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This brochure provides information about the qualification and business practices of Ancora Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 216-825-4000, or by email at [JGeers@ancora.net](mailto:JGeers@ancora.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

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

Ancora Advisors LLC is a registered investment advisor. Registration of an investment advisor does not imply a certain level of skill or training.

**December 31, 2024**

# Material Changes

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## Material Changes Since the Last Update

Since the last update to this brochure, the following material changes have been made:

**This Brochure, dated December 31, 2024 replaces our Form ADV Part 2A dated December 31, 2023.**

## Full Brochure Availability

The Firm Brochure for Ancora Advisors LLC is available by contacting Jason Geers at (216) 825-4000 or by e-mail at [JGeers@ancora.net](mailto:JGeers@ancora.net) or by visiting our web site at [www.ancora.net](http://www.ancora.net)

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# Advisory Business

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## Firm Description

Ancora Advisors LLC, (Ancora), is an investment advisor registered with the SEC. We specialize in customized portfolio management for individual investors, high net worth investors, investment companies (mutual funds), and institutions such as pension/profit sharing plans, corporations, charitable & “Not-for Profit” organizations, unions, and other investment advisers.

## Principal Owners

### FOCUS FINANCIAL PARTNERS, LLC

Ancora Advisors LLC is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Ancora Advisors LLC is a wholly-owned subsidiary of Focus LLC. Ferdinand FFP Acquisition, LLC is the sole managing member of Focus LLC. Ultimate governance of Focus LLC is conducted through the board of directors at Ferdinand FFP Ultimate Holdings, LP. Focus LLC is majority-owned, indirectly and collectively, by investment vehicles affiliated with Clayton, Dubilier & Rice, LLC (“CD&R”). Investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) are indirect owners of Focus LLC. Because Ancora Advisors LLC is an indirect, wholly-owned subsidiary of Focus Inc., CD&R and Stone Point investment vehicles are indirect owners of Ancora Advisors LLC. Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs. Ancora Advisors, LLC is managed by (“Ancora Advisors, LLC Principals”), pursuant to a management agreement between Terza Partners, LLC and Ancora Advisors, LLC. The Ancora Advisors, LLC Principals serve as officers and leaders of Ancora Advisors, LLC and, in that capacity, are responsible for the management, supervision and oversight of Ancora Advisors, LLC.

## Types of Advisory Services

At Ancora our objective is to develop customized portfolios that meet the goals and objectives of our clients. We provide customized portfolio recommendations based on your investment parameters, time horizon, risk tolerance, and return objectives, as well as offering proprietary mutual funds and their related individual accounts by Ancora Advisors LLC, and other affiliated companies services. We offer personal consultations where you may want advice on a particular issue in the area of finance and investments. We are available to consult on other matters, such as mergers acquisitions and other types of corporate finance. Our services may include both separately managed accounts (SMA) and selective allocations to our affiliated privately managed funds for qualified investors. Clients may impose reasonable restrictions on their SMAs. Clients may also ask for additional services, fee changes or other terms in their agreements.

If one or more of your accounts is a plan subject to ERISA we ask that you appoint Ancora Advisors, LLC as investment advisor for the purpose of ERISA. We will need to have copies of the trust agreement and any amendments governing the operation and administration of plan assets. We do not provide advice for assets outside the plan and will not vote proxies for securities held outside Ancora’s portion of the plan.

We ask that you take steps to name Ancora Advisors LLC as a fiduciary in the plan's ERISA fidelity bond covering the account. Ancora may also participate in class action suits on our client's behalf.

Ancora Advisors, LLC is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. Ancora Advisors, LLC is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, Ancora Advisors, LLC is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess. This document will outline a typical client offering and interaction but it is important to understand each client situation is different and that you should read and understand all documents that Ancora provides.

## Tailored Relationships

Ancora Advisors, LLC can work with clients to make customized portfolios, primarily by using our proprietary investment strategies and in house portfolio managers who can also provide advice for special situations and needs

## Other Services

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). Please see Items 5 and 10 for a fuller discussion of these services and other important information.

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

## Client Assets

Ancora Advisors manages accounts primarily on a discretionary basis, but will advise clients on a non-discretionary basis under certain arrangements. As of December, 31, 2024, we managed approximately \$2,546,691,839 in client assets on a discretionary basis and \$1,966,888,187 on a non-discretionary basis.

# Fees and Compensation

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Management fees are based on the value of assets managed and fees are calculated as a percentage of assets under management. Ancora Advisors reserves the right to waive fees and minimums in certain instances.

Ancora may receive performance-based fees for certain specialized accounts. Please see the “Sharing of Capital Gains or Capital Appreciation” section of this document for more details.

## Portfolio Management

Fees are based upon the client's total relationship with Ancora. Holdings of mutual funds and investment partnerships where Ancora acts as the investment manager, to the fund itself, are generally excluded from client's separately managed account's quarterly billing values. Advisory fees are negotiable in certain instances. Some clients may pay higher or lower fees than shown below.

<b>Equity Managed Strategies</b>	<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
<i>Small-Mid Cap Core (SMID)</i>	Under 10 million	1.00%
<i>Small Cap Core</i>	10 million to 20 million	0.90%
<i>Mid Cap Core</i>		
<i>Micro Cap Value</i>	20 million to 50 million	0.80%
<i>Dividend Value Equity</i>	Over \$50 million	0.70%

<b>Fixed Income Managed Strategies</b>	<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
<i>Short Aggregate (Taxable)</i>	On the first 1 million	0.75%
<i>Intermediate Aggregate (Taxable)</i>	On the next 2 million	0.50%
<i>Aggregate (Taxable)</i>	On the next 2 million	0.40%
<i>Muni (Tax Exempt)</i>	On the next 5 million	0.30%
<i>Cash Management</i>	On the next 10 million	0.20%
	Over \$20 million	Negotiable
<b>Managed Allocation Strategies</b>	<b>Assets Under Management</b>	<b>Annual Advisory Fee</b>
<i>Managed Allocation - Aggressive</i>	On the first 1 million	1.00%
	On the next 2 million	0.70%
<i>Managed Allocation - Moderate</i>	On the next 2 million	0.60%

<i>Managed Allocation - Conservative</i>	On the next 5 million	0.50%
	On the next 10 million	0.40%
	Over \$20 million	Negotiable

Ancora may reduce or waive its fees for organizations qualifying under 501C(3) of the IRS Code. The above fees are progressive and are for the management of a client's portfolio. For one example, if your account has selected the Managed Allocation Strategies and is \$3 million in value, the quarterly fee is calculated by multiplying \$1 million by .0100 plus multiplying \$2 million by .0070 then take the total sum and divide by 4 to arrive at the total due.

## Other Services

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). Focus Financial Partners, LLC ("Focus") is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. The revenue paid to UPTIQ also benefits UPTIQ Inc.'s investors, including Focus, our parent company. When legally permissible, UPTIQ also shares a portion of this earned revenue with our affiliate, Focus Solutions Holdings, LLC ("FSH"). For non-residential mortgage loans made to our clients, UPTIQ will share with FSH up to 25% of all revenue it receives from such third-party financial institutions. For securities-backed lines of credit ("SBLOCs") made to our clients, UPTIQ will share with FSH up to 75% of all revenue it receives from such third-party financial institutions. For cash management products and services provided to our clients, UPTIQ will share with FSH up to 33% of all revenue it receives from the third-party financial institutions and other intermediaries that provide administrative and settlement services in connection with this program. This earned revenue is indirectly paid by our clients through an increased interest rate charged by the third-party financial institutions or, for cash balances, a lowered yield. FSH distributes this revenue to us when we are licensed to receive such revenue (or when no such license is required) and the distribution is not otherwise legally prohibited. Further information on this conflict of interest is available in Item 10 of this Brochure. We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity. If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, then FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. Further information on this conflict of interest is available in Item 10 of this Brochure.

## Fee Billing and Fees Paid in Advance

Fees are charged quarterly (1/4 of annual fee) in advance based upon the value of assets managed based on valuations done by the client's custodian or other pricing services at the end of each calendar quarter, unless the client has negotiated alternative terms.

When you sign your management agreement you may authorize Ancora Advisors to invoice your custodian or broker dealer to deduct your management fees. By signing a "Letter of Authorization" or similar document, you authorize your custodian to automatically deduct the management fees from your account and send them to Ancora Advisors. If your account does not have sufficient cash to or money market funds balance to cover the fees, you may deposit additional funds (subject to certain restrictions for IRA account and qualified retirement plan accounts) or make payment in an alternative method acceptable to Ancora Advisors. If you do not deposit additional funds into your account or make the payment in another manner, securities in your account will be sold in an amount sufficient to cover the fees due. Your account custodian or broker dealer statement will reflect the date and the amount deducted from your account. If you elect to pay Ancora Advisors from an account outside of our management services, you will receive a quarterly invoice with instructions on where to mail your payment.

Clients that open accounts after the beginning of a quarter will be charged in arrears at the end of the quarter. This means you will receive two bills at the next quarter end. One bill for the portion of the quarter your money has been invested and a second bill for the quarter for their quarterly management fee consistent with all other customers.

Ancora Advisors may charge prorated fees for funds that are deposited to an existing account during the quarter. Ancora Advisors does not typically charge on investments that the client holds in their account and in which Ancora does not provide advice. These assets are unsupervised and under the sole discretion of the client. Advisors will return excess fees upon closure of a client account.

## Other Fees and Charges

Our management fees are separate from charges assessed by third parties such as broker dealers, custodians, and mutual fund companies. Brokerage and other transaction costs charged by broker dealers executing transactions and custodians maintaining your assets are in addition to the management fees and are not negotiable. Mutual funds, variable annuities, insurance products and or other platforms will assess other fees and expenses such as 12b-1 fees or commissions in connection with the placement of your funds. Additional information and considerations that clients should review before making decisions can be found on form CRS.

## Terminating Advisory Services

Clients may terminate their advisory contract with Ancora Advisors in writing at any time. We recommend you use a mail service where a signed receipt is required. Fees will be refunded from the date written notice has been received through the end of the calendar quarter. Ancora Advisors or the Client may be terminated by either party at any time by written notice. Ancora will refund client fees through the end of the calendar quarter. Your death will not terminate the Investment Management Agreement or authority granted to Ancora Advisors until we have received actual written notification of your death nor will a transfer in ownership in Ancora (e.g. Ancora Advisors is sold).

## Additional Compensation

Ancora Advisors does not receive any additional direct compensation from managed account clients other than the management fee. The firm may, however, receive indirect compensation or benefits from parties such as executing brokers and custodians for aggregating business with their firm. These benefits may include, but are not limited to, access to research, technology, and invitations to special events including conferences.

Some employees of Ancora are also Registered Representatives of Inverness Securities LLC, member FINRA/SIPC. Inverness Securities LLC is an affiliate of our firm. Our supervised persons do accept compensation for the sale of securities or other investment products, including distribution or 12b-1 fees from the sale of mutual funds. Our firm's affiliation with Inverness Securities LLC presents a conflict of interest and may give our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received. We mitigate this conflict by not paying your investment advisor representative commissions on investment advisory transactions. Employees of Ancora that are registered with the Ohio Department of Insurance through an affiliated entity, may earn additional compensation for sales and referrals of insurance products.

## Performance-Based Fees & Side-by-Side Management

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### Sharing of Capital Gains or Capital Appreciation

Typically, Ancora does not receive performance-based fees; that is fees based on a share of the capital gains or appreciation of the assets of the client. An exception for Ancora would occur when a specifically designated account which typically hold a single security or concentrated positions and earns a fee based on a share of the capital gains or appreciation of the assets of the client. These investments may be similar to those made in other strategies or customized managed portfolios, all of which may have separately negotiated fees.

## Types of Clients

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### Description

Ancora Advisors, LLC provides investment advisor services for individual investors, high net worth investors, investment companies (mutual funds), pooled investments (investment partnerships/investment limited partnerships), and institutions such as pension/profit sharing plans, corporations, charitable & "Not-for Profit" organizations, unions and other investment advisers.

### Account Minimums

Generally, a client account must be a minimum of \$1 million unless related to other accounts which together total \$1 million. Our firm may charge a minimum annual fee for our services dependent on the scope of the relationship. The minimum may be waived or reduced at the Firm's discretion.

