



Richard  
Bernstein  
Advisors

**ITEM 1- BROCHURE COVER PAGE**

**PART 2A OF FORM ADV: FIRM BROCHURE**

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**March 28, 2014**

This Brochure provides information about the qualifications and business practices of Richard Bernstein Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at 212-692-4000 or [www.rbadvisors.com](http://www.rbadvisors.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.

Richard Bernstein Advisors LLC is a registered investment adviser. Registration of an investment adviser with the SEC or with any state securities authority does not imply any particular level of skill or training. The oral and written communications of an investment adviser provide you with information based on which you determine to hire or retain the adviser.

Additional information about Richard Bernstein Advisors LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Nothing contained in this Brochure constitutes a recommendation of or an offer to sell, or the solicitation of an offer to buy or invest in, any investment product, vehicle, service or instrument.**

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## ITEM 2 – MATERIAL CHANGES

This Item 2 discusses only specific material changes that are made to this Brochure since the last annual update of our Brochure on March 28, 2013. There have been no material changes since our last brochure.

We note that we updated our assets under management/advisement and made various non-material changes throughout the Brochure to clarify certain services and practices of our firm.

Currently, our Brochure may be requested by contacting Richard Bernstein Advisors LLC's Chief Compliance Officer ("CCO"), Michael H. Meyer, at 212-692-4030 or [mmeyer@rbadvisors.com](mailto:mmeyer@rbadvisors.com).

Additional information about Richard Bernstein Advisors LLC is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 4 – ADVISORY BUSINESS

### A. General Description of Advisory Firm.

#### **About the Firm:**

Richard Bernstein Advisors LLC ("RBA or the "Firm") is an investment adviser focusing on longer-term investment strategies that combine top-down, macroeconomic analysis and quantitatively-driven portfolio construction. RBA strives to be a leading provider of innovative investment solutions for investors, and we believe that our competitive edge is our research-driven macro style of investing. That research starts with Richard Bernstein, the Firm's Chief Executive Officer ("CEO") and Chief Investment Officer ("CIO"), who is widely recognized as an expert in style investing and asset allocation. He has over 30 years' experience on Wall Street, including most recently as the Chief Investment Strategist at Merrill Lynch & Co. He is a much-noted expert on equity, style and asset allocation; and was voted to *Institutional Investor* magazine's annual "All-America Research Team" 18 times, including ten as the top-ranked analyst in his category and only one of 49 analysts to be inducted into the Institutional Investor All-American Research Hall of Fame. Mr. Bernstein's book "Style Investing – Unique Insight into Equity Management" is widely viewed as the seminal book on style-oriented investment strategies. We believe that our top-down macro approach is a unique style of equity and asset allocation and differentiates our firm from the more common and traditional bottom-up approach of most asset managers. Our extensive array of macro indicators allows us to construct portfolios for clients that are innovative, risk-controlled, and focused on overall portfolio construction rather than on individual stock selection. RBA offers sub-advisory services and customized, separately-managed accounts for both equity and asset allocation. We distribute our products mainly through partnerships with some of the world's leading financial institutions, including Eaton Vance, where we sub-advise the Eaton Vance Richard Bernstein Equity Strategy Fund and Eaton Vance Richard Bernstein All Asset Fund, UBS Wealth Management, where we provide clients with tailored asset-allocation models in a discretionary wrap program, and First Trust Portfolios, where we create equity income-oriented portfolios in a series of unit investment trusts. We also offer separately managed accounts for institutions and high-net-worth individuals.

RBA was founded in 2009 as a Delaware Limited Liability Company and is headquartered in New York City. The Firm became a registered investment adviser with the SEC (SEC File Number: 801-71501) in 2010. The Firm, comprised of 16 professionals, is solely owned by Richard Bernstein.

#### **About RBA's People:**

RBA seeks individuals whose respective educational and employment backgrounds are considered suitable to the functions they are expected to perform at the Firm. RBA considers relevant industry experience to be the most important criterion in the selection of personnel who will be involved in managing client accounts and in determining or giving

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investment advice to clients, including those who are to perform trading, analysis, investment advisory and portfolio management functions at the Firm.

**About Richard Bernstein:**

Richard Bernstein, in addition to being CEO of RBA, is also its Chief Investment Officer ("CIO"). As CIO, he is the chairman of the Firm's investment committee that determines the general investment advice that is given to the Firm's clients.

Year of Birth: 1958

Education: MBA (Beta Gamma Sigma) in Finance, NYU Stern School of Business, 1987  
BA in Economics, Hamilton College, 1980

Background: May 09-present - Richard Bernstein Advisors LLC

*Chief Executive/Chief Investment Officer*

Nov 88-May 09 - Merrill Lynch & Co.

Jun 06-May 09 - *Chief Investment Strategist*

Dec 01-Jun 06 - *Chief US Strategist*

Jan 98-Jun 06 - *Chief Quantitative Strategist*

Apr 95-Dec 97 - *Director of Quantitative and Equity Derivatives Research*

Nov 88-Apr 95 - *various research positions*

Richard Bernstein is currently a paid contributor to CNBC, the financial news network, and a paid member of the Alfred P. Sloan Foundation's endowment investment committee. Mr. Bernstein is also a paid member of the adjunct faculty at the NYU Stern Graduate School of Business. He also receives royalties on two books from the publisher John Wiley & Sons, all of which he donates to charity.

**B. Description of Advisory Services.**

RBA (i) acts as an investment adviser to one or more open-end and/or closed-end registered investment companies (each, a "fund") and (ii) provides investment management and advisory services through separately managed accounts (each, an "SMA") for high-net-worth individuals, pension plans, charitable organizations and other entities, and through published research and investment commentary and asset allocation models periodically provided to unaffiliated broker-dealers ("brokers") and independent investment advisers in the form of unit investment trusts ("UITs") and SMA platforms.

The services rendered to each fund will be pursuant to a written management contract generally terminable by either party on 60 days' (or less, depending on the contract) prior written notice. The basic management fee structure for each fund will be a percentage of assets under management ("AUM"), which RBA anticipates will typically be in the range of 0.40% to 1.25% of AUM. Such services may also be provided pursuant to sub-advisory



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arrangements with other advisers and fund sponsors; RBA currently has two such arrangements in place.

The services rendered to each SMA will be pursuant to a written management contract generally terminable by either party on 30 days' (or less, depending on the contract) prior written notice. The basic management fee structure for each SMA will be a percentage of AUM; RBA has not yet determined the range of fees for SMAs. Management contracts will also typically specify a minimum level of AUM required to open or maintain each SMA; RBA has not yet determined the range of those thresholds.

RBA may also provide investment management and advisory services through published research and investment commentary and asset allocation models periodically provided to unaffiliated brokers and independent investment advisers pursuant to written contracts; RBA currently has several such arrangements in place. The basic fee structure for such services will be a percentage of AUM and/or fixed-fee, which RBA anticipates will vary according to the contract. RBA may choose to use the services of a third-party provider to assist in the marketing of these services.

Fees may be billed quarterly or monthly, in arrears or in advance. If a client's fees are paid in advance, RBA will refund to the client a *pro rata* portion of the fee for any period with respect to which the fee was prepaid but RBA's services have been terminated.

C. Availability of Customized Services for Individual Clients.

RBA offers custom solutions through SMAs for both individual and institutional investors. Account minimums may apply.

D. Wrap Fee Programs.

RBA offers several asset-allocation, exchange-traded fund ("ETF")-driven models through UBS Wealth Management Americas in their mutual fund discretionary wrap program.



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E. Assets Under Management.

Assets Managed on a Discretionary Basis

**Eaton Vance Richard Bernstein Mutual Funds (2 funds in total)**

*Assets under Management @ 2/28/14 = \$1,183,439,495.*

Assets under Advisement on a Non-Discretionary Basis

**UBS Asset Allocation Wrap Account Program (3 models in total)**

*Assets under Advisement @ 2/28/14 = \$263,779,138.*

**RBA Risk-Balanced Global ETF Strategy available at Merrill Lynch**

*Assets under Advisement @ 2/28/14 = \$61,184,628.*

**First Trust Richard Bernstein Advisors Unit Investment Trust Series (8 series in total)**

*Assets under Advisement @ 2/28/14 = \$1,254,961,188.*

**ITEM 5 – FEES AND COMPENSATION**

A. Advisory Fees and Compensation.

The services rendered to each fund will be pursuant to a written management contract generally terminable by either party on 60 days' (or less, depending on the contract) prior written notice. The basic management fee structure for each fund will be a percentage of AUM, which RBA anticipates will typically be in the range of 0.40% to 1.25% of AUM. Such services may also be provided pursuant to sub-advisory arrangements with other advisers and fund sponsors; RBA currently has one such arrangement in place. RBA also expects to provide periodic research and investment commentary and asset allocation guidance to one or more unaffiliated brokers and independent investment advisers pursuant to written contracts; RBA currently has two such arrangements in place. The basic fee structure for such services will be a percentage of AUM and/or fixed-fee, which RBA anticipates will vary according to the contract.

