms] and require written approval from the Compliance Officer or his designee.

#### **E. Personal Securities Activities.**

Apart from the specific requirements stated above, employees should exercise care to ensure that their personal securities transactions do not give rise to any actual or perceived impropriety or conflict of interest. Personal securities trading activity must not be timed to precede orders placed for any client or the Fund. In addition, trading activity must not be excessive so as to conflict with time spent in fulfilling one's daily job responsibilities.

If the Compliance Officer should determine that an employee's personal trade(s) gives the appearance of impropriety (such as front-running or market timing), the Firm may require the employee to sell the security or securities and disgorge any profits earned to a charity selected by the Investment Committee. Factors that may be considered in determining whether an employee must sell his or her security include: the frequency of occurrence, the degree of personal benefit to the employee, and/or the degree of conflict of interest.

#### **F. Limited Offerings.**

No employee may acquire or sell securities in a Limited Offering, otherwise known as a Private Placement, as previously defined, without prior approval from the Compliance Officer. Employees seeking prior approval should submit the Special Request Form — Personal Securities Transaction Approval

### **G. Initial Public Offerings Prohibited.**

No employee may invest in any initial public offering, as defined above.

### **H. Ban on Short-Term Trading.**

Employees are generally prohibited from the purchase and sale or sale and purchase of a security within 60 calendar days. This restriction does not apply to securities that are not subject to pre-clearance. If a situation arises whereby the employee is attempting to take a tax loss, however, an exception may be made. This restriction applies to the purchase of an option and the sale of an option, or the purchase of an option and the exercise of the option and sale of shares within 60 calendar days. Although the employee may be granted pre-clearance at the time the option is purchased, there is a risk of being denied permission to sell the option or exercise and sell the underlying security. The Firm, therefore, strongly discourages transactions in options on individual securities.

[INSERT IF APPLICABLE] Employees are prohibited from excessive trading of the Fund in order to take advantage of short-term market movements. Such excessive activity could involve actual or potential harm to shareholders or clients. This rule applies to employees' immediate family members or others who otherwise influence or control family accounts.

### **I. Discretionary Managed Accounts.**

An employee is permitted to invest through a discretionary separately managed account (i.e., an account for which someone other than the employee has investment discretion) only under the following conditions:

- In the case of a discretionary managed account held at a firm other than the Firm, the employee must provide the Compliance Officer with a copy of the investment management agreement—in addition to providing routine reporting under this Code.
- If the discretionary managed account is held at a firm other than the Firm, the employee's financial advisor must provide the Compliance Officer with a signed compliance letter indicating that the financial advisor has not asked for or received from the employee any trading recommendations, instructions, suggestions, or ideas (with the exception of year-end tax selling); and the employee did not veto, approve, or have prior notice of any transactions in the account. The employee is responsible for ensuring the compliance letter is renewed on a periodic basis.

Employees are not required to pre-clear or report transactions or holdings for discretionary managed accounts provided they adhere to the aforementioned conditions.

### **J. Brokerage Accounts.**

Employees may open and maintain personal brokerage accounts at brokerage firms of their choice as long as duplicate statements and confirmations are forwarded to the Compliance Officer.

## **K. Sanctions for Personal Trading Violations**

If the Compliance Officer determines that a breach of these trading policies has occurred, he or she shall promptly document and discuss the issue with the employee. Depending on the severity of the violation, sanctions, as determined to be appropriate by the Firm, may be imposed. Sanctions may include, but are not limited to, the following:

- Warning (verbal or written).
- Reprimand.
- Reassignment of duties.
- Suspension of activities (e.g., one's ability to trade for personal accounts).
- Requiring the employee to sell the security in question and disgorge all profits to a charity.
- Requiring the trade to be broken (if not settled).
- Monetary action (e.g., including a reduction in salary or bonus).
- Suspension or termination of employment.
- A combination of the foregoing.