# Methods of Analysis, Investment Strategies and Risk of Loss

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## Methods of Analysis

### Equity Methods of Analysis

Ancora's valuation screening focuses on two situations:

First, companies trading at a significant discount to their liquidation or going-concern value. Certain issues may trade below tangible book value. This can occur in times of broad market pessimism or Wall Street concentration with a company's near-term outlook. Other companies have hidden assets that are not reflected in the company's financial statements, such as investments in private companies or understated real estate values, which, if properly valued on the balance sheet, would result in the company trading at a discount to tangible book value. Ancora works to understand catalysts that will unlock the value of the target company's assets, although Ancora will also buy based on a company being too cheap to ignore.

Secondly, companies trading sufficiently below the calculation of intrinsic value based on Ancora's "Normalized Return" analysis to provide potential total return of 50% or more over a three-year time horizon. Sell decisions are based on valuation, risk and portfolio guidelines. As individual stocks approach their intrinsic value and decline in their relative attractiveness, they become candidates for sale. Other sell decisions may occur because of deterioration in the fundamentals that supported the initial investment. Automatic sales are initiated as position exposures approach diversification guidelines. Proceeds from sales are reinvested in companies that are more attractively valued based on the purchase disciplines.

### Fixed Income Methods of Analysis

Our Fixed Income strategy employs a top down approach with emphasis on sector allocation as our primary value added tool. We are primarily an up in quality manager emphasizing higher rated corporate issues and higher classes of structured products. We attempt to add value in security selection by emphasizing either smaller issues or less liquid issues which tend to not trade as efficiently as do benchmarked/index eligible holdings. Our research efforts in these names are internally generated and rely on various research sources including street generated research and other sources.

Our taxable fixed income approach utilizes all the investment grade debt market sectors. We do not utilize non-investment grade securities in any of our managed accounts. In addition, because of the risk adverse nature of our firm and the majority of the clients we represent, we restrict our fixed income buying to bonds rated A- or higher by one or more of the major rating agencies. By not buying BBB rated bonds we believe

we have a “buffer zone” for potential downgrades of an issue before we would face a non-investment grade issue in our portfolios. If a bond is ultimately downgraded to non-investment grade (i.e. BB+/Ba1) a sale is not required. However, we do tend to err on the conservative side and will often sell while BBB if possible.

Ancora typically holds 30 to 80 positions and limits individual corporate issuers to no more than 3% of the portfolio and our typical duration profile is no more than or less than 20% above or below the duration of the applicable index.

### **Managed Allocation Methods of Analysis**

Ancora Advisors, LLC has several models within its Managed Allocation strategy. The strategies make use of ETFs with low index tracking error, mutual funds (including the Ancora Family of mutual funds), bond and common stock to achieve true asset diversification across multiple asset classes including; Cash, Fixed Income, U.S. Equities, Non U.S. Equities, Real Assets and Liquid Alternatives. The various models are allocated a percentage to each asset class based on the client’s need of Capital Preservation, Income or Capital Appreciation or the need to balance between these objectives.

As Ancora clients, you will have full transparency to see how we carefully select and monitor securities for your portfolio. We adjust client portfolios relative to the original models based on market conditions but work to ensure that the portfolio remains consistent with client goals, objectives and investment policy statements.

### **Investment Strategies**

Ancora Advisors manages portfolios for clients in the following separate categories:

**Small-Mid Cap Core (SMID)** - The strategy will typically invest at least 80% of its net assets in the equity securities of small to mid-cap companies. These securities fall within the capitalization range of the Russell 2500 Index. The portfolio manager seeks out stocks that fall into one of three specific categories: underfollowed stocks, franchise stocks whose valuation has fallen for a non-fundamental reason and stocks whose company is undergoing a change to the capital structure of the business (spin-offs, bankruptcies, restructuring, etc.). The strategy will stay broadly diversified across all major market sectors and focus on stock selection (not sector bets) to drive alpha. Stocks will be sold if they fail to achieve our performance expectations or if other more suitable investments are found to replace them. *Risks include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**Small Cap Core** - The strategy will typically invest at least 80% of its net assets in the equity securities of small-cap companies. These securities fall within the capitalization range of the Russell 2000 Index. The portfolio manager seeks out stocks that fall into one of three specific categories: underfollowed stocks, franchise stocks whose valuation has fallen for a non-fundamental reason and stocks whose company is undergoing a change to the capital structure of the business (spin-offs, bankruptcies, restructuring, etc.). The strategy will stay broadly diversified across all major market sectors and focus on stock selection (not sector bets) to drive alpha. Stocks will be sold if they fail to achieve our performance expectations or if other more suitable investments are found to replace them. *Risks include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**Mid Cap Core** - The strategy will typically invest at least 80% of its net assets in the equity securities of small-cap companies. These securities fall within the capitalization range of the Russell Midcap Index. The portfolio manager seeks out stocks that fall into one of three specific categories: underfollowed stocks, franchise stocks whose valuation has fallen for a non-fundamental reason and stocks whose company is undergoing a change to the capital structure of the business (spin-offs, bankruptcies, restructuring, etc.). The strategy will stay broadly diversified across all major market sectors and focus on stock selection (not sector bets) to drive alpha. Stocks will be sold if they fail to achieve our performance expectations or if other more suitable investments are found to replace them. *Risks include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**Micro Cap Value** – The strategy employed is to construct diversified portfolios of microcap companies which are undervalued based on our proprietary "normalized return" approach or which are undervalued based on asset valuation. In addition, portfolio companies will normally possess above average balance sheets, positive insider activity and an identified potential catalyst. Many of the stocks may be underfollowed and unloved by Wall Street which provide upward revaluation potential as earnings and P/E ratios return to normal. *Risks include investment in smaller companies which are subject to larger price fluctuations and are typically less liquid.*

**Dividend Value Equity** – The strategy is to invest in a diversified portfolio of large cap companies that pay rising dividends to achieve a yield greater than that of the S&P 500. We screen for high quality companies with good brand recognition and strong competitive positions in their key markets. Furthermore, they have solid balance sheets, consistent cash flow and generally healthy dividend growth. The strategy's focus is on companies that are trading at a higher dividend yield relative to the S&P 500 at attractive valuation levels and with a discount to their intrinsic value. An emphasis is put on dividend payment history, return on invested capital and cash flow sustainability. The strategy allows for the inclusion of companies that will be initiating a dividend if we feel that they qualify under our other parameters. *Potential Risks include large companies with mature markets in very competitive industries and slow to adapt to competitive changes caused by technology and consumer preference*

**Fixed Income Short Aggregate (Taxable)** – The Short Aggregate strategy emphasizes an overweight on investment grade credits, both financials and non-financials. In addition, there is some relative value in discount agency issues and some, although minimal, additional value in the MBS sector as well. We continue to keep our duration modestly shorter than the duration of the underlying benchmark index. Currently we also have a modest exposure to high yield through an index fund. *Potential risks include declining prices due to rising interest rates and default by issuers*

**Fixed Income Intermediate Aggregate (Taxable)** – The Intermediate Aggregate strategy maintains a slightly shorter duration than the benchmark and is overweight in corporate credits and MBS. The strategy is underweight in U.S. Treasuries and government agency bonds. Securities held in this strategy generally have an average credit quality rating of at least "A". The duration of these accounts are generally in line with the duration of the Barclay's Intermediate Bond Index. *Potential risks include declining prices due to rising interest rates and default by issuers*

**Fixed Income Aggregate (Taxable)** – The Aggregate strategy seeks to provide a real return over a long period of time to commensurate with the risk profile of the portfolio, and with a duration profile more in line with the Barclay's Aggregate Bond Index. The Aggregate strategy pursues these objectives by investing primarily in income-producing securities of primarily investment grade rated credits with an

average credit quality rating of at least “A”. *Potential risks include declining prices due to rising interest rates and default by issuers*

**Muni (Tax Exempt)** – The Tax Exempt strategy emphasizes on investment grade only credits with a credit rating of “A” or better with an average credit quality rating of mid AA and a duration close to the duration of the benchmark. Portfolio construction include both single state and nationally diversified portfolios depending on the tax status of the client. *Potential risks include declining prices due to rising interest rates and default by issuers*

**Fixed Income Cash Management** – The strategy is used for clients who wish to have an alternative to money market funds and seek active cash management without the need for daily liquidity. *Potential risks include decreasing interest rates*

**Managed Allocation** – This strategy is targeted toward helping high net-worth individuals preserve, protect and grow their assets by utilizing traditional assets classes (large cap equities, small cap equities, bonds) while also incorporating additional asset classes such as real assets (commodities, REITs and infrastructure assets such as oil and gas pipeline operators) and alternative investments (lower correlation, non-long only/hedged strategies) into client portfolios when appropriate. The purpose of including these additional asset classes is to generate a potentially more diversified pool of return streams through the use of active (individual stocks and mutual funds) and passive (ETFs) management. The strategy can further be divided into Aggressive, Moderate and Conservative allocations to cater to client’s specific risk tolerances. *Potential Risks include a portfolio that may not keep pace with rising stock market indexes due to its vast diversification and ETFs may not keep pace with the index they are tracking due to fees within the fund and advisory fees.*

**Investors should carefully consider the investment objectives, risks, charges and expenses of the funds carefully before investing.** Depending upon market conditions and the availability of attractive investment opportunities, Ancora may hold cash or money market funds in lieu of, or as part of each category.

## Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. Investment values will fluctuate both up and down, are subject to market volatility, and may be worth more or less than the original cost. All securities risk the loss of principal. In addition, while we believe our methodology and strategies will be profitable, there is no assurance this will always be the case. Losses caused by fraudulent requests due to a client’s identity thief or other client security breaches, and that originated from the client, is the liability of the client.

While your brokerage account may allow margin transactions, we generally do not recommend the use of margin. We want you to understand the risks of margin transactions and recommend that you read your broker dealer’s written disclosure document describing margin trading and its related risks. Some of our strategies may include option transactions. You should understand the risks involved when trading options therefore Ancora recommends that you read the “Characteristics and Risks of Standardized Options” published by the Options Clearing Corporation.

## Cybersecurity

The computer systems, networks and devices used by Ancora Advisors, LLC and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## Disciplinary Information

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### Legal and Disciplinary

In 2018 Ancora Advisors discovered, through a routine SEC review, that two employees made contributions over the \$350 allowable limit and not in compliance with rule 206(4)-5. The SEC administered a fine and required that Ancora Advisors comply with the rule going forward. Additional compliance training and proactive reviews have been implemented to prevent future issues.

## Other Financial Industry Activities and Affiliations

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### Broker-dealer or Registered Representative

Ancora Advisors LLC, is affiliated with Inverness Securities Inc., a FINRA member broker dealer through common ownership. Ancora Advisors does not manage any accounts or direct any trades for managed accounts to Inverness Securities. Some employees may be registered representatives of Inverness Securities, Inc. and may earn fees as described in the “Additional Compensation” section of this Brochure. No non-directed orders are placed through Inverness Securities, Inc. Inverness Securities may act as a solicitor on behalf of affiliated or non-affiliated investment products.

## Material Relationships or Arrangements within Financial Industry

Ancora Advisors serves as investment manager for the Ancora Trust (also known as the Ancora Family of Mutual Funds). Ancora Advisors' investment managers serve as portfolio managers for the Ancora Income Fund, Ancora/Thelen Small-Mid Cap Fund (as of 1/1/13), Ancora MicroCap Fund and the Ancora Dividend Value Equity Fund. In addition, Ancora Advisors' staff members serve as officers and/or provide services to the Ancora Trust. Ancora Alternatives LLC serves as the General Partner and investment manager to Ancora's Private Funds and is registered with the Commodity Futures Trading Commission as part of the services it performs for Ancora's Commodity Fund. The private fund entities are investment partnerships. Ancora Advisors is the majority owner of Ancora Retirement Plan Advisors Inc. a registered investment Advisors. Ancora Advisors is the majority owner of Source Insurance. Ancora Advisors is affiliated by common ownership to Ancora Family Wealth Advisors and Ancora Alternatives LLC, registered investment advisors. Insurance services are offered through affiliate Ancora Insurance Solutions. As noted above in response to Item 4, certain investment vehicles affiliated with CD&R collectively are indirect majority owners of Focus LLC, and certain investment vehicles affiliated with Stone Point are indirect owners of Focus LLC. Because Ancora Advisors LLC is an indirect, wholly-owned subsidiary of Focus Inc., CD&R and Stone Point investment vehicles are indirect owners of Ancora Advisors LLC.

Ancora Advisors acts as a sub-adviser for non-affiliated 40 act Funds.