The services rendered to each SMA will be pursuant to a written management contract generally terminable by either party on 30 days' (or less, depending on the contract) prior written notice. The basic management fee structure for each SMA will be a percentage of AUM; RBA has not yet determined the range of fees for SMAs. Management contracts will also typically specify a minimum level of AUM required to open or maintain each SMA; RBA has not yet determined the range of those thresholds.

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All fees are subject to negotiation.

**B. Payment of Fees.**

Fees may be billed quarterly or monthly, in arrears or in advance. If a client's fees are paid in advance, RBA will refund to the client a *pro rata* portion of the fee for any period with respect to which the fee was prepaid but RBA's services have been terminated. The specific manner in which fees are charged by RBA is established in each client's written agreement with the Firm. Clients may elect to be billed directly for fees, or authorize RBA to debit fees from their accounts. In the case of quarterly billing, management fees are pro-rated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of *de minimis* contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon the termination of an account, any prepaid, unearned fees will be promptly refunded, and any earned but unpaid fees will be due and payable.

**C. Additional Fees and Expenses.**

RBA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by a client. Clients may incur charges imposed by custodians, brokers and other third parties, as well as deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes imposed on brokerage accounts and securities transactions. Mutual funds (including, but not limited to, exchange-traded funds) in which RBA may invest on behalf of clients also charge their own management fees that are disclosed in the respective fund's prospectus. Such other charges, fees, taxes, costs and commissions are exclusive of, and in addition to, RBA's management fee, and RBA does not receive any portion of these other charges, fees, taxes, costs and commissions.

**D. Prepayment of Fees.**

As stated in Item 5B, RBA may bill fees in advance, on a monthly or quarterly basis. RBA currently has one such arrangement. Any unearned fees will be refunded to a client.

**ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

RBA does not currently charge any performance-based fees (*i.e.*, fees based on a share of capital gains on or capital appreciation of the assets of a client).



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## ITEM 7 – TYPES OF CLIENTS

RBA (i) acts as an investment adviser to one or more funds and (ii) provides investment management and advisory services through SMAs for high-net-worth individuals, pension plans, charitable organizations and other entities, and through published research and investment commentary and asset allocation models periodically provided to unaffiliated brokers and independent investment advisers, in each case pursuant to a written management contract with the respective client.

RBA's fund advisory services may be provided pursuant to sub-advisory arrangements with other advisers and fund sponsors. The Firm currently has one such arrangement in place, as well as one arrangement to provide periodic investment commentary and asset allocation models to an unaffiliated broker.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. Methods of Analysis and Investment Strategies.

RBA's core investment strategy seeks a high total return over the long term through a combination of top-down macroeconomic analysis and quantitatively driven portfolio construction. Macroeconomic indicators will be used to allocate portfolio assets in markets around the world and among various asset classes. Individual security selection is based on quantitative screening and optimization to achieve desired market exposures while seeking to control security-specific and other observable market risks.

Dependent on the outlook for US and global corporate profits, RBA makes top-down assessments of the relative attractiveness of, among others, stocks vs. bonds, treasuries vs. corporates, emerging-market vs. developed-market, growth vs. value, large-cap vs. small-cap, cyclical vs. non-cyclical sectors and asset allocations based on macroeconomic indicators. It is expected that the macroeconomic analysis will evolve over time and may include consideration of the following: historical risk and return characteristics; global market valuations; global yield curves; asset class, regional, and country correlations; profit cycle analyses and style and sector rotation; expected beta; estimate revisions and earnings surprises; investor sentiment and other factors. After determining what it believes to be the optimal asset class allocations, RBA seeks attractive investment opportunities by quantitatively screening for stocks within the targeted segments that historically have had the most compelling characteristics given the Firm's macroeconomic assessment. Those characteristics are likely to change as a function of RBA's changing assessment of global economic and profit environments. Individual ETF selection will be based on quantitative screening and risk-analysis, as well as qualitative review, to achieve desired market exposures.

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Unless constrained by a particular investment mandate that varies its core strategy (e.g., under the terms of a particular SMA or fund), the Firm emphasizes and de-emphasizes various global market segments and asset classes at different times in accordance with chief investment officer Richard Bernstein's evolving views, grounded in his well-published research on "style investing" and the relationships between economic and profit cycles, on the one hand, and equity market segment performance, on the other. The Firm will attempt to implement its strategies, and better capture its targeted macroeconomic exposures, through portfolio or "basket" trades whenever possible, de-emphasizing individual stock or bond selection.

The Firm expects generally to pursue its core strategy by allocating assets primarily among equity, fixed-income, commodity, currency and cash investments. Occasionally, it may utilize other asset classes, including short-term instruments (such as higher quality money-market instruments and other securities with remaining maturities of one year or less), or invest in protective options or futures positions, in an effort to protect one or more of its portfolios against market volatility. The Firm may include ETFs in its portfolios and, if appropriate in light of a particular investment mandate, may seek to express its market view primarily or entirely through a portfolio of ETFs.

The Firm may invest in both developed and emerging markets. It may invest in fixed-income securities of any credit quality. Such investment may include, but are not limited to, corporate bonds, securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, obligations of other sovereign nations, municipal obligations, mortgage-backed securities and inflation-linked debt securities. It may invest in stocks of companies of any capitalization, real estate investment trusts, exchange-traded notes ("ETNs"), and ETFs and other pooled investment vehicles. Investment in cash or cash equivalents may include U.S. and foreign bank certificates of deposit, fixed time deposits, repurchase agreements, bankers' acceptances and other short-term instruments.

Because RBA gauges, in each case, the exposures of the overall portfolio and not the relative merits of individual companies' prospects, it anticipates that portfolio turnover will be low. In order to foster a disciplined strategy, the Firm expects that portfolio rebalancings, including both purchases and sales of securities, will generally occur at regular monthly intervals, and that the frequency of major rebalancings will be determined largely by market volatility and the duration of economic and profit cycles. Individual securities may be sold because of unusual company-specific events that cause abnormal security-specific volatility. "Abnormal" volatility means positive or negative price performance that is statistically exaggerated relative to historical trading pattern. Other potential catalysts for selling a security include exceeding an internal policy guideline, a material drop in daily market liquidity, and a substantial change in a security's style characteristics. ETFs may also be sold relative to the desired portfolio exposures during periodic rebalancings. The Firm expects that individual securities will rarely be bought or



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sold based solely on the attractiveness of the respective companies without regard to the characteristics of the overall portfolio.

The Firm may, when consistent with a portfolio's investment objective, buy or sell options or futures contracts on a security or on an index of securities (long or short), and may use derivatives to hedge market risk on equity securities, increase exposure to certain markets or market segments, and manage exposure to foreign currencies.

Portfolios (overall, and individual position sizes and concentrations) will be routinely monitored in an effort to ensure that they maintain the desired macroeconomic exposures and to minimize extraneous or unintended portfolio risk exposures, and they will be rebalanced as appropriate. Holdings will be adjusted for company-specific events that might distort portfolio composition. Using widely recognized third-party portfolio attribution systems, RBA will seek to determine whether the sources of actual portfolio performance are consistent with the anticipated drivers of expected returns. Thus, both portfolio performance and the causes of portfolio performance (both positive and negative) will be closely reviewed. RBA anticipates that unless constrained by specific fund or account mandate, major changes in asset allocation (*e.g.*, moving from stocks to bonds) and strategy (*e.g.*, moving from large-cap growth to small-cap value) will occur, on average, approximately every three years, depending on the volatility of global markets and the duration of economic and profit cycles.

RBA does not currently expect to participate in any initial public offerings ("IPOs"). Accordingly, the Firm has not adopted an allocation policy with respect to IPOs. In the unlikely event that this expectation changes, the Firm will adopt such a policy to govern its allocation of such offerings among its various client accounts.

RBA may from time to time, on behalf of funds and SMAs, invest excess (*i.e.*, otherwise uninvested) client funds in cash equivalents and other short-term instruments, as well as in the overnight repurchase agreement ("repo") market.