## **L. Employee Reporting and Certification Requirements**

### **1. Personal Securities Reports and Transactions.**

#### **a. Quarterly Reports of Personal Securities Transactions.**

Employees are required to provide copies (or arrange to have copies sent) to the Firm of their quarterly (or monthly) account statements from every brokerage firm, clearing firm, bank, trustee, or other custodian who holds Reportable Securities, including all such accounts maintained by them or their immediate families (including account statements for the Fund). The statements must be submitted to the Firm no later than 30 calendar days after the close of the calendar quarter. [See Exhibit D of Forms – Quarterly Certification of Accounts and Transactions Form]

#### **b. Quarterly Certification of Brokerage Accounts and Transactions.**

On a quarterly basis, employees must affirmatively disclose and certify by signature whether they have opened new or additional securities accounts and verify that the Firm has received a record of all transactions made during the preceding quarter. The quarterly certification form will be provided to employees by the Compliance Officer or his or her designee, and it will include a copy of all

transactions received by the Firm during the preceding quarter. Employees will have the opportunity to update any missing information or indicate any new brokerage account(s) that they or their immediate family opened or closed during the calendar quarter. [See Exhibit D of Forms – Quarterly Certification of Accounts and Transactions Form]

**c. Initial and Annual Holdings Reports.**

New employees are required to disclose their reportable securities holdings (including reportable holdings of accounts for which the employee has a direct or indirect beneficial ownership) promptly upon commencement of employment and on an annual basis thereafter [See Exhibit A of Forms – Initial and Annual Holdings Certification Form]:

- No later than 10 calendar days after becoming an Access Person (e.g., no later than 10 calendar days upon hire—all employees are deemed Access Persons), and the information must be current as of a date no more than 45 calendar days prior to the date an employee became an Access Person, and;
- At least once each 12-month period thereafter, and the information must be current as of a date no more than 45 calendar days prior to the date the report was submitted.

All employees are also required to complete an Annual Holdings Report each year. A description of the securities that must be reported on this certification may be found on the Annual Holdings Report. This report also requires employees to provide the names of any brokers, dealers, or banks at which the employee held any securities for their direct or indirect benefit, (i.e., not just those accounts in which the employee held reportable securities.)

**2. Initial and Annual Policy Certifications.**

**a. Code of Ethics.**

Upon hire and at least annually thereafter, the Compliance Officer will provide employees with a copy of the Firm's current COE and any material amendments. Employees are expected to read the COE and will be asked to acknowledge that they understand their responsibilities under the COE, recognize that the COE applies to them, and agree to comply in all respects. Certification forms typically are initiated by the Compliance Officer or his or her designee and maintained in hardcopy format with original signatures.

**b. Policies and Procedures Compliance Manual.**

The Policies and Procedures Compliance Manual contains the written compliance policies and procedures for the Firm and must be followed by all employees in carrying out their job responsibilities. Employees receive a copy of the Compliance Manual in hard copy or electronic format upon hire and at least annually thereafter. Upon hire, employees must acknowledge their receipt of the Compliance Manual and that they agree to abide by all requirements as set forth in the Manual. On an annual basis, employees must reaffirm their ongoing compliance with the Firm's policies and procedures. Certifications typically are initiated by the Compliance Officer and maintained in hard copy format with original signatures.

**c. Insider Trading Policy.**

Employees also are subject to the Firm's Insider Trading Policy, which broadly prohibits the use of material nonpublic information. Employees are required to certify they have read and understand this policy upon hire and annually thereafter.

## **XX. GIFTS AND ENTERTAINMENT POLICY**

### **A. Requirements**

Under the Code, part of holding clients' interests paramount means that asset managers must establish policies for accepting gifts or entertainment in a variety of contexts. To avoid the appearance of a conflict, asset managers must refuse to accept gifts or entertainment from service providers, potential investment targets, or other business partners of more than a minimal value. Asset managers should define what the minimum value is and should review their jurisdiction's regulations, which may also establish limits.

Asset managers should establish a written policy limiting the acceptance of gifts and entertainment to items of minimal value. Asset managers should consider creating specific limits for accepting gifts (e.g., amount per time period, per vendor) and prohibit the acceptance of any cash gifts. Employees should be required to document and disclose to the Firm, through their supervisor, the firm's Compliance Officer, or senior management, the acceptance of any gift or entertainment.

