

LSV Asset Management
Statement of Responsible Investment Initiatives

General Statement

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 models. The portfolio decision making process is driven by (1) a proprietary model which ranks securities based on fundamental measures of value, past performance and indicators of recent positive changes and (2) a risk control process that controls for 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

The PRI, and the application of the foregoing principles, is intended to be aspirational and not a prescriptive set of rules. Given its business model, fiduciary duties to its clients and contractual limitations, LSV may not apply all six principles in its daily activities. However, LSV has taken the following actions that promote ESG factors and is committed to continuing such efforts into the future:

1. Internal Research and Analysis

LSV is frequently looking for new ways to measure value and conducts research on an ongoing basis on a variety of topics in order to develop enhancements to the LSV quantitative model. LSV has conducted a review of ESG issues and their potential impact on performance, and will continue to review and monitor new research and other developments in this area.

2. Investment Management

LSV has developed a means to apply ESG factors at the portfolio level for clients that provide us with specifications. This is most commonly done through an exclusion list. In addition, LSV also has the capability of incorporating certain ESG factors into the portfolio construction process. LSV subscribes to two different ESG data sources, MSCI and IW Financial, so that we can accommodate clients who would like to apply ESG principles to their portfolio. LSV believes that by having access to two different vendors' data we can provide reliable ESG data that meets our clients' specifications.

At the firm level, as a signatory to the PRI, LSV is committed to reviewing ESG factors that may have an impact on performance and, after appropriate verification and testing, incorporating such factors into its 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 our standard proxy voting guidelines. For example, GLC views the identification, mitigation and management of environmental and social risks as integral components when evaluating a company's overall risk exposure. In cases where the board or management has failed to sufficiently identify and manage a material environmental or social risk that did or could negatively impact shareholder value, GLC will recommend shareholders vote against directors responsible for risk oversight in consideration of the nature of the risk and the potential effect on shareholder value. In addition, GLC generally recommends supporting shareholder proposals likely to increase and/or protect shareholder value and also those that promote the furtherance of shareholder rights. In evaluating shareholder resolutions regarding environmental and social issues, GLC examines: (1) direct environmental and social risk, (2) risk due to legislation and regulation, (3) legal and reputational risk, and (4) governance risk. Finally, through GLC, LSV is able to offer additional guidelines that provide another level of analysis for clients seeking to vote consistent with widely-accepted enhanced ESG practices. These ESG-specific guidelines are available to clients with a focus on disclosing and mitigating company risk with regard to ESG issues.

4. Disclosures and Reporting

LSV discloses information concerning its proxy voting policy in its publicly available Form ADV Part 2A. In addition, LSV clients may obtain a copy of LSV's complete proxy voting policies and procedures and information from LSV about how LSV voted any proxies on behalf of their account upon request. In addition, LSV will annually report on its activities and progress toward implementing the PRI principles as required.