

LSV Asset Management
Statement of Responsible Investment Initiatives

Background

LSV Asset Management (“LSV”) provides discretionary investment management services in portfolios of publicly-traded global equity securities to a variety of institutional clients, including private funds and mutual funds, utilizing the application of LSV’s proprietary quantitative model. The portfolio decision making process is driven by (1) a proprietary model that ranks securities based on fundamental measures of value, past performance and indicators of recent positive changes and (2) a risk control process that manages residual risk relative to a benchmark. The fundamental premise on which LSV’s investment philosophy is based is that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence the decisions of many investors. These include the tendency to extrapolate the past too far into the future, to wrongly equate a good company with a good investment irrespective of price, to ignore statistical evidence and to develop a “mindset” about a company.

Principles for Responsible Investment ("PRI")

LSV became a signatory to the PRI in April 2014. The PRI provides a framework, through its six principles, for consideration of environmental, social and governance ("ESG") factors in portfolio management and investment decision-making. The six principles ask an investment manager, to the extent consistent with its fiduciary duties, to seek to: (1) incorporate ESG issues into investment analysis and decision-making processes; (2) be an active owner and incorporate ESG issues into its ownership policies and practices; (3) obtain appropriate disclosure on ESG issues by the entities in which it invests; (4) promote acceptance and implementation of the PRI principles within the investment industry; (5) work to enhance its effectiveness in implementing the PRI principles; and (6) report on its activities and progress toward implementing the PRI principles.

LSV Responsible Investment Initiatives

LSV has taken the following actions that promote ESG and is committed to continuing such efforts into the future:

1. **Investment Management**

There are a variety of ways in which ESG plays a role in LSV’s quantitative investment process:

- There are a number of signals in LSV’s model that relate to governance.
- LSV can integrate certain ESG constraints into the portfolio construction process for clients that request it.

- LSV may choose not to purchase or increase its investment in particular issuers due to heightened ESG risk, such as news of a major environmental or governance risk related to the company. Because LSV's process is quantitative, LSV can typically find another highly ranked stock to replace a company that has such ESG risk associated with it.
- LSV offers a commingled investment fund that excludes securities based on certain socially responsible investment considerations.
- LSV can apply negative screens at the portfolio level for clients that request it. Such screens can be applied based on client provided lists or based on certain third-party vendor data subscribed to by LSV.
- Forecasts by equity analysts are factored into LSV's quantitative model. ESG factors, such as climate change, are considered by some equity analysts, and, therefore, have an effect on portfolio construction.

2. Internal Research and Analysis

LSV conducts research on an ongoing basis on a variety of topics in order to develop enhancements to the LSV quantitative model. LSV considers ESG factors using the same investment process as for its other investment ideas. LSV has researched a variety of ESG-related topics and is committed to further review of ESG factors that may increase returns and/or reduce risk and, after appropriate verification and testing, incorporating such factors into its model. In addition, LSV works with clients to develop ways to help achieve their goals with respect to ESG investing within the framework of LSV's quantitative model.

3. Proxy Voting

LSV's standard investment management agreement expressly authorizes LSV to vote proxies on behalf of a client's account. Therefore, unless the client reserves proxy voting responsibility, it is LSV's responsibility to vote proxies relating to securities held for the client's account. LSV has retained an expert third party, currently Glass Lewis & Co. ("GLC"), to implement LSV's proxy voting process, provide assistance in developing proxy voting guidelines and provide analysis of proxy issues on a case-by-case basis. GLC is also a signatory to the PRI. For clients where LSV has proxy voting authority, certain ESG factors are built into LSV's standard proxy voting guidelines. In addition, through GLC, LSV is able to offer ESG-focused guidelines that include an additional level of analysis on behalf of clients seeking to vote consistent with widely-accepted enhanced ESG practices. These ESG-focused guidelines are designed for clients with a focus on disclosing and mitigating company risk regarding ESG issues.

4. Engagement with other Parties

LSV may, from time to time, engage with PRI staff, other PRI signatories or service providers regarding ESG issues. Personnel of LSV attend ESG-related conferences. In addition, portfolio managers make presentations to clients and/or consultants regarding ESG issues. As a quantitative manager, LSV does not generally engage directly with issuers or policy makers on any matters, including ESG matters.

However, LSV advocates for greater ESG-related disclosures by issuers through its relationships with third-party data vendors.

5. Resources devoted to ESG

LSV has designated senior members of the firm to lead its ESG initiatives. In addition, LSV has invested in a variety of ESG data in order to accommodate clients seeking to apply ESG principles to their portfolios and to support the firm's ongoing research into ESG matters.

6. Disclosures and Reporting

LSV discloses and reports information concerning its ESG initiatives in the following ways:

- LSV annually reports to the PRI on its activities and progress toward implementing the PRI principles as required.
- LSV makes this Statement of Responsible Investment Initiatives available on its website.
- LSV provides a variety of different forms of ESG-reporting to its clients upon request.
- LSV's proxy voting policy is publicly available in its Form ADV Part 2A. In addition, LSV clients may obtain information from LSV about its proxy voting guidelines and how LSV voted any proxies on behalf of their account upon request.