## Recommend or Select Other Investment Advisers

Ancora Advisors may use subadvisors, asset allocators or consultants.

## Other Services

### UPTIQ Credit and Cash Management Solutions

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). These third-party financial institutions are banks and non-banks that offer credit and cash management solutions to our clients, as well as certain other unaffiliated third parties that provide administrative and settlement services to facilitate UPTIQ's cash management solutions. UPTIQ acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

We are a wholly owned subsidiary of Focus Financial Partners, LLC ("Focus"). Focus is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. The revenue paid to UPTIQ also benefits UPTIQ Inc.'s investors, including Focus. When legally permissible, UPTIQ also shares a portion of this earned revenue with our affiliate, Focus Solutions Holdings, LLC ("FSH"). For non-residential mortgage loans made to our clients, UPTIQ will share with FSH up to 25% of all revenue it receives from the third-party financial institutions. For securities-backed lines of credit ("SBLOCs") made to our clients, UPTIQ will share with FSH up to 75% of all revenue it receives from such third-party financial institutions. For cash management products and services provided to our clients, UPTIQ will share with FSH up to 33% of all revenue it receives from the third-party financial institutions and other intermediaries that provide administrative and settlement services in connection with this program. This earned revenue is indirectly paid by our clients through an increased interest rate charged by the third-party financial institutions for credit solutions or reduced yield paid by the providers of cash management solutions. FSH distributes this revenue to us when we are licensed to receive such revenue (or when no such license is required) and the distribution is not otherwise legally

prohibited. This revenue is also revenue for FSH's and our common parent company, Focus. Additionally, the volume generated by our clients' transactions allows Focus to negotiate better terms with UPTIQ, which benefits Focus and us. Accordingly, we have a conflict of interest when recommending UPTIQ's services to clients because of the compensation to us and to our affiliates, FSH and Focus, and the transaction volume to UPTIQ. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering UPTIQ's solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use UPTIQ's services will receive product-specific disclosure from the third-party financial institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidate some or all of the assets we manage.

### **Credit Solutions**

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While credit solution programs that we offer facilitate secured loans through third-party financial institutions, clients are free instead to work directly with institutions outside such programs. Because of the limited number of participating third-party financial institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A third-party financial institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The third-party financial institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the third-party financial institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

We use UPTIQ to facilitate credit solutions for our clients.

### **Cash Management Solutions**

For cash management programs, certain third-party intermediaries provide administrative and settlement services to our clients. Engaging the third-party financial institutions and other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes. Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the third-party financial institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in a cash

management program if the client prefers to hold cash at the third-party financial institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

We use UPTIQ to facilitate cash management solutions for our clients.

### **Focus Risk Solutions**

We help clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC (“Focus”). FRS acts as an intermediary to facilitate our clients’ access to insurance products. FRS has agreements with certain third-party insurance brokers (the “Brokers”) under which the Brokers assist our clients with regulated insurance sales activity.

If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. This revenue is also revenue for our and FRS’s common parent company, Focus. Accordingly, we have a conflict of interest when recommending FRS’s services to clients because of the compensation to certain of our financial professionals and to our affiliates, FRS, and Focus. We address this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FRS’s services will receive product-specific disclosure from the Brokers and insurance carriers and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance premium is ultimately dictated by the insurance carrier, although in some circumstances the Brokers or FRS may have the ability to influence an insurance carrier to lower the premium of the policy. The final rate may be higher or lower than the prevailing market rate, and may be higher than if the policy was purchased directly through the Broker without the assistance of FRS. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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### **Code of Ethics**

Ancora Advisors LLC has adopted a formal Code of Ethics. This Code of Ethics includes requirements to make sure that we meet our fiduciary responsibilities which include the following subjects:

- The adviser’s fiduciary duty to its clients;

- Compliance with all applicable Federal Securities Laws;
- Reporting and review of personal securities transactions and holdings;
- Reporting of violations of the code; and
- The provision of the code to all supervised persons.

Ancora Advisors will provide a copy of our Code of Ethics to clients and prospective clients upon request. To obtain a copy contact Jason Geers at (216) 825-4000 or by e-mail at [JGeers@ancora.net](mailto:JGeers@ancora.net). All Ancora employees are required to affirm our Code of Ethics at least annually.

## Recommend Securities with Material Financial Interest

Frederick DiSanto was elected to the Board of Directors of The Eastern Company symbol “EML”, Ampco-Pittsburgh Corp “AP” and Regional Brands Inc. symbol “RGBD”. A conflict of interest may exist because; 1) Mr. DiSanto in his capacity as a Chief Executive Officer for Ancora has a fiduciary obligation to advisory clients and 2) as a Director for this company, Mr. DiSanto has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. DiSanto in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Ancora would be unable to purchase or sell securities related to these Corporations until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora to miss market opportunities in these Companies, perceived to be available to investors of the general public.

Brian Hopkins was elected to the Board of Directors of Regional Brands Inc. symbol “RGBD”. At the time of Mr. Hopkins’ election to the Board of Directors, accounts managed by Ancora owned shares of Regional Brands Inc. A conflict of interest may exist because; 1) Mr. Hopkins in his capacity as a Portfolio Manager for Ancora has a fiduciary obligation to advisory clients and 2) as a Director for this company, Mr. Hopkins has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. Hopkins in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Ancora would be unable to purchase or sell securities related to these companies until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora to miss market opportunities in these companies, perceived to be available to investors of the general public.

Ryan Hummer was elected to the Board of Directors of Legato symbol “LEGO”, and serves on the Advisory Board for Turn Capital. At the time of Mr. Hummer’ election to this board, accounts managed by Ancora owned shares of Legato, and investments in Turn Capital. A conflict of interest may exist because; 1) Mr. Hummer in his capacity as a Portfolio Manager for Ancora has a fiduciary obligation to advisory clients and 2) as a Director for this company, Mr. Hummer has an obligation to take action in the best interest of the company and their shareholders. In addition, there may be instances where Mr. Hummer in his position as a Director could become knowledgeable of material non-public information. If this situation occurs, Ancora would be unable to purchase or sell securities related to these companies until that information would become public information (information that is available to the general public). These self-imposed black-out periods could cause Ancora to miss market opportunities in these companies, perceived to be available to investors of the general public.

## Invest in Same Securities Recommended to Clients

On occasion, Ancora employees may decide to transact in securities that are also transacted in client accounts or may transacted in securities in which a related person may have some financial interest. This practice could create a conflict of interest if the transactions are structured to impact the market after the employee has transacted in the security. Our Code of Ethics and Personal Securities Trading Policy stipulates that our employees, with limited exceptions, may not transact in securities three days prior to or three days subsequent to the firm transacting in such securities for its clients. Additionally, personal securities transactions for common stocks, ETFs, preferred stocks, ADRs, closed-end funds, options, IPOs, private placements and mutual funds for which an affiliate serves as the investment adviser or sub-adviser must be preapproved. Employee transactions are reviewed daily for compliance with firm policy.

## Personal Trading Policies

Ancora Advisors has a formal Personal Securities Trading Policy. As part of this policy Ancora requires that our employees and affiliated persons submit all personal trading requests through our compliance software for approval prior to placing their personal transactions. Further, employees must also submit a Personal Securities Transaction Report quarterly and an Annual Holdings Report to the compliance department to affirm that no reportable trades were done outside of the firm's supervision. Other blackout period restrictions on securities due to client trades and MNPI may be in place and are monitored by compliance. The CCO will review any exception requests and make a determination if one will be granted on a case by case basis and will hold ultimate authority on all exception requests.

## Cross Trading Policies

A cross trade is a pre-arranged transaction between two or more accounts, each of which managed by the same adviser. In some situations, the adviser may need to buy and sell the same security at substantially similar times and the adviser may determine that crossing the transaction is beneficial to both clients as opposed to exposing each individual trade to the current market. Ancora must always act in the best interests of both the buyer and seller in any such transaction.

Each portfolio manager must notify Compliance prior to arranging a cross trade. Compliance will ensure that the cross trade and the manner of execution are appropriate under applicable law. No cross trades will be permitted without Compliance approval.

Ancora may use an unaffiliated broker-dealer or custodian to cross investments and/or cash between Client accounts when such a transaction is advantageous for each participant. However, no accounts subject to ERISA may participate in such transactions without receiving CCO approval and following compliance with an applicable regulatory exemption.

Ancora may also use an affiliated broker-dealer to cross investments and/or cash between Client accounts when such a transaction is advantageous for each participant. No accounts subject to ERISA may be included in any cross trade, without receiving CCO approval and following compliance with an applicable regulatory exemption.

In addition to the procedures described above, Ancora will follow additional procedures required by Rule 206(3)-2 under the Advisers Act when using an affiliated broker-dealer to cross assets and/or cash between Client Accounts. Agency cross trade procedures include:

- Ancora will provide any Client that may participate in agency cross trades with full written disclosure that Ancora or an affiliate will act as broker for, receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to such transactions;
- Any Clients that may participate in agency cross trades, after receiving full written disclosure, with execute written consent prospectively authorizing such transactions;
- Ancora or its affiliate will send a written confirmation to any Client participating in an agency cross transaction that includes:
  - I. A statement of the nature of the transaction;
  - II. The date the transaction took place;
  - III. An offer to furnish, upon request, the time when the transaction took place, and;
  - IV. An offer to furnish, upon request, the source and amount of any other remuneration received or to be received by Ancora and its affiliates in connection with the transaction
- Ancora or its affiliate(s) send to each Client, at least annually and as part of any written account statement or summary, a written disclosure statement identifying the total number of agency cross transactions since the date of the last such statement, as well as the total amount of all commissions or other remuneration received or to be received by Ancora and its affiliates in connection with such transactions.
- Each written disclosure statement and confirmation sent in connection with agency cross trades must include a conspicuous statement that the Client's consent to such transactions may be revoked at any time by written notice to Ancora or its affiliates.

## Brokerage Practices

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### Selecting Brokerage Firms

You are free to select any custodian / broker dealer for custody of your account.

Ancora Advisors has established relationships with Charles Schwab and Fidelity, among others. Should you choose to place your assets at one of these brokerage firms, we will continue to be your primary source of contact for all account related needs.

If you choose a brokerage firm that we do not have a relationship with, Ancora Advisors will have limited capacity to service the account. Many services will have to be performed at the custodian directly.

Please refer back to the "Additional Compensation" section of this document for any potential conflicts when selecting your brokerage firm.

### Trading

Trading instructions are given by a Portfolio Manager to a Trader verbally, in writing via email or hardcopy trade ticket, and/or through the Company's order management system. Verbally placed and emailed orders will be reduced to a formal trade ticket by a Trader and will be confirmed with the Portfolio Manager prior to executing the trade. The Brokerage Committee is responsible for reviewing and approving broker-dealers to be utilized as execution counterparties. The Committee's level of review of counterparties will be based,

in part, on the amount of counterparty risk the Company expects to incur with the broker-dealer. The Trader decides upon the appropriate means of executing the trade. When determining which trading venue(s) to use, the Trader may consider, among other things:

- Listed bids and asks;
- The opportunity for price improvement;
- Transaction costs;
- Anonymity;
- Liquidity;
- Speed of execution;
- Quality of research;
- Expertise with difficult securities; and
- Trading style and strategy.

The Company will ensure that the execution and services of broker-dealers are fair and reasonable. The Trader must ensure that Ancora creates and maintains a trade ticket, either electronically or in hard copy, for each trade. Pursuant to Rule 204-2(a)(3) under the Advisers Act, the trade ticket must show:

- The terms and conditions of the order, instruction, modification, or cancellation;
- The person at Ancora who recommended the trade;
- The person at Ancora who placed the trade;
- The Client account(s) for which the trade was entered;
- If applicable, how the trade will be allocated among Clients;
- The date the trade was entered;
- The broker-dealer or bank with which the trade was placed; and
- Whether the order was placed pursuant to Ancora's discretionary authority.

All trade tickets will be time stamped for the time of entry by a Trader, and orders placed for the Mutual Funds will also record the time such transaction was executed. All paper trade tickets will be retained by the Company. Trades are communicated to broker-dealers by telephone, approved instance messaging systems, and the order management system. Ancora uses Omgeo's Affirm/Confirm solution to ensure that executing broker-dealer trade details match the Company's records and are promptly affirmed. Following affirmation, Ancora maintains contact with both the custodian and executing broker-dealer to ensure settlement takes place as expected. A fixed income Portfolio Manager will ensure that all trades are confirmed in writing by the executing broker-dealer upon completion of the trade. Confirmations are delivered by mail or electronic means. Each confirmation must include:

- The security traded;
- Whether the trade was a buy or a sell;
- The price;
- The quantity traded;
- The trade date;
- The settlement date; and
- All commissions, taxes, and other settlement charges.