Some of RBA's strategies are designed for and implemented through Unit Investment Trusts which consist of a professionally selected unmanaged portfolio of securities which are held for a predetermined period of time. The process generally involves screening a large universe of stocks in an effort to identify a group of securities that meet certain quantitative criteria. Portfolio construction is finalized using a proprietary portfolio optimization process which seeks to control risks through security selection and varied position weights.

**B. Material, Significant, or Unusual Risks Relating to Investment Strategies.**

When RBA acts as either adviser or sub-adviser to a fund or SMA, there may be risks associated with its active and quantitative management. A fund or an SMA is an actively managed portfolio, and its success depends upon the investment skills and analytical abilities of RBA to develop and effectively implement strategies that achieve its investment

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objectives. Subjective decisions may cause a fund or SMA to incur losses, or to miss profit opportunities on which it might otherwise have capitalized.

In addition to financial publications, third-party research materials, ratings-agency reports and regulatory filings, RBA uses quantitative research models and databases (both proprietary and third-party), investment techniques and analyses in managing client portfolios, in an effort to achieve desired macroeconomic exposures and other targeted portfolio characteristics, but there can be no assurance that these quantitative approaches will achieve the desired results.

Any fund or SMA is not a complete investment program, and an investor may lose money by investing in it. All investments carry a certain amount of risk, and there is no guarantee that a fund or SMA will achieve its investment objectives. In general, a fund's annual operating expenses as a percentage of its average daily net assets will change as fund assets rise or fall, and those expenses may vary in the future. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its objectives. An investment in a fund or SMA is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other agency, entity or person.

#### C. Risks Associated With Particular Types of Securities.

When acting as adviser or sub-adviser to a fund or SMA, RBA may trade or invest in different types of securities when managing the respective portfolio. Such trading or investing may involve a number of different types of risks, among them those described below.

**Equity Investing Risk.** A portfolio may be sensitive to stock market volatility, and the stocks in which a portfolio is invested may be more (or less) volatile than the stock market as a whole. The value of equity investments and related instruments may decline in response to conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; currency, interest rate and commodity price fluctuations; or issuer- or sector-specific events. Market conditions may affect certain types of securities to a greater extent than other types of securities. If the stock market declines, the value of a stock portfolio will also likely decline, and although stock values may rebound, there is no assurance that they will return to previous levels. Preferred stocks may also be sensitive to changes in interest rates, typically falling in value when rates rise.

**Smaller Companies Risk.** Stocks of smaller, less seasoned companies are generally subject to greater price fluctuations, less liquidity, higher transaction costs and higher investment risk than those of larger, more seasoned issuers. Smaller companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group or lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies.



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**Fixed-Income and Convertible Security Risk.** Portfolio securities may be sensitive to increases in prevailing interest rates and the creditworthiness of issuers. Fixed-income securities rated below investment grade and comparable unrated securities have speculative characteristics because of the credit risk associated with their issuers. Changes in economic conditions or other circumstances typically have a greater effect on the ability of issuers of lower-rated securities to make principal and interest payments than they do on issuers of higher-rated instruments. An economic downturn typically leads to a higher non-payment rate, and a lower-rated instrument may lose significant value before a default occurs. Lower-rated investments are generally subject to greater price volatility and illiquidity than higher-rated ones.

**Foreign and Emerging-Market Investment Risk.** Because RBA may invest a significant portion of a fund's or SMA's assets in foreign instruments, the value of a portfolio may be adversely affected by changes in currency exchange rates and by political and economic developments abroad. In emerging and less-developed countries, these risks can be substantial. Investment markets in emerging-market countries are substantially smaller, less liquid and more volatile than the major markets in developed countries, and as a result, portfolio values may be more volatile. Emerging-market countries may have relatively unstable governments and economies. Emerging-market investments often are subject to speculative trading, which typically contributes to volatility. Trading in foreign and emerging markets typically involves higher expense than trading in the United States. A U.S. investor may have difficulty enforcing its legal or contractual rights in a foreign country. Depositary receipts (ADRs) are subject to many of the same risks associated with investing directly in foreign securities, including political and economic risks.

**Derivatives Risk.** The use of derivatives may lead to losses resulting from adverse movements in the price or value of the underlying asset, index, rate or instrument, due to failure of a counterparty or to tax or regulatory constraints. Derivatives may create investment leverage in a fund or SMA, magnifying an account's exposure to the underlying investment. The risks associated with derivatives use in a portfolio may be heightened when they are used to enhance return or as a substitute for a position or security, rather than solely to hedge the risk of another investment held in the account. When derivatives are used to gain exposure to a particular market or market segment, their performance may not correlate as expected to the performance of that market or segment, thereby causing the account to fail to achieve its original purpose in using such derivatives. Derivatives used for hedging purposes may not reduce portfolio risk if they are not sufficiently correlated to the position being hedged. A decision as to whether, when and how to use derivatives involves the exercise of specialized skill and judgment, and even a well-conceived transaction may be unsuccessful because of subsequent market behavior or unexpected events. Derivative instruments may be difficult to value, illiquid, and subject to wide swings in valuation caused by changes in the value of the underlying asset, index, rate or instrument. The loss on a derivatives transaction may substantially exceed the initial investment.



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**Real Estate Risk.** Real estate investments, including real estate investment trusts ("REITs"), are subject to special risks associated with real estate. Real estate investments are sensitive to factors such as changes in real estate values, property taxes, cash flow of underlying real estate assets, occupancy rates, government regulations affecting zoning, land use and rents, and the management skill and creditworthiness of the issuer. Real estate investments may also be subject to liabilities under environmental and hazardous waste laws, among others. Changes in underlying real estate values may have an exaggerated effect to the extent that REITs concentrate investments in particular geographic regions or property types.

**Risk Associated with Active Management.** The success of a client's account that is actively managed depends upon investment skills and analytical abilities of RBA to develop and effectively implement strategies that achieve the client's investment objective. Subjective decisions made by RBA may cause a client portfolio to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

**General Investing Risks.** Most investment strategies are not intended to be a complete investment program. Clients generally should have a long-term investment perspective and be able to tolerate potentially sharp declines in value and/or investment losses. Investment advisers, other market participants and many securities markets are subject to rules and regulations and the jurisdiction of one or more regulators. Changes to applicable rules and regulations could have an adverse effect on securities markets and market participants, as well as on the ability to execute a particular investment strategy.

**Concentration Risk.** A strategy that concentrates its investments in a particular sector of the market (such as the utilities or financial services sectors) or a specific geographic area (such as a country or state) may be affected by events that adversely affect that sector or area and the value of a portfolio using such strategy may fluctuate more than that of a less concentrated portfolio.

**Currency Risk.** In general, the value of investments in, or denominated in, foreign currencies increase when the U.S. dollar is weak (*i.e.*, is losing value relative to foreign currencies) or when foreign currencies are strong (*i.e.*, are gaining value relative to the U.S. dollar). When foreign currencies are weak or the U.S. dollar is strong, such investments generally will decrease in value. The value of foreign currencies as measured in U.S. dollars may be unpredictably affected by changes in foreign currency rates and exchange control regulations, application of foreign tax laws (including withholding tax), governmental administration of economic or monetary policies (in the U.S. or abroad), intervention (or the failure to intervene) by U.S. or foreign governments or central banks, and relations between nations. A devaluation of a currency by a country's government or banking authority will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets and currency transactions are subject to settlement, custodial and other operational risks.



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Exposure to foreign currencies through derivative instruments will be subject to *Derivatives Risks* described above.

**Risk of Commodity-Related Investments.** The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity, which may include weather, embargoes, tariffs, and health, political, international and regulatory developments. Economic and other events (whether real or perceived) can reduce the demand for commodities, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Exposure to commodities and commodities markets may subject a client portfolio to greater volatility than investments in traditional securities. No active trading market may exist for certain commodities investments, which may impair the ability to sell or to realize the full value of such investments in the event of the need to liquidate such investments. In addition, adverse market conditions may impair the liquidity of actively traded commodities investments. Certain types of commodities instruments (such as total return swaps and commodity-linked notes) are subject to the risk that the counterparty to the instrument will not perform or will be unable to perform in accordance with the terms of the instrument.

**Interest Rate Risk.** As interest rates rise, the value of a client portfolio invested primarily in fixed-income securities or similar instruments is likely to decline. Conversely, when interest rates decline, the value of such a client portfolio is likely to rise. Securities with longer maturities are more sensitive to changes in interest rates than securities with shorter maturities, making them more volatile. A rising interest rate environment may extend the average life of mortgages or other asset-backed receivables underlying mortgage-backed or asset-backed securities. This extension increases the risk of depreciation due to future increases in market interest rates. In a declining interest rate environment, prepayment of certain types of securities may increase. In such circumstances, RBA may have to reinvest the prepayment proceeds at lower yields. A strategy that is managed toward an income objective may hold securities with longer maturities and thereby be more exposed to interest rate risk than a strategy focused on total return.