This provision is not meant to preclude asset managers from maintaining multiple business relationships with a client as long as potential conflicts of interest are managed and disclosed.

### **B. Policy**

#### **1. Gifts and Gratuities.**

Neither XYZA, nor its personnel, shall directly or indirectly give or permit to be given (or solicit to be given) anything of value, including gratuities, in excess of [\_\_\_\_\_] [INSERT YOUR CURRENCY LIMITATION AS DESIRED OR REQUIRED IN YOUR JURISDICTION] per individual per year to any client, prospective client, or to any person, principal, proprietor, employee, agent, or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.

This policy does NOT apply to gifts of de minimis value that would likely be given on a promotional basis, including pens, notepads, modest desk ornaments, umbrellas, tote bags, and shirts. This policy also does NOT apply to personal gifts such as wedding gifts or a congratulatory gift for the birth of a child – provided such gifts are not in relation to the business of the employer of the recipient, or such gifts would not, in the sole judgment of management of XYZA, be deemed to be a reimbursement to clients for investment losses or a rebate of fees or custodial commissions.

XYZA's Compliance Officer will, in all cases, make a determination of whether or not a gift is personal or in relation to the business of the employer of the recipient. Such determination will depend on a number of factors, including the nature of the pre-existing personal or family relationship between the asset manager representative (or the Firm) and the recipient, and whether the gift was paid for by the asset manager representative or by the Firm. With the exception of gifts to members of an asset manager representative's immediate family members, all gifts given to clients, to prospective clients, or to any person, principal, proprietor, employee, agent, or representative of another person must be recorded on the Firm's Gift and Gratuity Log—



irrespective of whether the asset manager representative believes such gift to be solely personal in nature. The Log will not be created until the giving or receiving of a gift in relation to the business of the Firm has occurred.

## **2. Business Entertainment.**

Although XYZA imposes no per se limit on the expense of business entertainment (meals at a restaurant or tickets to sporting events, the theater, concerts, etc.), all such expenses must be reasonable and not as frequent or expensive as to raise questions of propriety. In addition, the XYZA employee or asset manager representative providing the business entertainment must be present at the event.

### **C. Procedures**

In determining whether a gift is within the [CURRENCY VALUE] yearly limit, XYZA will apply a rolling 12-month cycle beginning with the date of the first gift to a particular recipient. In general, gifts should be valued at the higher of cost or market value, exclusive of tax and delivery charges.

If the Firm receives a gift that appears to be above the [CURRENCY LIMIT] threshold, it will be reviewed and possibly returned with a letter of explanation.

The Firm will maintain a Gifts and Gratuities Log in a format prescribed by the Firm. Gifts given or received must promptly be recorded.

## **XXI. CASH SOLICITATION POLICY**

### **A. Requirements**

Similar to the Gifts and Gratuity Policy under the Code, holding clients' interests paramount and making disclosure about actual or potential conflicts of interest, asset managers should disclose to clients and potential clients any payments of cash to a person who, directly or indirectly, solicits any client for, or refers any client to, an asset manager. The disclosure should set forth all the conditions under which fees are paid. Some jurisdictions prohibit cash solicitation fees when the solicitor is subject to certain regulatory sanctions or require that solicitation arrangements be paid pursuant to a written agreement. Asset managers should review their jurisdiction's rules and regulation for the establishment of specific policies and procedures that comply with local rules and regulations. Under the Code, asset managers are required to provide disclosure to clients and potential clients of any material relationships, including those between the solicitor and the asset manager and the related compensation arrangement.

Generally, the solicitor's role will be limited to introducing potential clients to the Firm for a fee, and the solicitor will not have an active role in negotiations between the prospective client and the Firm and may not bind either party to a transaction. Additionally, the finder itself may not engage in providing asset management advice but may only introduce potential clients to the Firm.