Special requirements may arise for certain types of transactions such as swaps or options. Ancora typically receives a daily feed from custodians into the Advent APX portfolio accounting system where the Company can reconcile securities positions against the files provided by the custodians. Portfolio Managers periodically review custodial records to identify any deviations from intended Client holdings. The CCO will receive a daily electronic report with the previous day's trading activity and review the report for any trading abnormalities.

## Research and Other Services

Ancora Advisors may direct brokerage for research in a “soft dollar” manner for any account in which brokerage was not directed by the client. However, most research is done internally and most non-directed trades are placed on the basis of execution quality and liquidity. Ancora will only use soft dollars to obtain products and services that fall within the safe harbor provided by Section 28(e) of the Exchange Act. Any new arrangements with broker-dealers regarding soft dollars must be approved in advance by the CCO. The terms of any such arrangement must be documented in a written agreement that is executed by Ancora and the broker-dealer. Employees must then obtain approval from the CIO before using soft dollars to obtain any new product or service. The CIO will consider:

- Whether the product or service is eligible under the Section 28(e) safe harbor;
- Whether the product or service should be paid for in whole or in part with hard dollars; and
- Whether the use of soft dollars to obtain the product or service requires additional disclosures to Clients or Investors.

Ancora will allocate the cost of any mixed use products or services between hard dollars and soft dollars in good faith. For each mixed use product or service, the CCO will:

- Determine an appropriate allocation methodology;
- Determine an appropriate allocation;
- Maintain documentation necessary to demonstrate that Ancora made the mixed use allocation in good faith; and
- Ensure that Ancora discloses that it pays for part of the product or service with soft dollars, and that Ancora faces a conflict of interest when allocating costs between hard dollars and soft dollars.

Ancora Advisors does not currently receive any other material benefits for directing brokerage.

## Brokerage for Client Referrals

Ancora Advisors may engage in the practice of directing brokerage trades to outside broker dealers for capital introduction to our private funds. Ancora Advisors generally does not engage in the practice of directing brokerage trades to outside broker dealers for separately managed account clients.

## Best Execution

As part of its fiduciary duty to Clients, Ancora has an obligation to seek the best price and execution of Client transactions when Ancora is in a position to direct brokerage transactions. While not defined by statute or regulation, “best execution” generally means the execution of Client trades at the best net price considering all relevant circumstances. Ancora will seek best execution with respect to all types of Client transactions, including equities, fixed income, options, futures, foreign currency exchange, and any other types of transactions that may be made on behalf of Clients. Ancora will conduct the following types of reviews to evaluate the qualitative and quantitative factors that influence execution quality:

- Initial and periodic reviews of individual broker-dealers;
- Contemporaneous reviews by Ancora’s Traders;
- Quarterly meetings of the Brokerage Committee; and
- Third-party analyses.

## Directed Brokerage

Ancora Advisors may trade based on the client's direction. In those instances, clients request that trades are placed directly with the client's custodian. In some cases, the client may direct us to trade the security with a certain brokerage firm and settle it with the client's custodian as part of a COD transaction.

Ancora aims to place all non-directed trades for the same side in the same security with the same broker to aggregate orders and give all clients their pro-rata allocation of the trade at the same price. Ancora aims for a similar process for directed brokerage. All orders for the same side in the same security with the same directed broker will be aggregated and allocated pro-rata at the same price whenever possible. Ancora Advisors will place non-directed trades before directed trades. Directed trades are grouped together and traded on a rotational basis based on custodian. When placing Client transactions through multiple broker-dealers, a rotation schedule is used to be fair to all Clients over time.

Additionally, Ancora may offer Model delivery of our proprietary products to clients. Delivery conditions, specifically the frequency and method of model delivery, are typically directed by the client. When two or more of the same model is being delivered at the same time, those communications are placed in an alphanumeric rotation so not to disadvantage or advantage one client over the other through the course of time.

It is important to note that if you do not give Ancora Advisors discretion to direct trades, you may limit our ability to negotiate favorable commissions and seek best execution for trades in your account. You may also be excluded from block trades and average price transactions.

## Order Aggregation and Allocation

As part of Ancora's fiduciary duty to its clients, Ancora has an obligation to seek best price and execution for all trades, to trade assets in a manner that is fair to all clients, and to exercise diligence and care throughout the trading process.

Ancora Advisors will aggregate trades whenever it has the ability to do so. Typically, directed brokerage and non-directed brokerage orders cannot be combined.

The Portfolio Manager will prepare a written preallocation that identifies each participating account and each such account's expected participation, measured in shares, principal value, as a percentage of the block, or as a percentage of the account's value. In determining the written preallocation, the Portfolio Manager will consider each participating account's size, diversification, cash availability, investment objectives, and any other relevant factors. The Portfolio Manager will generally deliver the written preallocation to the Trader before the Trader starts executing the block.

If the trade is fully filled by the end of the day, the Trader will give the executing broker-dealer allocation instructions that match the written preallocation. If the trade is partially filled at the end of the day, the Trader will instruct the broker-dealer to allocate the trade pro-rata based on the written preallocation. De minimis deviations from the preallocation are permitted in the interest of placing round lots in Client accounts or to meet certain minimum ticket charges.

If a Trader receives a new trade order for an investment where a block trade is already pending, the Trader will form a new block that includes the new participants' order, as well as the original participants' order.

If a Portfolio Manager is unable to complete a written preallocation because an investment opportunity is available for a limited time, then the Portfolio Manager will set the order size based on an estimate of the

appropriate level of participation for all Clients. The Portfolio Manager will provide a written allocation for the trade to the Trader no later than the close of business on the trade date.

The Trader will place non-directed trades before directed trades. Directed trades are grouped together and traded on a rotational basis based on custodian. When placing Client transactions through multiple broker-dealers, the Traders will use a rotation schedule designed to be fair to all Clients over time. The Head Trader is responsible for developing, and maintaining a record of, the rotation schedule. The CCO periodically reviews pro rata allocations and rotational patterns for the directed account group.

Where applicable, Ancora may seek to step-out transactions amongst broker-dealers to include directed traded with non-directed trades in an aggregated order. In all cases, the Trader will instruct executing broker-dealers to allocate trades to specific Client accounts before the close of business on the trade date, notwithstanding extenuating circumstances.

## Review of Accounts

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### Periodic Reviews

Portfolio Managers review each portfolio at least annually. The frequency and level of review is determined by the complexity of your portfolio, changes in economic or market conditions, tax law and your individual situation. Portfolios are reviewed informally more frequently.

It is recommended that Investment Advisors meet with clients at least twice a year to review and go over their account(s) with them in person. If it is discovered that a change in the client's situation has materially affected the way we are currently managing their portfolio(s), we will obtain a "Style Change Form" immediately and update our records and management process to correspond to the changes.

We will base our management process on the original management agreement unless we are notified in writing of changes.

### Review Triggers

Portfolio managers informally review portfolios at least monthly. When any security held by clients should be sold, accounts are reviewed immediately; either just prior to or after the security is sold. When any security is bought for clients, accounts are reviewed immediately; either prior to or just after the security is purchased.

### Regular Reports

The broker dealer handling your account or custodian typically sends you monthly, but at least quarterly account statements. These Account statements show money balances, securities held in the account, investment values and transactions made. Ancora also sends out quarterly reports that include the same information noted above and other information such as performance of your investments. We encourage you to review and compare the brokerage account statements with your Ancora Advisors quarterly reports. If you see a discrepancy, please contact your investment representative and bring it to their attention.

# Client Referrals and Other Compensation

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## Economic Benefits

Ancora Advisors may receive an economic benefit or compensation for referring business in addition to what is described in the “Additional Compensation” section of this document. The economic benefit may include fees on the performance of investments which we have recommended but are not managing or the introduction of a third-party manager who offers a product that we do not offer but may benefit our clients. In the event that Ancora’s actions constitute a solicitation we will follow the third-party solicitors’ processes that are described below for those who solicit for Ancora.

## Third Party Solicitors

We may pay individuals or other organizations (solicitors) for client referrals and to introduce potential clients to Ancora Advisors, LLC if the individual or organizations meet qualifications and have entered into a solicitation agreement with Ancora. Solicitors, typically, will only be used for obtaining clients for our investment limited partnership. Solicitors for investment limited partnerships must be properly registered with broker dealers. Solicitors may solicit clients for other products or services of Ancora Advisors, LLC. Compensation to the solicitor is a percentage of our management fees. The individual solicitor is required to provide a written statement describing the compensation paid to him/her or the organization they represent. A solicitor is not permitted to offer investment advice on behalf of Ancora Advisors. Clients obtained through this referral process do not pay higher fees than clients not obtained through referrals. This means that no additional fees or charges will be charged to the client because of the solicitor relationship.

Ancora Advisors, LLC’s parent company is Focus Financial Partners, LLC (“Focus”). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Ancora Advisors, LLC, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Ancora Advisors, LLC. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Ancora Advisors, LLC. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Ancora Advisors, LLC to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Ancora Advisors, LLC. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement. A list of entities that have provided conference sponsorship to Focus can be accessed on Focus’ website through the following link: <https://focusfinancialpartners.com/conference-sponsors/>

# Custody

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## Asset Custody

Under SEC Rule 206(4)-2, Ancora may be viewed for regulatory purposes as having custody of certain client assets due to Ancora Advisors' ability to deduct fees directly from certain client accounts.

## Account Statements

The broker dealer handling your account or custodian typically sends you monthly, but at least quarterly account statements. These account statements show money balances, securities held in the account, investment values and transactions made. Ancora also sends out quarterly reports that include the same information noted above and other information such as performance of your investments. We encourage you to review and compare the brokerage account statements with your Ancora quarterly reports. If you see a discrepancy, please contact your investment representative and bring it to their attention.

# Investment Discretion

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## Discretionary Authority for Trading

Most clients give Ancora Advisors LLC discretion over the selection, amount and timing of securities to be bought and sold. This means that the portfolio manager or advisor representative may purchase or sell securities consistent with your investment objectives without contacting you prior to entering the transaction.

We also provide consulting services on a non-discretionary basis. Typically, these clients are institutions that have an internal management team, but may require help developing strategies and specialized reporting that we can provide to supplement their efforts.

## Limited Power of Attorney

Investment management agreements often include limited power of attorney to permit Ancora to make securities trades and other transactions on our clients' behalf. However, the authority granted in those agreements does not provide Ancora with the ability to transfer funds out of the client's account to a third party without the client's prior permission. Investment authority may be subject to specific investment objectives and guidelines and/or conditions imposed by you. For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of your portfolio or you may have restriction or prohibitions of transactions in the securities of a specific company industry such as no tobacco stocks. Please detail any such specifications or exception in writing prior to engaging our services.

# Voting Client Securities

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## Proxy Voting

As a general rule, most clients will enter into an agreement with or take actions to direct proxies to Ancora Advisors to be voted. We have adopted a proxy voting policy which is reasonably designed to ensure that proxies are voted in the best interests of our clients, consistent with stated investment objectives, in accordance with our fiduciary duties and in accordance with SEC Rule 206(4)-6 of the Investment Advisors Act of 1940. Clients are also free to vote their own proxies as they see fit.

Proxies are an asset of our client's accounts and Ancora takes voting very seriously. Ancora will vote each proxy in accordance with its fiduciary duty to its Clients. Ancora will generally seek to vote proxies in a way that maximizes the value of Clients' assets. However, Ancora will document and abide by any specific proxy voting instructions conveyed by a Client with respect to that Client's securities. Ancora also offers clients the ability to vote in accordance with Taft-Hartley Guidelines. Clients may also retain the authority to vote proxies.

The proxy voting policy is premised on the following principles:

- maximization of each investment's return is the primary component of the client's best interests;
- good corporate governance will help maximize investment returns;
- increasing shareholder involvement in corporate governance will help maximize investment returns;
- antitakeover defenses inhibit maximization of investment returns; and
- self-dealing by or conflicts of interest of company insiders are not in the client's best interests.
- unless the client provides specific written instructions to Ancora Advisors, the advisor will vote proxies according to its policy under the authority granted by the client.