**Duration Risk.** Duration measures the expected life of a fixed-income security, which can determine its sensitivity to changes in the general level of interest rates. Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. A portfolio with a longer dollar-weighted average duration can be expected to be more sensitive to interest rate changes than a portfolio with a shorter dollar-weighted average duration. Duration differs from maturity in that it considers a security's coupon payments in addition to the amount of time until the security matures. As the value of a security changes over time, so will its duration.

**Maturity Risk.** Interest rate risk will generally affect the price of a fixed income security more if the security has a longer maturity. Fixed income securities with longer maturities

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will therefore be more volatile than other fixed income securities with shorter maturities. Conversely, fixed income securities with shorter maturities will be less volatile but generally provide lower returns than fixed income securities with longer maturities. The average maturity of a client portfolio's investments will affect the volatility of the portfolio's rate of return.

**ETF Risk.** Investing in an ETF exposes a client portfolio to all of the risks of that ETF's investments and subjects it to a pro rata portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the costs of investing directly in its underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on the demand in the market for them, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, and a client account may not be able to liquidate ETF holdings at the time and price desired, which may impact its performance.

## **ITEM 9 - DISCIPLINARY INFORMATION**

### **A. Criminal or Civil Proceedings.**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the adviser or of the integrity of its management. RBA has no information applicable to this Item.

### **B. Administrative Proceedings Before Regulatory Authorities.**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the adviser or of the integrity of its management. RBA has no information applicable to this Item.

### **C. Self-Regulatory Organization (SRO) Proceedings.**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the adviser or of the integrity of its management. RBA has no information applicable to this Item.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker-Dealer Registration Status.**

Not applicable.



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B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.

Not applicable.

C. Material Relationships or Arrangements with Industry Participants.

RBA acts as sub-adviser to the Eaton Vance Richard Bernstein Multi-Market Equity Strategy Fund and the Eaton Vance Richard Bernstein All Asset Fund, which are an open-end registered investment companies.

RBA provides asset allocation guidance to the UBS Asset Allocation Wrap Account Program.

RBA serves as portfolio consultant for Unit Investment Trusts that are distributed by First Trust Portfolios L.P.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

Not applicable.

**ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

A. Code of Ethics.

RBA strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. These standards are incorporated into RBA's Code of Ethics (the "Code of Ethics"), which, *inter alia* ("among other things"), requires related persons (including, but not limited to, those with access to information on client transactions) to report personal securities transactions ("PSTs") and holdings to the Firm on a periodic basis, and to pre-clear with the Firm certain types of PSTs. The Code of Ethics also articulates certain general principles that all personnel are expected to adhere to, namely, that the interests of the Firm's clients always come first; that employees must not take any inappropriate advantage of their positions at the Firm; that information concerning the identity of portfolio securities, or the financial circumstances of any fund or SMA, must be kept confidential; and that independence in the investment decision-making process must be maintained at all times. The purpose of the Code of Ethics is to avoid even the appearance of a conflict of interest, to resolve any potential conflicts of interest before they materialize, and to detect and prevent fraud, deception or misconduct with respect to client transactions. To that end, the Firm has adopted, as part of its compliance policies and procedures (its "Compliance Guidelines"), policies and procedures designed to detect and prevent insider trading and the misappropriation or misuse of material, non-public information (its "Insider Trading Policies").

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RBA's Insider Trading Policies prohibit the Firm and its personnel from trading, or recommending trading, for clients or themselves, in securities of an issuer while in possession of material, non-public information ("Inside Information") about the issuer, and from disclosing any such information to any person not entitled to receive it. By reason of its various activities, the Firm may from time to time become privy to Inside Information or become otherwise restricted from effecting transactions in certain investments that might otherwise have been initiated. RBA has adopted policies and procedures (including, without limitation, annual employee training) reasonably designed to shield its investment professionals in most cases from access to Inside Information, so that investment decisions may be made on the basis of public information only. Among other things, such policies and procedures seek to control and monitor the flow of Inside Information to and within the Firm, as well as prevent trading based on Inside Information. Accordingly, RBA may not have access to Inside Information that other market participants or counterparties are eligible to receive.

A copy of the Code of Ethics will be provided to any client or prospective client upon request.

Firm personnel are required to periodically certify as to their compliance with the Firm's Code of Ethics and Insider Trading Policies.

B. Securities in Which You or a Related Person Has a Material Financial Interest.

RBA acts as sub-adviser to the Eaton Vance Richard Bernstein Multi-Market Equity Strategy Fund and Eaton Vance Richard Bernstein All Asset Fund, which are open-end registered investment companies.

C. Investing in Securities That You or a Related Person Recommends to Clients.

The Firm's principals, employees or other related persons (collectively, its "personnel") may from time to time engage in personal trading of securities and other instruments for their own accounts, including, without limitation, securities and other instruments in which the Firm's clients are invested. Conversely, RBA may from time to time buy or sell securities on behalf of a client, or recommend to a client that it buy or sell securities, that are owned by one or more of the Firm's personnel, or in which one or more of them otherwise has an interest. Such related-person purchases or sales may be effected at the same or different times, and at the same or different prices, as client purchases or sales. The Firm, as part of its Compliance Guidelines, has adopted a Code of Ethics that, *inter alia*, places restrictions on personal trading by Firm personnel, requiring, for example, that they disclose their personal securities holdings and transactions, if any, to the Firm on a periodic basis, and pre-clear with the Firm certain types of PSTs.



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D. Conflicts of Interest Created by Contemporaneous Trading.

As stated in items 11A and 11C, Firm personnel may from time to time engage in personal trading of securities and other instruments for their own accounts, including, without limitation, securities and other instruments in which the Firm's clients are invested. The Firm's Code of Ethics requires that the Firm maintain a list of companies about which a determination has been made that it is prudent to restrict trading activity (the "Restricted List"). This might include, for example, a company about which "Investment Personnel" (including the Firm's Chief Technology Officer and his direct reports, its CCO, and any member of the Firm's Investment Committee or Trading Desk) may have acquired material, non-public information, or an investment position where the Firm may have a securities filing obligation.

Additionally, the Firm will maintain a "Watch List" of companies as to which a determination has been made that it is prudent to restrict employees' trading in securities of such companies. Any security in which the Firm transacts for a client shall be included on the Watch List for a period that (i) commences on the date the transaction commences and (ii) ends at the close of business three (3) full business days after completion of the transaction; *provided, however*, that for Investment Personnel only, a security shall be included on the Watch List for a period that (x) commences upon the security's inclusion in a list of securities approved by the Firm's Investment Committee for investment by a client and (y) ends at the close of business three (3) full business days after it is no longer held in any client's portfolio.

As a general rule, trades will not be allowed for clients, or for the personal accounts of employees, in the securities of a company appearing on the Restricted List, except with approval of the CCO. Similarly, any determination to remove a company from the Restricted List must be approved by the CCO.

As a general rule, PSTs will not be allowed for securities of a company appearing on the Watch List, except with approval of the CCO. Similarly, any determination to remove a company from the Watch List must be approved by the CCO.

Restrictions with regard to securities on the Restricted List and the Watch List are also deemed to extend to options, rights or warrants relating to those securities and any securities convertible into those securities.

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## ITEM 12 – BROKERAGE PRACTICES

### A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

#### 1. Research and Other Soft-Dollar Benefits.

RBA, in its capacity as investment adviser to client accounts, if and to the extent consistent with current SEC interpretation and guidance, may pay a broker commissions (or markups or markdowns, with respect to certain types of riskless principal transactions) for effecting client transactions in excess of the amount another broker might have charged, in recognition of the overall value of brokerage or research products or services provided or paid for by the broker that RBA considers to be of benefit to its clients, provided that such products and services fall within the safe harbor created by Section 28(e) of the US Securities Exchange Act of 1934. This means, *inter alia*, that RBA must determine that (1) each particular brokerage or research product or service received constitutes eligible "research" or eligible "brokerage", (2) each particular brokerage or research product or service received provides lawful and appropriate assistance to RBA in carrying out its investment decision-making responsibilities, and (3) the amount of so-called "soft-dollar" commissions paid to each such broker is reasonable in light of the value to the Firm's clients of the brokerage and research products and services received from that broker. RBA believes that it is important to its investment decision-making process to have access to, *inter alia*, independent research (*i.e.*, research generated by third parties outside the Firm), and accordingly expects to use soft-dollar commissions to pay for products and services that fall within the scope of Section 28(e).