### **B. Policy**

XYZA will not at this time employ solicitors to gain additional clients for investment asset management services. Should the Firm ever engage a finder, the Compliance Policies and Procedures Manual and client disclosure documents will be updated to reflect this material information.

### **C. Procedures**

[INTENTIONALLY LEFT BLANK – INSERT YOUR FIRM'S PROCEDURES HERE IF YOUR FIRM ENGAGES SOLICITORS AND REVISE THE FOREGOING POLICY STATEMENT ACCORDINGLY]

## **XXII. RECORDKEEPING POLICIES AND PROCEDURES; RETENTION OF RECORDS**

### **A. Requirements**

Asset managers must retain records that substantiate their investment activities, the scope of their research, the basis for their conclusions, and the reasons for actions taken on behalf of their clients. Asset managers should also retain copies of other compliance-related records that support and substantiate the implementation of the Code and related policies and procedures, as well as records of any violations and resulting actions taken. Records can be maintained either in hard copy or electronic form.

Regulators often impose requirements related to record retention. In the absence of such regulation, asset managers must determine the appropriate minimum time frame for keeping the organization's records. Unless otherwise required by local law or regulation, asset managers should keep records for at least seven years.

### **B. Policy**

It is the policy of XYZA to make and keep true, accurate, and current records relating to its investment asset management business as required by the Code. [INSERT YOUR JURISDICTION'S BOOKS AND RECORDS REQUIREMENTS, IF APPLICABLE] Because such recordkeeping requirements are subject to change, these procedures may be amended accordingly from time to time.

### **C. Procedures**

#### **1. Books and Records to Be Maintained.**

[MODIFY TO INCLUDE JURISDICTIONAL REQUIREMENTS]

XYZA shall make and keep true, accurate, and current the following books and records relating to its investment asset management business:

- A journal or journals, including cash receipts and disbursements records, and any other records of original entry forming the basis of entries in any ledger.
- General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income, and expense accounts.
- A memorandum of each order given by XYZA for the purchase or sale of any security, of any instruction received by XYZA concerning the purchase, sale, receipt, or delivery of a particular security, and of any modification or cancellation of any such order or instruction. Such memorandum shall:
  - a. Show the terms and conditions of the order (buy or sell).
  - b. Show any instruction, modification, or cancellation.

- c. Identify the person connected with XYZA who recommended the transaction for the client.
  - d. Identify the person who placed the order on behalf of the Firm.
  - e. Show the account for which the transaction was entered.
  - f. Show the date of entry.
  - g. Identify the bank, broker, or dealer by or through which such order was executed.
  - h. Identify orders entered into pursuant to the exercise of discretionary authority.
- Originals of all written communications received and copies of all written communications sent by XYZA relating to:
    - a. Any recommendation made or proposed to be made and any advice given or proposed to be given.
    - b. Any receipt, disbursement, or delivery of funds or securities.
    - c. The placing or execution of any order to purchase or sell any security.

*Provided, however,* (i) that XYZA shall not be required to keep any unsolicited market letters and other similar communications of general public distribution not prepared by or for XYZA and (ii) that if XYZA sends any notice, circular, or other advertisement offering any report, analysis, publication, or other investment asset management service to more than 10 persons, XYZA shall not be required to keep a record of the names and addresses of the persons to whom it was sent; except that if such notice, circular, or advertisement is distributed to persons named on any list, XYZA shall retain with the copy of such notice, circular, or advertisement a memorandum describing the list and the source thereof:

- A list or other record of all accounts in which XYZA is vested with any discretionary power with respect to the funds, securities, or transactions of any client.
- All powers of attorney and other evidences of the granting of any discretionary authority by a client to XYZA, or copies thereof.
- All written agreements (or copies thereof) entered into by XYZA with any client or otherwise relating to the business of XYZA as such.
- A copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication that XYZA circulates or distributes, directly or indirectly, to 10 or more persons (other than persons connected with XYZA), and if such notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication recommends the purchase or sale of a specific security and does not state the reasons for such recommendation, a memorandum indicating the reasons.