A copy of the firm's proxy voting procedures are available upon request. Clients may obtain information on how their proxies were voted and/or proxy voting procedures by writing the firm or contacting Jason Geers at (216) 825-4000 or by e-mail at [JGeers@ancora.net](mailto:JGeers@ancora.net) to request this information.

# Financial Information

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## Prepayment of Fees

Fees for your investment advisor services are generally charged quarterly in advance based upon the value of assets managed, with valuations done by the client's custodian or other pricing services at the end of each calendar quarter. We do not require more than one quarter of pre-paid fees.

## Financial Condition

Ancora Advisors LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

## Bankruptcy

Ancora Advisors LLC has not been subject to a bankruptcy proceeding.

# Requirements for State-Registered Advisers

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This item does not apply to Ancora Advisors LLC.



**Brochure Supplement**

**(ADV Part 2B)**

**Daniel G. Thelen**

January 1, 2025

Ancora Advisors, LLC  
6060 Parkland Boulevard, Suite 200  
Cleveland, OH 44124  
Telephone: (216) 825-4000  
[www.ancora.net](http://www.ancora.net)

This brochure supplement provides information about Daniel G. Thelen that supplements Ancora Advisors, LLC's (Ancora) firm brochure (ADV Part 2A). Please contact Mr. Jason Geers at [jgeers@ancora.net](mailto:jgeers@ancora.net) if you did not receive Ancora's firm brochure or if you have any questions about the contents of this supplement.

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

## Educational Background & Business Experience

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Name (Year of Birth)	Daniel G. Thelen (1958)
Formal Education	Michigan State University, BA Michigan State University, MBA
FINRA licenses	7 & 63
Business Background	Ancora Advisors LLC, Managing Director, Portfolio Manager, September 2012 - Present

## Disciplinary Information

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Legal or Disciplinary Events	No disclosure
Criminal or Civil Action	No disclosure
Administrative Proceeding	No disclosure
Self-Regulatory Organization Proceeding	No disclosure
Other Proceeding	No disclosure
Additional Information Regarding Disciplinary Events	No disclosure
Bankruptcy	No disclosure

## Other Business Activities

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### Investment-related Activities

Mr. Thelen is a registered representative of Inverness Securities LLC. When executing transaction in his capacity as a registered representative, Mr. Thelen may receive commissions from the sale of securities and investment products. Mr. Thelen may receive a portion of the of the distribution/service fees (trails) for the sale of mutual funds. This practice may give incentive to recommend investment products based on the compensation received rather than on the client's need. Ancora addresses this conflict of interest in that brokerage accounts handled by our representatives for commissions are not charged a management fee.

### Other Business or Occupation for Compensation

No disclosure

## Additional Compensation

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### Economic Benefit

Mr. Thelen is a salaried employee with additional compensation opportunities provided based on revenues generated.

## Supervision

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### Describe Supervision

The Chief Investment Officer, John Micklitsch (216-825-4000), is responsible for overseeing investment advisory activities. The Chief Compliance Officer, Mr. Jason Geers (216-593-5020), is responsible for overseeing personal security activity and monitors compliance with Ancora's Code of Ethics and Compliance Program.

## Requirements for State-Registered Advisors

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No information is applicable for this item.

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Disclosures: The Chartered Financial Analyst (CFA®) is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals. Prerequisite: A bachelor's degree or equivalent education/work experience, a passing score for the CFA Level I Exam or the self-administered Standards of Practice Examination, 48 months of professional work experience in investment decision making and three professional references.

Financial Industry Regulatory Authority (FINRA) Series Licenses - Series 63—Uniform Securities Agent State Law, Prerequisite: None, Series 7 – General Securities Representative, Prerequisite: None.



## **Brochure Supplement**

**(ADV Part 2B)**

**Daniel J. Hyland**

January 1, 2025

Ancora Advisors, LLC  
6060 Parkland Boulevard, Suite 200  
Cleveland, OH 44124  
Telephone: (216) 825-4000  
[www.ancora.net](http://www.ancora.net)

This brochure supplement provides information about Daniel J. Hyland that supplements Ancora Advisors, LLC's (Ancora) firm brochure (ADV Part 2A). Please contact Mr. Jason Geers at [jgeers@ancora.net](mailto:jgeers@ancora.net) if you did not receive Ancora's firm brochure or if you have any questions about the contents of this supplement.

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

## Educational Background & Business Experience

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Name (Year of Birth)	Daniel J. Hyland, (1964)
Formal Education	University of Dayton, BA
FINRA licenses	63, 65, 7 & 24
Business Background	Ancora Holdings Inc., President – Ancora Advisors LLC, Executive Committee, 2017 – Present The Ancora Group Inc., Managing Director, Business Development & Client Services, June 2012-2016

## Disciplinary Information

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Legal or Disciplinary Events	No disclosure
Criminal or Civil Action	No disclosure
Administrative Proceeding	No disclosure
Self-Regulatory Organization Proceeding	No disclosure
Other Proceeding	No disclosure
Additional Information Regarding Disciplinary Events	No disclosure
Bankruptcy	No disclosure

## Other Business Activities

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### Investment-related Activities

Mr. Hyland is a registered representative of Inverness Securities LLC. When executing transaction in his capacity as a registered representative, Mr. Hyland may receive commissions from the sale of securities and investment products. Mr. Hyland may receive a portion of the of the distribution/service fees (trails) for the sale of mutual funds. This practice may give incentive to recommend investment products based on the compensation received rather than on the client's need. Ancora addresses this conflict of interest in that brokerage accounts handled by our representatives for commissions are not charged a management fee.

### Other Business or Occupation for Compensation

No disclosure

## Additional Compensation

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### Economic Benefit

Mr. Hyland is a salaried employee with additional compensation opportunities based on fees generated.

## Supervision

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### Describe Supervision

The Chief Investment Officer, John Micklitsch (216-825-4000), is responsible for overseeing investment advisory activities. The Chief Compliance Officer, Mr. Jason Geers (216-593-5020), is responsible for overseeing personal security activity and monitors compliance with Ancora's Code of Ethics and Compliance Program.

## Requirements for State-Registered Advisors

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No information is applicable for this item.

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Financial Industry Regulatory Authority (FINRA) Series Licenses - Series 63—Uniform Securities Agent State Law, Prerequisite: None, Series 65 – Uniform Investment Advisers Law, Prerequisite: None, Series 7 – General Securities Representative, Prerequisite: None, Series 24 – General Securities Principal, Prerequisite: S7, S17, S37, S38, S57, S62, S79 or S82.



**Brochure Supplement**

**(ADV Part 2B)**

**David G. Sowerby**

January 1, 2025

Ancora Advisors, LLC  
6060 Parkland Boulevard, Suite 200  
Cleveland, OH 44124  
Telephone: (216) 825-4000  
[www.ancora.net](http://www.ancora.net)

This brochure supplement provides information about David G. Sowerby that supplements Ancora Advisors, LLC's (Ancora) firm brochure (ADV Part 2A). Please contact Mr. Jason Geers at [jgeers@ancora.net](mailto:jgeers@ancora.net) if you did not receive Ancora's firm brochure or if you have any questions about the contents of this supplement.

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

## Educational Background & Business Experience

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Name (Year of Birth)	David G. Sowerby (1960)
Formal Education	Wayne State University, BA Wayne State University, MA
FINRA licenses	7 & 63
Certifications/Designations	CFA®
Business Background	Ancora Advisors, LLC, Managing Director, Portfolio Manager, 2017 - Present Loomis Sayles & Company, Portfolio Manager, 1998-2017

## Disciplinary Information

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Legal or Disciplinary Events	No disclosure
Criminal or Civil Action	No disclosure
Administrative Proceeding	No disclosure
Self-Regulatory Organization Proceeding	No disclosure
Other Proceeding	No disclosure
Additional Information Regarding Disciplinary Events	No disclosure
Bankruptcy	No disclosure

## Other Business Activities

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### Investment-related Activities

Mr. Sowerby is a registered representative of Inverness Securities LLC. When executing transaction in his capacity as a registered representative, Mr. Sowerby may receive commissions from the sale of securities and investment products. Mr. Sowerby may receive a portion of the of the distribution/service fees (trails) for the sale of mutual funds. This practice may give incentive to recommend investment products based on the compensation received rather than on the client's need. Ancora addresses this conflict of interest in that brokerage accounts handled by our representatives for commissions are not charged a management fee.

### Other Business or Occupation for Compensation

No disclosure

## Additional Compensation

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### Economic Benefit

Mr. Sowerby is a salaried employee with additional compensation opportunities provided based on revenues generated.

## Supervision

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### Describe Supervision

The Chief Investment Officer, John Micklitsch (216-825-4000), is responsible for overseeing investment advisory activities. The Chief Compliance Officer, Mr. Jason Geers (216-593-5020), is responsible for overseeing personal security activity and monitors compliance with Ancora's Code of Ethics and Compliance Program.

## Requirements for State-Registered Advisors

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No information is applicable for this item.

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Disclosures: The Chartered Financial Analyst (CFA®) is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals. Prerequisite: A bachelor's degree or equivalent education/work experience, a passing score for the CFA Level I Exam or the self-administered Standards of Practice Examination, 48 months of professional work experience in investment decision making and three professional references.

Financial Industry Regulatory Authority (FINRA) Series Licenses - Series 63—Uniform Securities Agent State Law, Prerequisite: None, Series 7 – General Securities Representative, Prerequisite: None.

<b>FACTS</b>	<b>WHAT DOES ANCORA, WHOSE FAMILY OF COMPANIES INCLUDE ANCORA ADVISORS LLC, ANCORA PRIVATE WEALTH ADVISORS, LLC, ANCORA ALTERNATIVES LLC, ANCORA RETIREMENT PLAN ADVISORS, LLC, ANCORA INSURANCE SOLUTIONS LLC &amp; INVERNESS SECURITIES LLC, (“ANCORA”) DO WITH YOUR PERSONAL INFORMATION?</b>	
<b>WHY?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
<b>WHAT?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information may include, but is not limited to, the following:</p> <ul style="list-style-type: none"> <li>● Social security number</li> <li>● Risk tolerance</li> <li>● Income</li> <li>● Transaction history</li> <li>● Assets</li> <li>● Health/Medical Information</li> <li>● Wire transfer instructions</li> <li>● Contact Information</li> <li>● Investment Experience</li> <li>● Account Balances</li> </ul>	
<b>HOW?</b>	Financial industry companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Ancora chooses to share; and whether you can limit this sharing.	
<b>Reasons we can share your personal information</b>	<b>Does Ancora Share?</b>	<b>Can you limit this sharing?</b>
<b>For our everyday business purposes</b> - such as to process your requests and transactions, maintain your accounts(s) or respond to court orders and legal investigations.	Yes	No
<b>For our marketing purposes</b> - to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No
<b>For our affiliates' everyday business purposes</b> - information about your transactions and experiences	Yes	Yes
<b>For our affiliates' everyday business purposes</b> – information about your creditworthiness	No	We don’t share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For non-affiliates to market to you</b>	No	We don’t share
<b>Pandemic response</b>	All medical information confidential (42 U.S.C. § 12112(d)(3)(B) and 12112(d)(4)), including information related to symptoms of COVID-19 or a diagnosis of COVID-19. This includes all test results, temperature screening logs, questionnaires, and other medical information being obtained. Temperature screening machines and other protective measures may be used at our business locations to protect clients and employees from transmitting illnesses. Only employees with a need to know will have access to client’s medical information. Employees will be trained on the collection and protection of client information.	
<b>Questions?</b>	Call Jason Geers at 216.593.5020 or visit <a href="http://ancora.net/privacy_policy">http://ancora.net/privacy_policy</a>	

<b>Page 2 Privacy Policy</b>	
<b>Who we are</b>	
<b>Ancora Holdings Group LLC</b>	<p>Ancora Holdings, Group LLC, is a Cleveland, Ohio based holding company which wholly owns four separate and distinct SEC Registered Investment Advisers, an insurance company, and a broker dealer.</p> <p>Ancora Advisors LLC specializes in customized portfolio management for individual investors, high net worth investors, investment companies (mutual funds), and institutions such as pension/profit sharing plans, corporations, charitable &amp; “Not-for Profit” organizations, and unions.</p> <p>Ancora Private Wealth Advisors, LLC is a leading, regional investment and wealth advisor managing assets on behalf families and high net-worth individuals.</p> <p>Ancora Alternatives LLC specializes in pooled investments (hedge funds/investment limited partnerships).</p> <p>Ancora Retirement Plan Advisors, LLC. specializes in providing non-discretionary investment guidance for small and midsize employer sponsored retirement plans.</p> <p>Ancora Insurance Solutions LLC provides property and casualty services as well as personal line solutions and health coverage for small &amp; large corporations.</p> <p>Inverness Securities, LLC is a FINRA registered Broker Dealer.</p>
<b>What we do</b>	
<b>How does Ancora protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Ancora collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ Enter into an investment advisory contract</li> <li>▪ Seek financial or insurance solutions</li> <li>▪ Make deposits or withdrawals from your account</li> <li>▪ Tell us about your investment or retirement portfolio</li> <li>▪ Give us your employment history</li> </ul>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ sharing for affiliates’ everyday business purposes—information about your creditworthiness</li> <li>▪ affiliates from using your information to market to you</li> <li>▪ sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>Our affiliates include Focus Operating, LLC</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>Ancora does not share with nonaffiliates so they can market to you.</i></li> </ul>
<b>Joint Marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ <i>Ancora does not jointly market.</i></li> </ul>

See: [GDPR – EU or CCPA \(California residence\) Privacy Policy](#) for additional information.