Eligible products and services may include, for example, research reports on particular companies, industries, sectors or macroeconomic themes; quantitative, statistical or economic surveys and analyses; analyses of technical market action; pricing and appraisal services; credit, risk measurement and performance analyses; accounting and tax law interpretations; analyses of political and legal developments that might affect portfolio securities; and analyses of corporate responsibility issues. Such research products and services are generally received primarily in the form of written reports, telephone contacts, and personal meetings with analysts. Additionally, if and to the extent consistent with current SEC interpretation and guidance, such services may also be provided in the form of access to computer-generated data; computer software; and meetings arranged with economists, academics, and government representatives. In some cases, research services are generated by third parties but provided to the Firm by or through brokers.

Also consistent with Section 28(e), research products or services obtained with soft dollars generated by one or more client accounts may be used by the Firm to service one or more other client accounts. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Firm (a so-called "mixed-use" item), RBA, if and to the extent consistent with current SEC interpretation and guidance, will make a



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reasonable allocation of the total cost between what may properly be paid for with soft dollars and what may not. In making such mixed-use cost allocations – between administrative benefits to the Firm, on the one hand, and products or services that provide lawful and appropriate assistance to the manager in carrying out its investment decision-making responsibilities, on the other – a conflict of interest may arise by reason of RBA's allocation of such costs between items that primarily benefit the Firm and those that primarily benefit its clients.

At least quarterly, the Firm will consider the amount and nature of research products and services provided by brokers, as well as the extent to which such products and services are believed to be of value and are relied upon, and will attempt to allocate a portion of its clients' brokerage business on the basis of that consideration (if and to the extent consistent with "best execution"). Brokers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research products or services. Investment information received from RBA's brokers may be used by the Firm in servicing all its accounts, and not all such information need be used in connection with the specific client account(s) that generated the commissions used to purchase such information. RBA believes that such investment information benefits all its clients by supplementing the research and resources otherwise available to them.

## 2. Brokerage for Client Referrals.

RBA does not select or recommend brokers based on client referrals from such brokers.

## 3. Directed Brokerage.

RBA will generally, in the case of funds and some SMAs, have full discretionary authority to trade, invest and manage its clients' assets on a day-to-day basis, including the discretionary authority to determine the securities to be bought or sold by or on behalf of clients, the amount to be bought or sold, the broker to be used for each transaction, and the commission rates (or markups or markdowns, with respect to certain types of riskless principal transactions) to be paid.

From time to time, an SMA client may request that RBA direct brokerage to a particular broker, including in some cases a broker affiliated with an adviser to the client who recommended that the client invest with the Firm. Such requests may be in respect of a particular trade or series of trades, or in respect of all trading in such client's account with the Firm. Subject to its obligation to seek best execution (*cf.* "Best Execution", below), RBA

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may consider requests by clients to direct brokerage in determining its selection of brokers.

#### 4. Best Execution.

RBA has adopted guidelines for reviewing and evaluating the process by which it seeks to obtain "best execution". These guidelines are designed to fairly evaluate the overall quality and costs of a broker's execution services, including prices, commission rates (or markups or markdowns, with respect to certain types of riskless principal transactions), speed of execution, the operational facilities of the broker (including back-office and processing capabilities), the type and size of the transaction, the creditworthiness and stability of the broker, the broker's reputation for reliability and financial responsibility, and the broker's provision or payment (or rebates to the Firm for payment) of the costs of brokerage or research products or services that RBA considers to be of benefit to its clients. The Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if RBA determines in good faith that the commissions (or markups or markdowns, as the case may be) charged by a broker are reasonable in relation to the value of the brokerage or research products or services provided by such broker, the Firm's accounts may (if and to the extent consistent with current SEC interpretation and guidance) pay commissions to such broker in excess of the amount another broker might have charged (*cf.* "Research and Other Soft-Dollar Benefits", above.) If RBA decides, based on the factors set forth above, to execute transactions through Alternative Trading Systems ("ATs"), such as electronic communications networks, "dark pools" or broker-dealer internalization systems, it will also consider, when choosing among ATs, such factors as liquidity provided, relative ease of use, flexibility, and the level of care and attention given to orders.

RBA maintains policies and procedures on trading-related matters as part of its Compliance Guidelines, and has established a Brokerage Committee, comprised of investment and financial professionals within the Firm (among them, its director of trading and its chief financial and investment officers), to provide oversight. The Brokerage Committee will meet periodically to approve brokers for the execution of client orders, review the quality of executions, and consider all policy issues related to commissions and trading. The Firm's traders will place client orders for execution only with brokers previously approved by its Brokerage Committee.

RBA may open "average-price" accounts with brokers. In such an account, buy and sell orders placed during a trading day on behalf of two or more client accounts are combined, and securities bought or sold pursuant to such orders are allocated among all participating accounts on an average-price basis. On partial fills, trade executions will generally be allocated across participating client accounts ratably, based on the number of shares on order for each such account; and trade orders will generally be allocated across client accounts ratably, based on the accounts' respective AUM. Any exception to those *pro rata* allocation protocols (*cf.* "Order Aggregation", below) will require an explanation (that, in the case of partial fills, will have to be entered in the Firm's Order Management System



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before that system will allow the trade to be posted), and the system (or, in the case of a non-ratable allocation of orders, the analyst or portfolio manager) will then generate an exception report for purposes of compliance monitoring and review.

From time to time, RBA may execute over-the-counter trades on an agency, rather than a principal, basis. In these situations, the executing broker may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a markup or markdown. RBA believes that the use of a broker in such instances is consistent with the Firm's duty to seek best execution for its clients. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or capability in connection with both accessing the market and executing a transaction.

From time to time, RBA may cause a client's account to engage in a "step-out" transaction, in which the account pays commissions in respect of the transaction to one broker, but the transaction is executed by a different broker. RBA will only engage in step-out transactions on behalf of a client to the extent that doing so is consistent with best execution.

## 5. Trade Errors.

RBA may on occasion experience errors with respect to trades executed on behalf of client accounts. Trade errors may result from a variety of situations, including, for example, the placement of orders (either purchases or sales) in excess of the amount of securities intended; the sale of a security when it should have been purchased; the purchase of a security when it should have been sold; the purchase or sale of the wrong security; the purchase or sale of a security contrary to regulatory restrictions or client investment guidelines or restrictions; and incorrect allocations of securities (*cf.* "Order Aggregation", below). Errors that do not result in transactions in client accounts (such as errors that result in the loss of an investment opportunity) will not be viewed as trade errors. RBA will endeavor to detect trade errors prior to settlement and correct and/or mitigate them expeditiously and in such a manner that clients incur no loss. In the case of a trade error caused by third-party (*e.g.*, counterparty) mistake, RBA will attempt to recover from such third party any losses resulting from such error. RBA will generally reimburse losses suffered by client accounts that are not registered investment companies managed or sub-advised by RBA ("RIC Clients") only to the extent such losses result from a trade error caused by RBA's gross negligence or willful misconduct. To the extent a trade error results from a mistake by a third party (*e.g.*, a counterparty, such as an executing broker), RBA will attempt to recover any resulting losses on behalf of the affected client account(s); but if and to the extent any such losses are not recovered after a reasonable effort, clients other than RIC Clients will generally not be reimbursed by RBA for such losses. Losses suffered by clients other than RIC Clients that are the result of action taken by RBA at the direction of an unaffiliated third party authorized to direct RBA to take such action will generally not be reimbursed. RBA may, however, in its discretion, choose to reimburse non-RIC Clients for trade-error losses even if not obligated to do so. RBA will reimburse RIC Clients for all

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losses incurred from trade errors, including, without limitation, errors caused by third-party mistake, regardless of whether or not RBA is successful in recovering such losses from the responsible third party. RBA has established, as part of its Compliance Guidelines, internal policies and procedures regarding the manner in which such trade-error resolutions and, if applicable, reimbursements are to be made. In making such determinations, RBA may have a conflict of interest (for example, with respect to a client other than a RIC Client, RBA will have to determine whether a trade-error loss was caused by RBA's gross negligence, in which case such loss will generally be reimbursable, or simple negligence, in which case it will not). In addition, gains from trade errors will not be used to offset losses from trade errors (*i.e.*, there is no "netting" of trade errors), unless the applicable trades constitute a single transaction (for example, when both "legs" of a combined long and short order are executed incorrectly), and soft dollars will not be used to correct trade errors.

