



Lingohr & Partner

ASSET MANAGEMENT GMBH

Research Policy

January 2018

1. Introduction

Active investment managers such as Lingohr & Partner Asset Management GmbH (“Lingohr & Partner”) use a wide range of internal research as well as external investment research from financial institutions. External providers include brokers, independent research providers and banks offering analyses on markets, sectors and individual companies to help fund managers make appropriate investment decisions. Lingohr & Partner believes that the use of investment research provided by external companies is an important part of its investment process and adds value for its clients in order to achieve superior investment results.

Following the introduction of EU’s Markets in Financial Instruments Directive II (MiFID II) investment firms are permitted to accept inducements in circumstances where certain requirements are satisfied. However, it prohibits inducements paid to, and/or received by, an investment firm carrying out portfolio management or providing investment advice: such firms are only permitted to pay or receive minor non-monetary benefits that fulfil certain requirements. Regarding research, investment managers are only permitted to receive external third party research from third parties when it is paid for from a separate ‘research payment account’ (RPA) or via direct payments from its own resources.

With effect from January 3, 2018, investors in Lingohr & Partner’s mutual funds or segregated institutional mandates (the Funds) shall continue to be charged the cost of external investment research as this remains an important element of the active management process for these funds. These costs shall be paid for via the RPA mechanism.

To ensure Lingohr & Partner has appropriate controls around the use of research, the company will regularly assess the quality of the research purchased, based on defined quality criteria, and its ability to contribute to better investment decisions for its clients. Furthermore the company ensures that such costs are allocated fairly.

2. How research may benefit the Funds

Lingohr & Partner purchases investment research which contains analyses and insights and reaches conclusions based on new or existing information that could be relevant and be capable of adding value to investment decisions on behalf of the Funds like providing necessary data for the Lingohr & Partner CHICCO investment process.

Lingohr & Partner considers research on a range of subjects including: strategy, industry, sector, company specific information and enriched data, which provide additional insights on the basis of its investment strategy. A wide range of factors must be considered when making investment decisions; these will be global in nature, constantly changing and without limit. Due to this it is not always possible for Lingohr & Partner to produce the required quantity or quality of proprietary research to support the investment strategy of the Funds. Therefore, research is purchased from selected and trusted third parties in order to augment and supplement the proprietary research undertaken. This research is not limited in the form,

but can take and includes (not exclusively) written research notes, publications, phone conversations, email communications as well as person to person meetings, presentations and conferences.

The aim of the purchased research is to achieve a clear and rounded view of the investments and the construction of the Funds' portfolios under ever changing market conditions.

3. Assessing research and its ability to contribute to better investment decisions

Lingohr & Partner regularly monitors the quality of the research purchased for the Funds, based on defined quality criteria and its ability to contribute to better investment decisions for them. This includes among others:

- assessing the need for investment research, including considering whether it would be in the best interest to acquire third party research to assist with investment decisions.
- assessing the nature of any service, benefit or material paid or provided by any third party to determine whether it will benefit the Funds and it can be accepted (for instance, whether the research should be considered as a minor non-monetary benefit or as research). This includes having processes in place to block unsolicited research.
- having internal processes and structures to ensure that the purchase of research is independent from the selection of brokers for execution services.
- using quality controls by Lingohr & Partner's portfolio managers to scrutinise the research received from research providers and to ensure they only receive research appropriate for the Funds.

4. Annual research budget and the allocation of research costs

Given the limited use of external research services, Lingohr & Partner's budgeting process is purely bottom-up. As such, the investment team decides on the necessary providers, their value-add for their investment process and the scope of the services of these providers. The company only offers one specific investment strategy and its stock selection process is based on a dedicated team approach. Based on this setup, the research budget is assigned to individual clients/portfolios on a pro-rata Assets under Management basis reflecting a fair and comprehensible allocation mechanism. The budget is reviewed at the end of each year by the management board.

5. Process of research charges and payment

The cost of research is charged by Lingohr & Partner to individual funds through the RPA mechanism. Lingohr & Partner administers the RPA with the assistance of its platform provider, the Investment Technology Group (ITG). The RPA is typically funded by quarterly invoices to the Funds with the use of the direct charge method ("Swedish Model"). In addition, Lingohr & Partner may also agree on alternative funding methods with individual clients. All research expenses require a proper invoice from providers, must be paid out of the RPA and the total amount of research costs may not exceed the annual ex-ante budget. A remaining surplus in the RPA at the end of a calendar year shall be offset against the research budget for the following year.

6. Unsolicited research

Research services, other than acceptable minor non-monetary benefits, received outside a research agreement or trial period, will be deemed unsolicited. Lingohr & Partner will monitor the receipt of unsolicited research. Lingohr & Partner will review the research content and adopt the following actions:

- confirm that the material received is an acceptable minor non-monetary benefit;
- instruct the research provider to cease distribution;
- arrange for a trial period; and / or
- enter into a research agreement.

7. Research Policy review and additional information

Lingohr & Partner reviews its research policy at least annually or whenever a material change occurs and will notify clients of any material change.

Additional information on the following is provided to clients via extra documents and it is also available to stakeholders on request:

- the estimated research budget for each Fund on an annual basis and the total budgeted amount for research being allocated and paid for through an RPA for Lingohr & Partner;
- detailed information on assessing research and on process of research charges and payment;
- the providers paid from the RPA;
- the total amount they were paid over a defined period;
- the benefits and services received by Lingohr & Partner; and
- how the total amount spent from the account compares to the budget for that period, if any rebate or carry-over exist and if residual funds remain in the account.

Please contact your relationship manager or Lingohr & Partner's Compliance Department (compliance@lingohr.de) if you have any questions regarding the contents of this policy.

Valid from:

January 3, 2018



Lingohr & Partner Asset Management GmbH