## PROXY VOTING AND CLASS ACTIONS

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### *Background*

In Proxy Voting by Investment Advisers, Advisers Act Release No. 2106 (January 31, 2003), the SEC noted that,

*The federal securities laws do not specifically address how an adviser must exercise its proxy voting authority for its clients. Under the Advisers Act, however, an adviser is a fiduciary that owes each of its clients a duty of care and loyalty with respect to all services undertaken on the client's behalf, including proxy voting. The duty of care requires an adviser with proxy voting authority to monitor corporate events and to vote the proxies.*

Rule 206(4)-6 under the Advisers Act requires each registered investment adviser that exercises proxy voting authority with respect to client securities to:

- Adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes client securities in the clients' best interests. Such policies and procedures must address the manner in which the adviser will resolve material conflicts of interest that can arise during the proxy voting process;
- Disclose to clients how they may obtain information from the adviser about how the adviser voted with respect to their securities; and
- Describe to clients the adviser's proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures.

Additionally, paragraph (c)(2) of Rule 204-2 imposes additional recordkeeping requirements on investment advisers that execute proxy voting authority, as described in the *Maintenance of Books and Records* section of the Manual.

The Advisers Act lacks specific guidance regarding an adviser's duty to direct clients' participation in class actions. However, many investment advisers adopt policies and procedures regarding class actions.

### *Policies and Procedures*

#### **Proxy Voting**

Proxies are assets of Clients that must be voted with diligence, care, and loyalty. Ancora will vote each proxy in accordance with its fiduciary duty to its Clients. Ancora will generally seek to vote proxies in a way that maximizes the value of Clients' assets. However, Ancora will document and abide by any specific proxy voting instructions conveyed by a Client with respect to that Client's securities. The Client Operations personnel ("Operations") coordinates Ancora's proxy voting process.

Clients may also retain the authority to vote proxies. If Ancora inadvertently receives any proxy materials on behalf of a Client in such instance, the Company will promptly forward such materials to the Client.

Paragraph (c)(ii) of Rule 204-2 under the Advisers Act requires Ancora to maintain certain books and records associated with its proxy voting policies and procedures. Ancora's recordkeeping obligations are

described in the *Maintenance of Books and Records* section of the Manual. Operations will ensure that Ancora complies with all applicable recordkeeping requirements associated with proxy voting.

Ancora has retained ISS Governance Services to provide a proxy voting system for casting votes, reporting (i.e., the Mutual Funds' Form N-PX filings), and for the retention of proxy statements and votes cast. The Company will generally utilize ISS's voting guidelines and recommendations when casting votes. However, the Company may also override such guidelines and recommendations on a case by case basis (e.g., when the Company, as shareholder, proposes an item for consideration on the proxy ballot). All votes cast will be in the Clients' best interests. Ancora will also offer the option for clients to choose the Taft Hartley voting guidelines. Those guidelines can be viewed in the Taft Hartley proxy voting supplement policy.

Investment professionals deviating from Ancora's policy must provide the CIO and CCO with a written explanation of the reason for the deviation, as well as a representation that the Employee and the Company are not conflicted in making the chosen voting decision. It is impossible to anticipate all material conflicts of interest that could arise in connection with proxy voting. The following examples are meant to help Employees identify potential conflicts:

- Ancora provides investment advice to a publicly traded company (an "Issuer"). Ancora receives a proxy solicitation from that Issuer, or from a competitor of that Issuer;
- Ancora provides investment advice to an officer or director of an Issuer. Ancora receives a proxy solicitation from that Issuer, or from a competitor of that Issuer;
- Ancora or an affiliate has a financial interest in the outcome of a proxy vote, such as when Ancora is asked to vote on a change in Rule 12b-1 fees paid by a mutual fund to investment advisers, including Ancora;
- An issuer or some other third party offers Ancora or an Employee compensation in exchange for voting a proxy in a particular way;
- An Employee is a member of the board of directors of an Issuer;
- An Employee, or a member of an Employee's household, has a personal or business relationship with an Issuer. Ancora receives a proxy solicitation from that Issuer; and
- Ancora or its Employees have a short position in an Issuer, but Clients have a long position in the same Issuer. Ancora receives a proxy solicitation from the Issuer.

If Ancora detects a material conflict of interest in connection with a proxy solicitation, the Company will abide by the following procedures:

- A Portfolio Manager will describe the proxy vote under consideration and identify the perceived conflict of interest. The Portfolio Manager will also propose the course of action that the Portfolio Manager believes is in Clients' best interests. The Portfolio Manager will inform the CIO and CCO why the Portfolio Manager believes that this course of action is most appropriate.
- The CIO and CCO will review any documentation associated with the proxy vote and evaluate the Portfolio Manager's proposal. The CIO and CCO may wish to consider, among other things:
  - A vote's likely short-term and long-term impact on the Issuer;
  - Whether the Issuer has responded to the subject of the proxy vote in some other manner;
  - Whether the issues raised by the proxy vote would be better handled by some other action by the government or the Issuer;
  - Whether implementation of the proxy proposal appears likely to achieve the proposal's stated objectives; and
  - Whether the Portfolio Manager's proposal appears consistent with Clients' best interests.

- After taking a reasonable amount of time to consider the Portfolio Manager’s proposal, the CIO and CCO will make a recommendation regarding the proxy vote. Operations will record each individual’s recommendation, and will then vote the proxy accordingly. If the CIO and CCO are unable to reach a unanimous decision regarding the proxy vote, Ancora will defer to the recommendation of ISS. Operations will retain documentation of ISS’s recommendation and will vote Clients’ proxies in accordance with that recommendation.
- Ancora will not neglect its proxy voting responsibilities, but the Company may abstain from voting if it deems that abstaining is in its Clients’ best interests. For example, Ancora may be unable to vote securities that have been lent by the custodian. Also, proxy voting in certain countries involves “share blocking,” which limits Ancora’s ability to sell the affected security during a blocking period that can last for several weeks. Ancora believes that the potential consequences of being unable to sell a security usually outweigh the benefits of participating in a proxy vote, so Ancora generally abstains from voting when share blocking is required. Operations will prepare and maintain memoranda describing the rationale for any instance in which Ancora does not vote a Client’s proxy.

The proxy voting system will receive information for all accounts and will reconcile all proxies received and votes cast. The system will retain the following information in connection with each proxy vote:

- The Issuer’s name;
- The security’s ticker symbol or CUSIP, as applicable;
- The shareholder meeting date;
- The number of shares that Ancora voted;
- A brief identification of the matter voted on;
- Whether the matter was proposed by the Issuer or a security-holder;
- Whether Ancora cast a vote;
- How Ancora cast its vote (for the proposal, against the proposal, or abstain); and
- Whether Ancora cast its vote with or against management.

If Ancora votes the same proxy in two directions, Operations will maintain documentation describing the reasons for each vote (e.g., Ancora believes that voting with management is in Clients’ best interests, but Client X gave specific instructions to vote against management).

Any attempt to influence the proxy voting process by Issuers or others not identified in these policies and procedures should be promptly reported to the CCO. Similarly, any Client’s attempt to influence proxy voting with respect to other Clients’ securities should be promptly reported to the CCO.

Proxies received after a Client terminates its advisory relationship with Ancora will not be voted.

The CIO will review these policies on at least an annual basis. The summary of Ancora’s proxy voting guidelines can be found below:

### **Voting Guidelines**

#### **Routine/Miscellaneous Auditor Ratification**

Vote for proposals to ratify auditors unless any of the following apply:

- An auditor has a financial interest in or association with the company, and is therefore not independent;
- There is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position;
- Poor accounting practices are identified that rise to a serious level of concern, such as: fraud; misapplication of
- GAAP, or material weaknesses identified in Section 404 disclosures; or
- Fees for non-audit services ("Other" fees) are excessive.

Non-audit fees are excessive if:

- Non-audit ("other") fees > audit fees + audit-related fees + tax compliance/preparation fees

**Board of Directors:  
Voting on Director Nominees in Uncontested Elections**

Four fundamental principles apply when determining votes on director nominees:

1. Accountability
2. Responsiveness
3. Composition
4. Independence

**Generally vote for director nominees, except under the following circumstances:**

**1. Accountability**

Vote against<sup>4</sup> or withhold from the entire board of directors (except new nominees<sup>5</sup>, who should be considered case-by-case) for the following:

**Problematic Takeover Defenses:**

**Classified Board Structure:**

1.1. The board is classified, and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a withhold/against vote recommendation is not up for election. All appropriate nominees (except new) may be held accountable.

**Director Performance Evaluation:**

1.2. The board lacks accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one- and three-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company's five-year total shareholder return and operational metrics. Problematic provisions include but are not limited to:

- A classified board structure;
- A supermajority vote requirement;

<sup>4</sup> In general, companies with a plurality vote standard use "Withhold" as the contrary vote option in director elections; companies with a majority vote standard use "Against". However, it will vary by company and the proxy must be checked to determine the valid contrary vote option for the particular company.

<sup>5</sup> A "new nominee" is any current nominee who has not already been elected by shareholders and who joined the board after the problematic action in question transpired. If Ancora's proxy vendor cannot determine whether the nominee joined the board before or after the problematic action transpired, the nominee will be considered a "new nominee" if he or she joined the board within the 12 months prior to the upcoming shareholder meeting.

- Either a plurality vote standard in uncontested director elections or a majority vote standard with no plurality carve-out for contested elections;
- The inability of shareholders to call special meetings;
- The inability of shareholders to act by written consent;
- A dual-class capital structure; and/or
- A non–shareholder-approved poison pill.

**Poison Pills:**

1.3. The company’s poison pill has a “dead-hand” or “modified dead-hand” feature. Vote against or withhold from nominees every year until this feature is removed;

1.4. The board adopts a poison pill with a term of more than 12 months (“long-term pill”), or renews any existing pill, including any “short-term” pill (12 months or less), without shareholder approval. A commitment or policy that puts a newly adopted pill to a binding shareholder vote may potentially offset an adverse vote recommendation. Review such companies with classified boards every year, and such companies with annually elected boards at least once every three years, and vote against or withhold votes from all nominees if the company still maintains a non-shareholder-approved poison pill; or

1.5. The board makes a material adverse change to an existing poison pill without shareholder approval.

Vote case-by-case on all nominees if:

1.6. The board adopts a poison pill with a term of 12 months or less (“short-term pill”) without shareholder approval, taking into account the following factors:

- The date of the pill’s adoption relative to the date of the next meeting of shareholders—*i.e.* whether the company had time to put the pill on ballot for shareholder ratification given the circumstances;
- The issuer’s rationale;
- The issuer’s governance structure and practices; and
- The issuer’s track record of accountability to shareholders.

**Problematic Audit-Related Practices**

Generally vote against or withhold from the members of the Audit Committee if:

1.7. The non-audit fees paid to the auditor are excessive (see discussion under “Auditor Ratification”);

1.8. The company receives an adverse opinion on the company’s financial statements from its auditor; or

1.9. There is persuasive evidence that the Audit Committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm.

Vote case-by-case on members of the Audit Committee, and potentially the full board, if:

1.10. Poor accounting practices are identified that rise to a level of serious concern, such as: fraud, misapplication of GAA; and material weaknesses identified in Section 404 disclosures. Examine the

severity, breadth, chronological sequence, and duration, as well as the company's efforts at remediation or corrective actions, in determining whether withhold/against votes are warranted.