B. Order Aggregation.

RBA may provide investment management (including sub-advisory) services to more than one fund or SMA, whose respective investment mandates (and corresponding investment programs) might or might not be the same or substantially similar. It is the Firm's policy to allocate investment opportunities among participating accounts fairly and equitably over time. While this generally means that each such opportunity will be allocated on a *pari passu* (ratable) basis among those accounts for which participation in that opportunity is considered appropriate, in accordance with the relative sizes of those different accounts' respective investment portfolios, RBA may also consider other factors, including, for example, differences among accounts based on their respective investment objectives and programs, cash availability, projected liquidity needs, existing portfolio positions, and tax considerations; any relevant legal restrictions, including any that might arise in foreign jurisdictions; and the desirability of avoiding a possible odd-lot or *de minimis* allocation. Such considerations, among others, could result in allocations of certain investments among RBA funds and SMAs on other than a *pari passu* basis, which could result in differential performance among those funds and SMAs, despite their having the same or substantially similar investment programs. RBA will have no obligation to purchase, sell or exchange for one client a security or other financial instrument that it purchases, sells or exchanges for another client, if RBA believes in good faith at the time the investment decision is made, based on such considerations, that the subject transaction would be unsuitable or impractical for a particular client.

If the Firm determines that the purchase, sale or exchange of the same security is in the best interests of more than one fund or SMA, it may (but is not obligated to) aggregate orders in order to reduce transaction costs to the extent permitted by law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client account will receive the same average price, with transaction costs



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allocated *pari passu* based on the size of each account's participation in the order (or allocation, in the event of a partial fill), as determined by RBA. In the case of a partial fill, allocations generally will be made *pari passu* based on the initial order, but may be modified on a basis that the Firm deems appropriate, including, for example, in order to avoid odd-lot or *de minimis* allocations.

## ITEM 13 – REVIEW OF ACCOUNTS

### A. Frequency and Nature of Review of Client Accounts or Financial Plans.

In connection with any open-end fund, closed-end fund or SMA for which RBA acts as investment manager or adviser, RBA will oversee any portfolio manager(s) actively engaged in managing the respective portfolio. RBA's team of investment professionals, including its CIO, will review each such portfolio's investments on a regular basis, as well as review investment opportunities on a regular basis.

### B. Factors Prompting Review of Client Accounts on Other than a Periodic Basis.

Certain market, geopolitical or economic events may prompt more frequent reviews.

### C. Content and Frequency of Account Reports to Clients.

Investors in RBA's funds may access the Firm's website at <http://www.rba-llc.com>, which will provide periodic fund information and reporting, including prospectuses, SAs, shareholder reports and other fund-related literature. Investors in RBA's SMAs will receive monthly unaudited reports and annual audited financial statements.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

RBA does not receive any compensation from any third party in connection with providing investment advice.

Third-party solicitors, for example, unaffiliated broker/dealers and investment advisers, who are directly responsible for bringing a client, may receive compensation from us for client referrals. Under these arrangements, the client will not pay higher fees than the normal/typical advisory fees. Such arrangements will comply with the requirements set forth under the Investment Advisers Act of 1940 and/or the applicable law, including a written agreement between RBA and the solicitor. Third-party solicitors must provide a copy of the RBA's Brochure and a separate solicitor's disclosure statement regarding the relationship between the solicitor and the Firm to the prospective client at the time of the

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solicitation or referral. The prospective client will be requested to acknowledge this arrangement prior to acceptance of the account for advisory services.

A conflict of interest may exist due to the nature of the arrangements whereby a financial intermediary is incentivized by a referral fee. Referral fees paid to a third-party solicitor are contingent upon a client engaging RBA to provide investment management services.

The compensation of certain RBA personnel whose job responsibilities are related primarily to marketing, sales, or business development may be determined based in part on the amount of new client fees generated by their efforts. Accordingly, RBA personnel may have a conflict of interest in recommending products where RBA personnel receive compensation over other products where no compensation may be paid.

#### **ITEM 15 – CUSTODY**

RBA does not have custody of client assets. All client assets are maintained by a qualified custodian.

#### **ITEM 16 – INVESTMENT DISCRETION**

RBA will generally, in the case of funds and some SMAs, have full discretionary authority to trade, invest and manage its clients' assets on a day-to-day basis, including the discretionary authority to determine the securities to be bought or sold by or on behalf of clients, the amount to be bought or sold, the broker to be used for each transaction, and the commission rates (or markups or markdowns, with respect to certain types of riskless principal transactions) to be paid.

When selecting securities and determining amounts to be bought or sold on behalf of clients, RBA observes the respective clients' investment guidelines, policies, limitations and restrictions. For RIC Clients, RBA's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines, policies, limitations and restrictions must be provided to RBA in writing by the respective client, generally at the outset of the advisory relationship.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

##### **A. Policies and Procedures Relating to Voting Client Securities.**



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Certain investments that RBA makes on behalf of its clients may be in securities that carry voting rights. The SEC has adopted Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with that Rule, RBA has adopted, as part of its Compliance Guidelines, proxy voting policies and procedures (the "Proxy Policies"). The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies"), if any, relating to client securities in a manner that serves the best interests of the relevant client(s), as determined by RBA in its discretion, taking into account the following factors, among others: the anticipated impact on the value of portfolio investments; the anticipated associated costs and benefits; the anticipated impact on the continued availability of portfolio information; and customary industry and business practices. RBA will abstain from voting (which generally requires submission of a proxy voting card), or affirmatively decide not to vote, if RBA determines that abstaining from or not voting is in the best interests of the relevant client(s). In making such a determination, RBA will consider a range of factors, including, but not limited to: the costs (*e.g.*, of translation or travel) associated with exercising the proxy; any legal restrictions on trading resulting from its exercise of the proxy; and whether RBA has already sold the underlying securities since the record date for the proxy. RBA may engage an independent, third-party proxy voting service (such as Risk Metrics Group) to assist it in discharging its proxy-voting obligations; in that case, the proxy-voting policies and procedures, or guidelines, of such third party will control (except insofar as modified by RBA). RBA currently has such an arrangement in place with Risk Metrics Group/Institutional Shareholder Services Inc.

A copy of RBA's Proxy Policies (including any such third-party policies and procedures, or guidelines, if applicable) and related voting records will be provided to any client or prospective client upon request.

B. No Authority to Vote Client Securities and Client Receipt of Proxies.

RBA currently has proxy-voting responsibility for the fund for which it acts as sub-adviser. RBA ensures that proxies are voted in accordance with that fund's and the Firm's proxy voting policies.

**ITEM 18 – FINANCIAL INFORMATION**

A. Balance Sheet.

RBA does not require or solicit the prepayment, six months or more in advance, of more than \$1,200 in fees per client.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients.

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RBA has no financial commitments that are likely to impair its ability to meet its contractual and fiduciary commitments to its clients.

C. Bankruptcy Filings.

RBA has not been the subject of a bankruptcy proceeding.

**ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISER**

This item does not apply to RBA as it is not a state-registered investment adviser.



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Item 1- Cover Page

Richard Bernstein

Richard Bernstein Advisors LLC

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Tel: 212-692-4000

March 2014

**This Brochure Supplement provides information about Richard Bernstein that supplements the Richard Bernstein Advisors LLC ("RBA") Brochure. You should have received a copy of that Brochure. Please contact Michael H. Meyer, (212) 692-4030 or [www.rbadvisors.com](http://www.rbadvisors.com) if you did not receive RBA's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Richard Bernstein is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2- Educational Background and Business Experience

Richard Bernstein is the chief executive officer of Richard Bernstein Advisors LLC. Mr. Bernstein has nearly 30 years' experience on Wall Street, including most recently as the Chief Investment Strategist at Merrill Lynch & Co. Prior to joining Merrill Lynch in 1988, he held positions at E.F. Hutton and Chase Econometrics/IDC. A much-noted expert on equity, style and asset allocation, Mr. Bernstein was voted to *Institutional Investor* magazine's annual "All-America Research Team" eighteen times, including ten as the top-ranked analyst in his category and only one of 49 analysts to be inducted into the Institutional Investors All-American Research Hall of Fame. He was also twice named to both *Fortune* magazine's "All-Star Analysts" and to *Smart Money* magazine's "Power 30". His book "Style Investing – Unique Insight into Equity Management" is widely viewed as the seminal book on style-oriented investment strategies. Mr. Bernstein is also the author of "Navigate the Noise: Investing in the New Age of Media and Hype". Mr. Bernstein sits on the Alfred P. Sloan Foundation endowment's Investment Committee and on the Hamilton College endowment's Investment Committee, and he is a trustee of both institutions. He also sits on the Executive Committee of the NYU/Stern Graduate School of Business, where he is an Adjunct Professor of Finance, and is a member of the *Journal of Portfolio Management's* Advisory Committee.