- Records relating to the XYZA Code of Ethics:
  - a. A copy of the XYZA Code of Ethics that is in effect, or at any time in the past five years was in effect.
  - b. A record of any violation of the Code of Ethics and of any action taken as a result of the violation.
  - c. A record of each report made by an access person that includes initial and annual holdings reports and quarterly transactions.
  - d. A record of the names of persons who are currently, or within the past five years were, access persons of XYZA.
  - e. A record of any decision, and the reasons supporting the decision, to approve the acquisition of securities by access persons under the XYZA Code of Ethics for at least seven years after the end of the fiscal year in which the approval is granted.

*Disclosure documents provided to clients and prospective clients:* A copy of each written disclosure statement and each amendment or revision thereof given or sent to any client or prospective client of XYZA in accordance with the Code and a record of the dates that each written statement, and each amendment or revision thereof, was given or offered to be given to any client or prospective client who subsequently becomes a client. This may be recorded in the acknowledgment section of written asset management agreements.

All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for, or demonstrate the calculation of, the performance or rate of return of any or all managed accounts or securities recommendations in any notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication that XYZA circulates or distributes, directly or indirectly, to 10 or more persons (other than persons connected with XYZA); provided, however, that with respect to the performance of managed accounts, the retention of all account statements—if they reflect all debits, credits, and other transactions in a client’s account for the period of the statement—and of all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts shall be deemed to satisfy these requirements.

A copy of XYZA’s policies and procedures that are reasonably designed to prevent violation of the Code and any jurisdictional securities acts and the applicable rules and that are formulated pursuant to those rules and regulations that are in effect, or at any time in the past seven years were in effect; and any records documenting XYZA’s annual review of those policies and procedures conducted pursuant to the Code.

If XYZA has custody or possession of securities or funds of any client:

- A journal or other record showing all purchases, sales, receipts, and deliveries of securities (including certificate numbers) for client accounts with respect to which XYZA has custody and all other debits and credits to such accounts.

- A separate ledger account for each such client showing all purchases, sales, receipts, and deliveries of securities, the date and price of each purchase and sale, and all debits and credits.
- Copies of confirmations of all transactions effected by or for the account of any such client.
- A record for each security in which any such client has a position, which record shall show the name of each such client having any interest in such security, the amount or interest of each such client, and the location of each such security.

With respect to any client to which XYZA provides asset management services and to the extent that the information is reasonably available to or obtainable by XYZA, XYZA must make and keep true, accurate, and current records showing separately for each such client the securities purchased and sold as well as the date, amount, and price of each such purchase and sale. For each security in which any such client has a current position, information from which XYZA can promptly furnish the name of each client, and the current amount or interest of such client.

Where XYZA exercises voting authority with respect to client securities, XYZA shall, with respect to those clients, make and retain the following:

- Copies of all policies and procedures required by the Code and/or applicable law and regulation.
- A copy of each proxy statement that XYZA receives regarding client securities.
- A record of each vote cast by XYZA on behalf of a client.
- A copy of any document created by XYZA that was material to making a decision how to vote proxies on behalf of a client or that memorializes the basis for that decision.
- A copy of each written client request for information on how XYZA voted proxies on behalf of the client, and a copy of any written response by XYZA to any (written or oral) client request for information on how XYZA voted proxies on behalf of the requesting client.

Corporate articles and any amendments thereto, articles of incorporation, charters, minute books, and stock certificate books of XYZA and of any predecessor shall be maintained in the principal office of XYZA and preserved until at least [INSERT YOUR JURISDICTION'S REQUIREMENTS] years after termination of XYZA.

XYZA shall maintain books and records as follows:

- *Retention Period.* All books and records required under these procedures must be maintained and preserved in an easily accessible place for a period of not less than seven years from the end of the applicable fiscal year, the first two years in an appropriate office of XYZA.

- *Regarding Performance Advertising Records.* These records must be maintained and preserved in an easily accessible place for a period of not less than seven years, the first two years in an appropriate office of XYZA, from the end of the fiscal year during which XYZA last published or otherwise disseminated, directly or indirectly, the notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication.
- *Cessation or Discontinuation of Asset Management Business.* Before ceasing to conduct or discontinuing business as an asset manager, XYZA shall arrange for the preservation of the books and records that it is required to maintain and preserve for the remainder of the period specified [INSERT YOUR JURISDICTION'S REQUIREMENTS].