### **Problematic Compensation Practices/Pay for Performance Misalignment**

In the absence of an Advisory Vote on Executive Compensation ballot item or in egregious situations, vote against or withhold from the members of the Compensation Committee, and potentially the full board, if:

- 1.11. There is a significant misalignment between CEO pay and company performance (pay for performance);
- 1.12. The company maintains significant problematic pay practices;
- 1.13. The board exhibits a significant level of poor communication and responsiveness to shareholders;
- 1.14. The company fails to submit one-time transfers of stock options to a shareholder vote; or
- 1.15. The company fails to fulfill the terms of a burn rate commitment made to shareholders.

Vote case-by-case on Compensation Committee members (or, in exceptional cases, the full board) and the Management Say-on-Pay proposal if:

- 1.16. The company's previous say-on-pay proposal received the support of less than 70 percent of votes cast, taking into account:
  - The company's response, including:
    - Disclosure of engagement efforts with major institutional investors regarding the issues that contributed to the low level of support;
    - Specific actions taken to address the issues that contributed to the low level of support;
    - Other recent compensation actions taken by the company;
  - Whether the issues raised are recurring or isolated;
  - The company's ownership structure; and
  - Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

### **Governance Failures**

Under extraordinary circumstances, vote against or withhold from directors individually, committee members, or the entire board, due to:

- 1.17. Material failures of governance, stewardship, risk oversight<sup>6</sup>, or fiduciary responsibilities at the company;
- 1.18. Failure to replace management as appropriate; or

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<sup>6</sup> Examples of failure of risk oversight include, but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; significant adverse legal judgments or settlements; hedging of company stock; or significant pledging of company stock.

1.19. Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

## **2. Responsiveness**

Vote case-by-case on individual directors, committee members, or the entire board of directors, as appropriate, if:

2.1. The board failed to act on a shareholder proposal that received the support of a majority of the shares cast in the previous year. Factors that will be considered are:

- Disclosed outreach efforts by the board to shareholders in the wake of the vote;
- Rationale provided in the proxy statement for the level of implementation;
- The subject matter of the proposal;
- The level of support for and opposition to the resolution in past meetings;
- Actions taken by the board in response to the majority vote and its engagement with shareholders;
- The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals); and
- Other factors as appropriate.

2.2. The board failed to act on takeover offers where the majority of shares are tendered;

2.3. At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote;

2.4. The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the majority of votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency; or

2.5. The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received a plurality, but not a majority, of the votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency, taking into account:

- The board's rationale for selecting a frequency that is different from the frequency that received a plurality;
- The company's ownership structure and vote results;
- ISS' analysis of whether there are compensation concerns or a history of problematic compensation practices; and
- The previous year's support level on the company's say-on-pay proposal.

## **3. Composition**

### **Attendance at Board and Committee Meetings:**

3.1. Generally vote against or withhold from directors (except new nominees, who should be considered case-by-case<sup>7</sup>) who attend less than 75 percent of the aggregate of their board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed in the proxy or another SEC filing. Acceptable reasons for director absences are generally limited to the following:

- Medical issues/illness;
- Family emergencies; and
- Missing only one meeting (when the total of all meetings is three or fewer).

3.2. If the proxy disclosure is unclear and insufficient to determine whether a director attended at least 75 percent of the aggregate of his/her board and committee meetings during his/her period of service, vote against or withhold from the director(s) in question.

### **Overboarded Directors:**

Vote against or withhold from individual directors who:

3.3. Sit on more than six public company boards; or

3.4. Are CEOs of public companies who sit on the boards of more than two public companies besides their own—withhold only at their outside boards<sup>8</sup>.

### **4. Independence**

Vote against or withhold from Inside Directors and Affiliated Outside Directors when:

4.1. The inside or affiliated outside director serves on any of the three key committees: audit, compensation, or nominating;

4.2. The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee;

4.3. The company lacks a formal nominating committee, even if the board attests that the independent directors fulfill the functions of such a committee; or

4.4. Independent directors make up less than a majority of the directors.

### **Proxy Access**

Ancora supports proxy access as an important shareholder right, one that is complementary to other best-practice corporate governance features. However, in the absence of a uniform standard, proposals to enact proxy access may vary widely; as such, Ancora is not setting forth specific parameters at this time and will take a case-by-case approach in evaluating these proposals.

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<sup>7</sup> For new nominees only, schedule conflicts due to commitments made prior to their appointment to the board are considered if disclosed in the proxy or another SEC filing.

<sup>8</sup> Although all of a CEO's subsidiary boards will be counted as separate boards, Ancora will not recommend a withhold vote from the CEO of a parent company board or any of the controlled (>50 percent ownership) subsidiaries of that parent, but will do so at subsidiaries that are less than 50 percent controlled and boards outside the parent/subsidiary relationships.

Vote case-by-case on proposals to enact proxy access, taking into account, among other factors:

- Company-specific factors; and
- Proposal-specific factors, including:
- The ownership thresholds proposed in the resolution (i.e., percentage and duration);
- The maximum proportion of directors that shareholders may nominate each year; and
- The method of determining which nominations should appear on the ballot if multiple shareholders submit nominations.

### **Proxy Contests—Voting for Director Nominees in Contested Elections**

Vote case-by-case on the election of directors in contested elections, considering the following factors:

- Long-term financial performance of the target company relative to its industry;
- Management’s track record;
- Background to the proxy contest;
- Nominee qualifications and any compensatory arrangements;
- Strategic plan of dissident slate and quality of critique against management;
- Likelihood that the proposed goals and objectives can be achieved (both slates); and
- Stock ownership positions.

When the addition of shareholder nominees to the management card (“proxy access nominees”) results in a number of nominees on the management card which exceeds the number of seats available for election, vote case-by-case considering the same factors listed above.

### **Shareholder Rights & Defenses**

#### **Poison Pills- Management Proposals to Ratify Poison Pill**

Vote case-by-case on management proposals on poison pill ratification, focusing on the features of the shareholder rights plan. Rights plans should contain the following attributes:

- No lower than a 20% trigger, flip-in or flip-over;
- A term of no more than three years;
- No dead-hand, slow-hand, no-hand or similar feature that limits the ability of a future board to redeem the pill;
- Shareholder redemption feature (qualifying offer clause); if the board refuses to redeem the pill 90 days after a qualifying offer is announced, 10 percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

In addition, the rationale for adopting the pill should be thoroughly explained by the company. In examining the request for the pill, take into consideration the company’s existing governance structure, including: board independence, existing takeover defenses, and any problematic governance concerns.

#### **Poison Pills- Management Proposals to Ratify a Pill to Preserve Net Operating Losses (NOLs)**

Vote against proposals to adopt a poison pill for the stated purpose of protecting a company's net operating losses (NOL) if the term of the pill would exceed the shorter of three years and the exhaustion of the NOL.

Vote case-by-case on management proposals for poison pill ratification, considering the following factors, if the term of the pill would be the shorter of three years (or less) and the exhaustion of the NOL:

- The ownership threshold to transfer (NOL pills generally have a trigger slightly below 5 percent);
- The value of the NOLs;
- Shareholder protection mechanisms (sunset provision, or commitment to cause expiration of the pill upon exhaustion or expiration of NOLs);
- The company's existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns; and
- Any other factors that may be applicable.

### **Shareholder Ability to Act by Written Consent**

Generally vote against management and shareholder proposals to restrict or prohibit shareholders' ability to act by written consent.

Generally vote for management and shareholder proposals that provide shareholders with the ability to act by written consent, taking into account the following factors:

- Shareholders' current right to act by written consent;
- The consent threshold;
- The inclusion of exclusionary or prohibitive language;
- Investor ownership structure; and
- Shareholder support of, and management's response to, previous shareholder proposals.

Vote case-by-case on shareholder proposals if, in addition to the considerations above, the company has the following governance and antitakeover provisions:

- An unfettered<sup>9</sup> right for shareholders to call special meetings at a 10 percent threshold;
- A majority vote standard in uncontested director elections;
- No non-shareholder-approved pill; and
- An annually elected board.

## **CAPITAL/RESTRUCTURING**

### **Common Stock Authorization**

Vote for proposals to increase the number of authorized common shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

Vote against proposals at companies with more than one class of common stock to increase the number of authorized shares of the class of common stock that has superior voting rights.

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<sup>9</sup> "Unfettered" means no restrictions on agenda items, no restrictions on the number of shareholders who can group together to reach the 10 percent threshold, and only reasonable limits on when a meeting can be called: no greater than 30 days after the last annual meeting and no greater than 90 prior to the next annual meeting.

Vote against proposals to increase the number of authorized common shares if a vote for a reverse stock split on the same ballot is warranted despite the fact that the authorized shares would not be reduced proportionally.

Vote case-by-case on all other proposals to increase the number of shares of common stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:

- Past Board Performance:
  - The company's use of authorized shares during the last three years
- The Current Request:
  - Disclosure in the proxy statement of the specific purposes of the proposed increase;
  - Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request;
  - The dilutive impact of the request as determined by an allowable increase (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns.

### **Dual Class Structure**

Generally vote against proposals to create a new class of common stock, unless:

- The company discloses a compelling rationale for the dual-class capital structure, such as:
- The company's auditor has concluded that there is substantial doubt about the company's ability to continue as a going concern; or
- The new class of shares will be transitory;
- The new class is intended for financing purposes with minimal or no dilution to current shareholders in both the short term and long term; and
- The new class is not designed to preserve or increase the voting power of an insider or significant shareholder.

### **Preferred Stock Authorization**

Vote for proposals to increase the number of authorized preferred shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

Vote against proposals at companies with more than one class or series of preferred stock to increase the number of authorized shares of the class or series of preferred stock that has superior voting rights.

Vote case-by-case on all other proposals to increase the number of shares of preferred stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:

- Past Board Performance:
  - The company's use of authorized preferred shares during the last three years
- The Current Request:
  - Disclosure in the proxy statement of the specific purposes for the proposed increase;
  - Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request;
  - In cases where the company has existing authorized preferred stock, the dilutive impact of the request as determined by an allowable increase calculated by Ancora's proxy

- vendor, (typically 100 percent of existing authorized shares), that reflects the company's need for shares and total shareholder returns; and
- Whether the shares requested are blank check preferred shares that can be used for antitakeover purposes.

### **Mergers and Acquisitions**

Vote case-by-case on mergers and acquisitions. Review and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

- *Valuation* - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, emphasis is placed on the offer premium, market reaction and strategic rationale.
- *Market reaction* - How has the market responded to the proposed deal? A negative market reaction should cause closer scrutiny of a deal.
- *Strategic rationale* - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.
- *Negotiations and process* - Were the terms of the transaction negotiated at arm's-length? Was the process fair and equitable? A fair process helps to ensure the best price for shareholders. Significant negotiation "wins" can also signify the deal makers' competency. The comprehensiveness of the sales process (*e.g.*, full auction, partial auction, no auction) can also affect shareholder value.
- *Conflicts of interest* - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? As the result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests. Consider whether these interests may have influenced these directors and officers to support or recommend the merger. The CIC figure presented in the "Transaction Summary" section of an ISS report is an aggregate figure that can in certain cases be a misleading indicator of the true value transfer from shareholders to insiders. Where such figure appears to be excessive, analyze the underlying assumptions to determine whether a potential conflict exists.
- *Governance* - Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.

## **COMPENSATION**

### **Executive Pay Evaluation**

Underlying all evaluations are five global principles that most investors expect corporations to adhere to in designing and administering executive and director compensation programs:

1. Maintain appropriate pay-for-performance alignment, with emphasis on long-term shareholder value: This principle encompasses overall executive pay practices, which must be designed to attract, retain, and appropriately motivate the key employees who drive shareholder value creation over the long term. It will take into consideration, among other factors, the link between pay and performance; the mix between fixed and variable pay; performance goals; and equity-based plan costs;

2. Avoid arrangements that risk “pay for failure”: This principle addresses the appropriateness of long or indefinite contracts, excessive severance packages, and guaranteed compensation;

3. Maintain an independent and effective compensation committee: This principle promotes oversight of executive pay programs by directors with appropriate skills, knowledge, experience, and a sound process for compensation decision-making (*e.g.*, including access to independent expertise and advice when needed);

4. Provide shareholders with clear, comprehensive compensation disclosures: This principle underscores the importance of informative and timely disclosures that enable shareholders to evaluate executive pay practices fully and fairly;

5. Avoid inappropriate pay to non-executive directors: This principle recognizes the interests of shareholders in ensuring that compensation to outside directors does not compromise their independence and ability to make appropriate judgments in overseeing managers’ pay and performance. At the market level, it may incorporate a variety of generally accepted best practices.