Rich holds an MBA in finance, with Beta Gamma Sigma distinction, from New York University, and a BA in economics from Hamilton College, and has lectured on finance and economics at numerous colleges, universities and professional forums.

Date of Birth: October 22, 1958

Education: MBA (Beta Gamma Sigma distinction) in Finance, NYU Stern School of Business, 1987  
BA in Economics, Hamilton College, 1980

Background: May 09-present – Richard Bernstein Advisors LLC  
*Chief Executive/Chief Investment Officer*

Nov 88-May 09 – Merrill Lynch & Co.  
Jun 06-May 09 – *Chief Investment Strategist*  
Dec 01-Jun 06 – *Chief US Strategist*  
Jan 98-Jun 06 – *Chief Quantitative Strategist*  
Apr 95-Dec 97 – *Director of Quantitative and Equity Derivatives Research*  
Nov 88-Apr 95 – *various research positions*

### Item 3- Disciplinary Information



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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. RBA has no information applicable to this Item.

**Item 4- Other Business Activities**

Not applicable.

**Item 5- Additional Compensation**

Mr. Bernstein is currently a paid contributor to CNBC, the financial news network, and a paid member of the Alfred P. Sloan Foundations endowment investment committee. He also receives royalties on two books from the publisher John Wiley & Sons, all of which he donates to charity.

**Item 6 - Supervision**

RBA's investment process is managed by the investment professionals who are members of the Firm's Investment Committee, and meet on a weekly basis. The Chief Investment Officer serves as the chairman of the Firm's investment committee that determines the general investment advice that is given to the Firm's clients. The investment committee reviews portfolio investments on a regular basis and reviews investment opportunities on a regular basis.

**Item 7- Requirements for State-Registered Advisers**

This item does not apply to RBA as it is not a state-registered investment adviser.

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Item 1- Cover Page

F. Matthew Griswold III, CFA

Richard Bernstein Advisors LLC

520 Madison Avenue 28<sup>th</sup> Floor New York, New York 10022

Tel: 212 692-4000

March 2014

**This Brochure Supplement provides information about F. Matthew Griswold III that supplements the Richard Bernstein Advisors LLC ("RBA") Brochure. You should have received a copy of that Brochure. Please contact Michael H. Meyer, (212) 692-4030 or [www.rbadvisors.com](http://www.rbadvisors.com) if you did not receive RBA's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Richard Bernstein is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



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## **Item 2- Educational Background and Business Experience**

Mr. Griswold is a senior quantitative analyst at Richard Bernstein Advisors LLC.

Before joining RBA, Mr. Griswold was a vice president and portfolio manager at State Street Global Advisors, where he focused on disciplined portfolio construction, risk analysis, and performance measurement in support of quantitative global equity strategies. Previously, he worked in State Street Corporation's Mutual Funds division. Matt has been serving clients in the investment management field since he joined State Street Corporation in 1989.

Matt holds a BS in industrial management from Carnegie Mellon University. He is a Chartered Financial Analyst® charterholder and a member of the Boston Security Analysts Society.

Date of Birth: August 9, 1967

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. RBA has no information is applicable to this Item.

## **Item 4- Other Business Activities**

Not Applicable.

## **Item 5- Additional Compensation**

Not Applicable.

## **Item 6 - Supervision**

RBA's investment process is managed by the investment professionals who are members of the Firm's Investment Committee, and meet on a weekly basis. The Chief Investment Officer serves as the chairman of the Firm's investment committee that determines the general investment advice that is given to the Firm's clients. The investment committee reviews portfolio investments on a regular basis and reviews investment opportunities on a regular basis.

## **Item 7- Requirements for State-Registered Advisers**

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# PROXY VOTING POLICIES AND PROCEDURES

## Richard Bernstein Advisors LLC

### I. Introduction

Richard Bernstein Advisors LLC (the "*Firm*") is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended (the "*Advisers Act*"). The Firm has adopted these Proxy Voting Policies and Procedures pursuant to Rule 206(4)-6 under the Advisers Act (the "*Procedures*"). These Procedures generally will govern whenever the Firm has authority to vote proxies relating to securities held in advisory client accounts, including fund accounts and separately managed accounts for which the Firm serves as investment adviser, investment sub-adviser, manager or in such other similar capacity, as applicable (each, a "*Client*," and collectively, "*Clients*"). However, with respect to any Client that is an investment company registered under the Investment Company Act of 1940, as amended (a "*Registered Fund*"), these Procedures may be superseded by the procedures adopted by the Registered Fund.

### II. The Proxy Voting Process

All proxies are reviewed by the Firm's Chief Investment Officer (the "*CIO*") in consultation with the Firm's Chief Compliance Officer (the "*CCO*"). The CCO votes the proxies according to the guidelines set forth below and, when necessary, determines the votes for issues not clearly specifically covered, applying the "General Principle" noted below. In addition, the CCO reviews, revises and updates the Procedures as necessary and appropriate.

### III. General Principle

The Firm will vote any proxy or other beneficial interest in an equity security in a prudent manner the Firm believes to be in the best economic interest of the Client holding such security or on whose behalf the Firm is voting such security, considering all factors that the Firm believes to be relevant and without undue influence from individuals or groups (other than such Client, or Clients, as the case may be) who may have an economic interest in the outcome of a proxy vote. In limited circumstances, the Firm may refrain from voting proxies where it believes that voting would be inappropriate, weighing various factors and the anticipated costs and benefits to its Clients. The Firm may engage an independent, third-party proxy voting service to assist it in discharging its proxy-voting obligations, subject to adherence, in all material respects, to the guidelines herein (including, in particular, Section IV.B.1. herein).

### IV. Specific Proposals

#### A. Routine Matters

Routine matters are typically proposed by Management (as defined below) of a company and meet the following criteria: (i) they do not measurably change the structure, management, control or operation of the company; (ii) they do not measurably change the terms



of, or fees or expenses associated with, an investment in the company; and (iii) they are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company.

For routine matters, the Firm will vote in accordance with the recommendation of the company's management, directors, general partners, managing members or trustees (collectively, "*Management*"), as applicable, unless, in the Firm's opinion, such recommendation is not in the best interests of the Client.

#### **1. General Matters**

The Firm will generally vote for proposals:

- to set time and location of annual meeting;
- to change the fiscal year of the company; and
- to change the name of a company.

#### **2. Board Members**

a. **Election or Re-Election.** The Firm will generally vote for Management proposals to elect or re-elect members of a board of directors/trustees (the "*Board*").

b. **Fees to Board Members.** The Firm will generally vote for proposals to increase fees paid to the Board members, unless it determines that the compensation exceeds market standards.

#### **3. Capital Structure**

The Firm will generally vote for proposals to change capitalization, including to increase authorized common shares or to increase authorized preferred shares, as long as the proposal does not either: (i) establish a class or classes of shares or interests with terms that may disadvantage the class held by the Client; or (ii) result in disproportionate voting rights for preferred shares or other classes of shares or interests.

#### **4. Appointment of Auditors**

The Firm will generally vote for the approval of auditors and proposals authorizing the Board to fix auditor fees, unless:

- the Firm has serious concerns about the accountants presented, including their independence, or the audit procedures used; or
- the auditors are being changed without explanation.

## B. Non-Routine Matters

Non-routine matters involve a variety of issues and may be proposed by a company's Management or beneficial owners (*i.e.*, shareholders, members, partners, etc. (collectively, the "**Owners**")). These proxies may involve one or more of the following: (i) a measurable change in the structure, management, control or operation of the company; (ii) a measurable change in the terms of, or fees or expenses associated with, an investment in the company; or (iii) a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company.

### 1. Board Members

a. **Term Limits.** The Firm will generally vote for proposals to require a reasonable retirement age for Board members, and will vote on a case-by-case basis on proposals to attempt to limit tenure.

b. **Replacement.** The Firm will generally vote against proposals that make it more difficult to replace Board members, including proposals:

- to stagger the Board;
- to overweight Management representation on the Board;
- to introduce cumulative voting (cumulative voting allows the Owners to "stack" votes behind one or a few individuals for a position on the Board, thereby giving minority Owners a greater chance of electing the Board member(s));
- to introduce unequal voting rights;
- to create supermajority voting; or
- to establish pre-emptive rights.

c. **Liability and Indemnification.** In order to promote accountability, the Firm will generally vote against proposals to limit the personal liability of Board members for any breach of fiduciary duty or failure to act in good faith.

d. **Ownership Issues.** The Firm will generally vote for proposals that require Management to own a minimum interest in the company. The purpose of this policy is to encourage the alignment of Management's interests with the interests of the Owners. However, the Firm will generally vote against proposals for stock options or other compensation that grant an ownership interest for Management if such proposals offer greater than [15%] of the outstanding securities of a company because such options may dilute the voting rights of other Owners.