## **2. Electronic Storage.**

XYZA may use micrographic media (including microfilm, microfiche, or any similar medium) or electronic storage media (including any digital storage medium or system) to store records required to be maintained and preserved under these procedures, so long as the following conditions are met:

- It is kept as a legible, true, and complete copy of the record in the medium and format in which it is stored.
- A means to access, view, and print the records is provided.
- In the case of records maintained on electronic storage media, XYZA makes a reasonable effort:
  - a. To maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction.
  - b. To limit access to the records to properly authorized personnel and the examination personnel of the jurisdiction's regulators.
  - c. To reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.

## XXIII. ANTI-MONEY LAUNDERING

### A. Requirements

The duty to maintain confidentiality does not supersede a duty (and, in some cases, the legal requirement) to report suspected illegal activities involving client accounts to the appropriate authorities. Where appropriate, asset managers should consider creating and implementing a written anti-money laundering (AML) policy to prevent their organizations from being used for money laundering or the financing of any illegal activities.

### B. Policy

It is the Firm's policy to prohibit, and pursue the prevention of, money laundering and any activities facilitating money laundering or the funding of criminal activities. XYZA is committed to conducting business only with clients who are involved in legitimate business activities and whose income, wealth, and funds are derived from legitimate sources.

### C. Procedures

#### 1. Client Information.

Commencing on the date of this Manual, the Firm will not enter into a new client relationship without first obtaining certain information regarding the new client:

- a. For citizens of our jurisdiction the Firm will require the following information for each new client:
  - full name;
  - residential/ mailing address;
  - date of birth;
  - government-issued ID number;
  - name and address of the custodian of the client's assets.
  
- b. For a domestic entity account, the Firm will require the following information for each new client that is an entity whose principal activities are within our country:
  - client's name;
  - client's principal business address;
  - client's mailing address (if different);
  - client's government-issued or employer identification number;
  - description of entity type and main lines of business, if applicable;
  - name and address of the custodian of the client's assets.



- c. For foreign citizens/entities: Prior to providing services to a non-citizen or to an entity organized in any foreign jurisdiction, the Firm will require the following information:
- client's name;
  - client's mailing address;
  - client's principal business address (for entities);
  - an identification or registration number (for entities);
  - a passport number/alien identification card number (for natural persons);
  - description of the entity type and its main lines of business, if applicable;
  - name and address of the custodian of the client's assets.

## **2. Verification and Controls.**

The Compliance Officer will monitor the Firm's adherence to the documentation requirements outlined above and to other requirements of the Firm's AML policy. The Compliance Officer will review reports of significant contributions to and withdrawals from client accounts. Any unusual activity in any client account must be reported to the Compliance Officer, who will evaluate the situation. [IF REQUIRED IN YOUR JURISDICTION, INSERT THE FOLLOWING LANGUAGE: If the Compliance Officer deems it appropriate, the Compliance Officer will run the client's name through the [INSERT THE NAME FOR THE JURISDICTION'S LIST OF CRIMINAL OR TERRORIST ACTORS. FOR EXAMPLE, HM Treasury's consolidated list of targets or the European Union's consolidated list of persons, groups, and entities subject to EU financial sanctions] If the client's name is on the [ ] list and the Compliance Officer believes that the client's account is involved in some suspicious activity, the Compliance Officer will report the situation to legal authorities. The Firm will coordinate with the client's custodian bank or broker/dealer in connection with any suspicious or unusual activity regarding client accounts.

## **3. Employee Training.**

At least annually, the Compliance Officer will conduct AML training sessions for relevant officers and employees.

## **4. Policy Updates.**

This AML policy will be reviewed on an annual basis to assure that the policy is functioning as designed and in compliance with all applicable regulations. In addition, Firm personnel will receive any updates to this policy promptly.