#### **Advisory Votes on Executive Compensation—Management Proposals (Management Say-on-Pay)**

Vote case-by-case on ballot items related to executive pay and practices, as well as certain aspects of outside director compensation.

Vote against Advisory Votes on Executive Compensation (Management Say-on-Pay—MSOP) if:

- There is a significant misalignment between CEO pay and company performance (pay for performance);
- The company maintains significant problematic pay practices;
- The board exhibits a significant level of poor communication and responsiveness to shareholders.

Vote against or withhold from the members of the Compensation Committee and potentially the full board if:

- There is no MSOP on the ballot, and an against vote on an MSOP is warranted due to a pay for performance misalignment, problematic pay practices, or the lack of adequate responsiveness on compensation issues raised previously, or a combination thereof;
- The board fails to respond adequately to a previous MSOP proposal that received less than 70 percent support of votes cast;
- The company has recently practiced or approved problematic pay practices, including option repricing or option backdating; or
- The situation is egregious.

Vote against an equity plan on the ballot if:

- A pay for performance misalignment is found, and a significant portion of the CEO’s misaligned pay is attributed to non-performance-based equity awards, taking into consideration:
  - Magnitude of pay misalignment;
  - Contribution of non-performance-based equity grants to overall pay; and
  - The proportion of equity awards granted in the last three fiscal years concentrated at the named executive officer (NEO) level.

#### **Primary Evaluation Factors for Executive Pay**

## **Pay-for-Performance Evaluation**

Ancora's proxy vendor annually conducts a pay-for-performance analysis to identify strong or satisfactory alignment between pay and performance over a sustained period. With respect to companies in the Russell 3000 index, this analysis considers the following:

### **1. Peer Group<sup>10</sup> Alignment:**

- The degree of alignment between the company's annualized TSR rank and the CEO's annualized total pay rank within a peer group, each measured over a three-year period.
- The multiple of the CEO's total pay relative to the peer group median.

2. Absolute Alignment – the absolute alignment between the trend in CEO pay and company TSR over the prior five fiscal years – i.e., the difference between the trend in annual pay changes and the trend in annualized TSR during the period.

If the above analysis demonstrates significant unsatisfactory long-term pay-for-performance alignment or, in the case of non-Russell 3000 index companies, misaligned pay and performance are otherwise suggested, our analysis may include any of the following qualitative factors, if they are relevant to the analysis to determine how various pay elements may work to encourage or to undermine long-term value creation and alignment with shareholder interests:

- The ratio of performance- to time-based equity awards;
- The overall ratio of performance-based compensation;
- The completeness of disclosure and rigor of performance goals;
- The company's peer group benchmarking practices;
- Actual results of financial/operational metrics, such as growth in revenue, profit, cash flow, etc., both absolute and relative to peers;
- Special circumstances related to, for example, a new CEO in the prior FY or anomalous equity grant practices (e.g., bi-annual awards);
- Realizable pay<sup>11</sup> compared to grant pay; and
- Any other factors deemed relevant.

## **Problematic Pay Practices**

The focus is on executive compensation practices that contravene the global pay principles, including:

- Problematic practices related to non-performance-based compensation elements;
- Incentives that may motivate excessive risk-taking; and
- Options Backdating.

## **Problematic Pay Practices related to Non-Performance-Based Compensation Elements**

Pay elements that are not directly based on performance are generally evaluated case-by-case considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy.

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<sup>10</sup> The revised peer group is generally comprised of 14-24 companies that are selected using market cap, revenue (or assets for certain financial firms), GICS industry group and company's selected peers' GICS industry group with size constraints, via a process designed to select peers that are closest to the subject company in terms of revenue/assets and industry and also within a market cap bucket that is reflective of the company's.

<sup>11</sup> Ancora's proxy vendor's research reports will include realizable pay for S&P1500 companies.

Ancora's proxy vendor will attempt to identify specific pay practices that have been identified as potentially problematic and may lead to negative recommendations if they are deemed to be inappropriate or unjustified relative to executive pay best practices. The list below highlights the problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:

- Repricing or replacing of underwater stock options/SARS without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
- Excessive perquisites or tax gross-ups, including any gross-up related to a secular trust or restricted stock vesting;
- New or extended agreements that provide for:
  - CIC payments exceeding 3 times base salary and average/target/most recent bonus;
  - CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers);
  - CIC payments with excise tax gross-ups (including "modified" gross-ups).

### **Incentives that may Motivate Excessive Risk-Taking**

- Multi-year guaranteed bonuses;
- A single or common performance metric used for short- and long-term plans;
- Lucrative severance packages;
- High pay opportunities relative to industry peers;
- Disproportionate supplemental pensions; or
- Mega annual equity grants that provide unlimited upside with no downside risk.
- Factors that potentially mitigate the impact of risky incentives include rigorous claw-back provisions and robust stock ownership/holding guidelines.

### **Options Backdating**

The following factors should be examined case-by-case to allow for distinctions to be made between “sloppy” plan administration versus deliberate action or fraud:

- Reason and motive for the options backdating issue, such as inadvertent vs. deliberate grant date changes;
- Duration of options backdating;
- Size of restatement due to options backdating;
- Corrective actions taken by the board or compensation committee, such as canceling or re-pricing backdated options, the recouping of option gains on backdated grants; and
- Adoption of a grant policy that prohibits backdating, and creates a fixed grant schedule or window period for equity grants in the future.

### **Board Communications and Responsiveness**

Consider the following factors case-by-case when evaluating ballot items related to executive pay on the board's responsiveness to investor input and engagement on compensation issues:

- Failure to respond to majority-supported shareholder proposals on executive pay topics; or
- Failure to adequately respond to the company's previous say-on-pay proposal that received the support of less than 70 percent of votes cast, taking into account:
  - The company's response, including:

- Disclosure of engagement efforts with major institutional investors regarding the issues that contributed to the low level of support;
- Specific actions taken to address the issues that contributed to the low level of support;
- Other recent compensation actions taken by the company;
- Whether the issues raised are recurring or isolated;
- The company's ownership structure; and
- Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

### **Frequency of Advisory Vote on Executive Compensation ("Say When on Pay")**

Vote for annual advisory votes on compensation, which provide the most consistent and clear communication channel for shareholder concerns about companies' executive pay programs.

### **Voting on Golden Parachutes in an Acquisition, Merger, Consolidation, or Proposed Sale**

Vote case-by-case on say on Golden Parachute proposals, including consideration of existing change-in-control arrangements maintained with named executive officers rather than focusing primarily on new or extended arrangements.

Features that may result in an against recommendation include one or more of the following, depending on the number, magnitude, and/or timing of issue(s):

- Single- or modified-single-trigger cash severance;
- Single-trigger acceleration of unvested equity awards;
- Excessive cash severance (>3x base salary and bonus);
- Excise tax gross-ups triggered and payable (as opposed to a provision to provide excise tax gross-ups);
- Excessive golden parachute payments (on an absolute basis or as a percentage of transaction equity value); or
- Recent amendments that incorporate any problematic features (such as those above) or recent actions (such as extraordinary equity grants) that may make packages so attractive as to influence merger agreements that may not be in the best interests of shareholders; or
- The company's assertion that a proposed transaction is conditioned on shareholder approval of the golden parachute advisory vote.

Recent amendment(s) that incorporate problematic features will tend to carry more weight on the overall analysis. However, the presence of multiple legacy problematic features will also be closely scrutinized.

In cases where the golden parachute vote is incorporated into a company's advisory vote on compensation (management say-on-pay), Ancora's proxy vendor will evaluate the say-on-pay proposal in accordance with these guidelines, which may give higher weight to that component of the overall evaluation.

### **Equity-Based and Other Incentive Plans**

Vote case-by-case on equity-based compensation plans. Vote against the equity plan if any of the following factors apply:

- The total cost of the company's equity plans is unreasonable;
- The plan expressly permits repricing;
- A pay-for-performance misalignment is found;

- The company's three year burn rate exceeds the burn rate cap of its industry group;
- The plan has a liberal change-of-control definition; or
- The plan is a vehicle for problematic pay practices.

## **Social/Environmental Issues**

### **Global Approach**

Issues covered under the policy include a wide range of topics, including consumer and product safety, environment and energy, labor standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all vote recommendations focuses on how the proposal may enhance or protect shareholder value in either the short or long term.

Generally vote case-by-case, taking into consideration whether implementation of the proposal is likely to enhance or protect shareholder value, and, in addition, the following will also be considered:

- If the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
- If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;
- Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive;
- The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;
- If the proposal requests increased disclosure or greater transparency, whether or not reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and
- If the proposal requests increased disclosure or greater transparency, whether or not implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.

## **Political Activities**

### **Lobbying**

Vote case-by-case on proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures, considering:

- The company's current disclosure of relevant lobbying policies, and management and board oversight;
- The company's disclosure regarding trade associations or other groups that it supports, or is a member of, that engage in lobbying activities; and
- Recent significant controversies, fines, or litigation regarding the company's lobbying-related activities.

### **Political Contributions**

Generally vote for proposals requesting greater disclosure of a company's political contributions and trade association spending policies and activities, considering:

- The company's current disclosure of policies and oversight mechanisms related to its direct political contributions and payments to trade associations or other groups that may be used for

political purposes, including information on the types of organizations supported and the business rationale for supporting these organizations; and

- Recent significant controversies, fines, or litigation related to the company's political contributions or political activities.

Vote against proposals barring a company from making political contributions. Businesses are affected by legislation at the federal, state, and local level; barring political contributions can put the company at a competitive disadvantage.

Vote against proposals to publish in newspapers and other media a company's political contributions. Such publications could present significant cost to the company without providing commensurate value to shareholders.

### **Political Ties**

Generally vote against proposals asking a company to affirm political nonpartisanship in the workplace, so long as:

- There are no recent, significant controversies, fines, or litigation regarding the company's political contributions or trade association spending; and
- The company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and prohibit coercion.

Vote against proposals asking for a list of company executives, directors, consultants, legal counsels, lobbyists, or investment bankers that have prior government service and whether such service had a bearing on the business of the company. Such a list would be burdensome to prepare without providing any meaningful information to shareholders.

### **8. Foreign Private Issuers Listed on U.S. Exchanges**

Vote against (or withhold from) non-independent director nominees at companies which fail to meet the following criteria: a majority-independent board, and the presence of an audit, a compensation, and a nomination committee, each of which is entirely composed of independent directors.

Where the design and disclosure levels of equity compensation plans are comparable to those seen at U.S. companies, U.S. compensation policy will be used to evaluate the compensation plan proposals. Otherwise, they, and all other voting items, will be evaluated using the relevant regional or market proxy voting guidelines.

### **Class Actions**

As a fiduciary, Ancora seeks to act in Clients' best interests with good faith, loyalty, and due care. Portfolio Managers will determine whether Clients will (a) participate in a recovery achieved through a class action, or (b) opt out of the class action and separately pursue their own remedy. Operations oversees the completion of Proof of Claim forms and any associated documentation, the submission of such documents to the claim administrator, and the receipt of any recovered monies. Operations will maintain documentation associated with Clients' participation in class actions.

Employees must notify the CCO if they are aware of any material conflict of interest associated with Clients' participation in class actions. The CIO and CCO will evaluate any such conflicts and determine an appropriate course of action for Ancora.

Ancora generally does not serve as the lead plaintiff in class actions because the costs of such participation typically exceed any extra benefits that accrue to lead plaintiffs.

### **Disclosures to Clients and Investors**

Ancora includes a description of its policies and procedures regarding proxy voting and class actions in Part 2 of Form ADV, along with a statement that Clients and Investors can contact the CCO to obtain a copy of these policies and procedures and information about how Ancora voted with respect to the Client's securities.

Any request for information about proxy voting or class actions should be promptly forwarded to the CCO, who will respond to any such requests.

As a matter of policy, Ancora does not disclose how it expects to vote on upcoming proxies. Additionally, Ancora does not disclose the way it voted proxies to unaffiliated third parties without a legitimate need to know such information.

### **Mutual Fund Reporting**

Please refer to the MF Manual for information concerning Mutual Fund proxy voting reporting requirements.