## **2. Compensation, Fees and Expenses**

In general, the Firm will vote against proposals to increase compensation, fees or expenses to be paid to the Owners, unless the Firm determines that the benefits resulting to the company and its Owners justifies the increased compensation, fees or expenses.

## **3. Voting Rights**

The Firm will generally vote against proposals:

- to introduce unequal voting or dividend rights among the classes;
- to change the amendment provisions of a company's charter documents by removing Owner approval requirements;
- to require supermajority ( $\frac{2}{3}$ ) approval for votes rather than a simple majority ( $\frac{1}{2}$ );
- to restrict the Owners' right to act by written consent; or
- to restrict the Owners' right to call meetings, propose amendments to the articles of incorporation or other governing documents of the company or nominate Board members.

The Firm will generally vote for proposals that eliminate any of the foregoing rights or requirements.

## **4. Takeover Defenses and Related Actions**

The Firm will generally vote against any proposal to create any plan or procedure designed primarily to discourage a takeover or other similar action, including "poison pills". Examples of "poison pills" include:

- large increases in the amount of stock authorized but not issued;
- blank check preferred stock (stock with a fixed dividend and a preferential claim on company assets relative to common shares, the terms of which are set by the Board at a future date without further action by the Owners);
- compensation that would act to reward Management as a result of a takeover attempt, whether successful or not, such as revaluing purchase price of stock options, or "golden parachutes";
- fixed price amendments that require a certain price to be offered to all of the Owners based on a fixed formula; and

- greenmail provisions that allow a company to make payments to a bidder in order to persuade the bidder to abandon its takeover plans.

The Firm will generally vote **for** proposals that eliminate any of the foregoing rights or requirements, as well as proposals to:

- require that golden parachutes or golden handcuffs be submitted for ratification by the Owners; and
- to opt out of state anti-takeover laws deemed by the Firm to be detrimental.

The Firm will generally vote on a case-by-case basis regarding other proposals that may be used to prevent takeovers, such as the establishment of employee stock purchase or ownership plans.

## **5. Reincorporation**

The Firm will generally vote **for** a change in the state of incorporation if the change is for valid business reasons (such as reincorporating in the same state as the headquarters of any controlling company).

## **6. Debt Issuance and Pledging of Assets for Debt**

The Firm will generally vote proxies relating to the issuance of debt, the pledging of assets for debt, and an increase in borrowing powers on a case-by-case basis, taking into consideration relevant factors, including, for example:

- the potential increase in the company's outstanding interests or shares, if any (*e.g.*, convertible bonds); and
- the potential increase in the company's capital, if any, over the current outstanding capital.

## **7. Mergers or Acquisitions**

The Firm will vote proxies relating to mergers or acquisitions on a case-by-case basis, but will generally vote **for** any proposals that the Firm believes will offer fair value to its Clients.

## **8. Termination or Liquidation of the Company**

The Firm will vote proxies relating to the termination or liquidation of a company on a case-by-case basis, taking into consideration one or more of the following factors:

- terms of liquidation;



- past performance of the company; and
- strategies employed to save the company.

## 9. Social & Environmental Issues and Corporate Responsibility

The Firm will vote proxies relating to social and environmental issues on a case-by-case basis, but will generally vote for any proposals that will reduce discrimination, improve protections to minorities and disadvantaged classes, and increase conservation of resources and wildlife.

The Firm will generally vote against any proposals that place arbitrary restrictions on the company's ability to invest, market, enter into contractual arrangements or conduct other activities. The Firm will also generally vote against proposals:

- to bar or restrict charitable contributions; or
- to limit corporate political activities.

## 10. All Other Matters

All other decisions regarding proxies will be determined on a case-by-case basis taking into account the general policy, as set forth above.

### C. Abstaining from Voting or Affirmatively Not Voting

The Firm will abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if the Firm determines that abstaining or not voting is in the best interests of the relevant Client(s). In making such a determination, the Firm will consider various factors, including, but not limited to: (i) the costs associated with exercising the proxy (e.g., translation or travel costs); (ii) any legal restrictions on trading resulting from the exercise of a proxy; and (iii) whether the Firm has sold the underlying securities since the record date for the proxy. The Firm will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

## V. Conflicts of Interest

The Firm will make its best efforts to avoid material conflicts of interest in the voting of proxies. However, where material conflicts of interest arise, the Firm is committed to resolving the conflict in its Clients' best interest. If the Firm, as detected by the CIO or the CCO, determines (based on the combined decision of the CIO and the CCO) that it has, or may be perceived to have, a conflict of interest when voting a proxy, the Firm will address matters involving such conflicts of interest as follows:

A. If a proposal is addressed by the specific policies herein, the Firm will vote in accordance with such policies;

B. If the Firm believes it is in the best interest of the relevant Client(s) to depart from the specific policies provided for herein, the Firm will be subject to the requirements of C or D below, as applicable;

C. If the proxy proposal is: (1) not addressed by the specific policies; or (2) requires a case-by-case determination by the Firm, the Firm may vote such proxy as it determines to be in the best interest of the investing Client(s), without taking any action described in D below, provided that such vote would be against the Firm's own interest in the matter (*i.e.*, against the perceived or actual conflict). The Firm will memorialize the rationale of such vote in writing; and

D. If the proxy proposal is: (1) not addressed by the specific policies; or (2) requires a case-by-case determination by the Firm, and the Firm believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then the Firm must take one of the following actions in voting such proxy: (a) delegate the voting decision for such proxy proposal to an independent third party; (b) inform the Client(s) of the conflict of interest and obtain consent (majority consent in the case of a fund) to vote the proxy as recommended by the Firm; or (c) obtain approval of the decision from the CCO and outside counsel.

## **VI. Procedures for Proxies**

The CIO, in consultation with the CCO, will be responsible for determining whether each proxy is for a "routine" matter or not, as described above. All proxies identified as "routine" will be voted by the CCO in accordance with the Procedures.

Any proxies that are not clearly "routine" will be submitted to the CIO, who in consultation with the CCO will determine how to vote each such proxy by applying the Procedures. Upon making a decision, the proxy will be executed and returned to the CCO for submission to the company. Upon receipt of an executed proxy, the CCO will update the investing fund's or other Client's proxy voting record. The CCO is responsible for the actual voting of all proxies in a timely manner. The CCO also is responsible for monitoring the effectiveness of these Procedures.

In the event the Firm determines that it should rely on the advice of an independent third party, including a proxy voting service, regarding the voting of a proxy, the Firm will submit the proxy to such third party and the CCO will execute the proxy in accordance with such third party's decision.

## **VII. Record of Proxy Voting/Retention**

The CCO will maintain, or have available, written or electronic copies of each proxy statement received and of each executed proxy.

The CCO will also maintain records relating to each proxy, including: (i) the determination as to whether the proxy was routine or not; (ii) the voting decision with regard to each proxy; and (iii) any documents created by the CIO or others, that were material to making the voting decision.



The Firm will maintain a record of each written request from a Client or investor in a fund for proxy voting information and the Firm's written response to any such request.

The CCO will maintain such records in its offices for two years from the end of the fiscal year during which the record was created, and for an additional three years in an easily accessible place.

## **CLIENT PRIVACY NOTICE**

### **RICHARD BERNSTEIN ADVISORS LLC**

Your privacy is very important to us. This Privacy Notice sets forth our policies with respect to non-public personal information about our investors and managed account clients and prospective and former investors and managed account clients. These policies apply to investors in our Funds and other managed account clients and may be changed at any time, provided a notice of such change is given to you.

You provide us with personal information, such as your address, social security number, assets and/or income information, (i) in the Subscription Agreement and related documents, (ii) in correspondence and conversations with the us and our representatives and (iii) through transactions in the Fund.

We do not disclose any of this non-public personal information about our investors, managed account clients or prospective or former investors or managed account clients to anyone, other than to our affiliates, such as our management company, and except as permitted by law, such as to our accountants, attorneys, auditors, brokers, regulators and certain service providers, in such case, only as necessary to facilitate the acceptance and management of your investment or account and our relationship with you.

We will also release information about you if you direct us to do so, if compelled to do so by law, or in connection with any government or self-regulatory organization request or investigation. For example, it may be necessary, under anti-money laundering and similar laws, to disclose information about investors or managed account clients in order to accept subscriptions from them.