

TRADING

Dated: October 27, 2014

Background

As part of Sarofim's fiduciary duty to its Clients, Sarofim has an obligation to seek the 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 process¹.

Risks

In developing trading policies and procedures, Sarofim considered the material risks associated with its trading processes. This analysis includes risks such as:

- Sarofim does not seek best execution for all transactions;
- Sarofim does not periodically and systematically evaluate the quality and cost of services provided by broker-dealers;
- Sarofim does not seek to negotiate favorable trading arrangements;
- The allocation of trades to broker-dealers is not subject to sufficient oversight;
- Trades are allocated in a manner that is unfair to certain Clients;
- Sarofim favors proprietary accounts or affiliated Clients;
- Trades are improperly allocated after execution;
- Clients participating in block trades do not receive the average price or bear their proportional share of the transaction costs;
- Sarofim's trading violates Client-imposed restrictions;
- Sarofim's trading violates the Federal Securities Laws;
- Trade tickets lack required information;
- Trade errors and trade breaks are not identified and corrected in a timely manner;
- Clients bear the cost of trade errors;

¹ See In the Matter of Kidder Peabody & Co., Investment Advisers Act Release No. 232 (October 16, 1968), and In the Matter of Delaware Management Company, Inc., Exchange Act Release No. 8128 (July 19, 1967). Additionally, Sarofim uses soft dollars and has entered into certain client commission arrangements that are discussed in Sarofim's Soft Dollar Policy and are designed to comply with the safe harbor contained in Section 28(e) of the Exchange Act.

- Clients who direct brokerage are not informed that such direction may result in higher commissions and spreads, less favorable prices, and exclusion from block trades;
- Sarofim pays inflated commissions to broker-dealers that refer Clients;
- Sarofim does not fully disclose all conflicts of interest that stem from its trading activities, including arrangements or affiliations with a broker-dealer or securities lending agent.

Sarofim has established the following guidelines to mitigate these risks.

Policies and Procedures

Sarofim has instituted policies and procedures to ensure that it will place Client transactions with appropriate care and diligence, seek best execution, treat all Clients fairly, and disclose all material conflicts of interest.

Only Traders are authorized to trade on behalf of Clients. Any deviations from Sarofim’s *Trading* policies and procedures must be approved in advance by the CCO.

Trading Procedures – Equity

1. Trading orders are typically given by a Portfolio Manager to the CCO/Executive Vice President, either in writing or electronically via Moxy, and are approved by the CCO/Executive Vice President or her designee. In the event that the trade order is a “paper order”. The order will be input into Moxy and the order will be scanned and retained both electronically and physically.
2. The Equity Trading Group maintains a list of approved broker-dealers that may be used for trading in discretionary and non-discretionary client accounts that do not direct their brokerage to a specific broker-dealer (i.e. directed brokerage arrangements, Wrap Accounts and UMAs). For more details regarding the list of approved-dealers see *Initial and Periodic Review of Broker-Dealers* section below.
3. The Trader decides upon the appropriate means of executing the trade. The Trader may consider, among other things:
 - Listed bids and asks;
 - The opportunity for price improvement;
 - Transaction costs;
 - Anonymity;
 - Liquidity;
 - Speed of execution;
 - Expertise with difficult securities;
 - Trading style and strategy;
 - Geographic location;
 - Client directions;
 - Frequency of errors; and
 - Market volatility.

4. The Trader must ensure that Sarofim 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 Sarofim who recommended the trade;
 - The person at Sarofim who approved the trade;
 - The person at Sarofim 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; and
 - The broker-dealer or bank with which the trade was placed.
5. Trades are typically communicated to broker-dealers electronically; however, trades in accounts subject to directed brokerage with no Sarofim connectivity are manually placed via telephone or email and execution details are received via telephone, facsimile, or e-mail.
6. SEI ensures that each trade is confirmed by the executing broker-dealer upon completion of the trade (Note that this Paragraph 6 does not apply to trades in Wrap accounts or in accounts with directed brokerage where assets are custodied with the broker). Confirmations are delivered or made available to Sarofim electronically. 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.
7. SEI will reconcile all trade tickets against broker-dealer confirmations to detect trade breaks, improper allocations, or other potential trade errors. Any such breaks or errors must be corrected as soon as practicable. Sarofim's policies and procedures regarding trade errors are described in the *Investing/Trading Errors* section of this Manual.
8. Middle Office reviews SEI reconciliation summary reports daily to identify trade breaks. Middle Office also reviews quarterly client reports for accuracy. The CCO must be informed promptly of any exceptions detected during the reconciliation or review process.
9. Tender notices and corporate actions are generally received from the custodian. The tender prices are compared to both the current and anticipated market value and include accrued interest to determine the value of such tender prices. This analysis is given to the appropriate Portfolio Manager for final determination of acceptance or rejection. When notice to the custodian is required, the CCO or her designee will execute the response form which is then delivered to the Custodian, with a copy placed in the client file.

Trading Procedures – Fixed Income

1. Each transaction is originated by the delivery of a trade order from a Portfolio Manager. From time to time, the client may direct the purchase or sale of a specific security, but as a general matter, the Portfolio Manager selects the security.
2. Authorized Traders begin by reviewing relevant account guidelines, restrictions, and brokerage directions.
3. If the transactions are sales, positions and cash balances are verified with either the bank, the broker custodian, or the client. Positions are reviewed to verify that the security is not pledged as collateral. If a security is pledged, arrangements are made with the custodian for substitute collateral.
4. If the transactions are purchases, any client guidelines are verified to ensure that the trade order is compliant with account parameters.
5. Transactions are executed with prices confirmed between the Trader and the broker and are verified in the confirm-matching process.
6. The trade is placed either with the directed broker as instructed by the client or, in the case of “free” brokerage, executed competitively through institutional brokers selected by the Trader. When possible, trades are blocked to ensure best execution.
7. The trade ticket is written to include the account name, number, trade date, settlement date, par value, security description, CUSIP number, broker code, principal and accrued interest. All trades must be reported to the Equity Trading Department by the end of each day.
8. All securities are purchased and sold through an approved broker or client designated broker. No cross transactions may be intentionally executed between clients or between clients and Sarofim or its investment adviser affiliates.
9. If the account is flagged “advisory”, appropriate phone calls or other correspondence regarding possible recommendations takes place in accordance with client instructions, trade tickets are written and handed to the Fixed Income Department for processing when notice of execution is received from the client. When execution is received back from broker or client, it is noted on a trade ticket. Sarofim’s account number is given as well as the individual broker’s account number, if available. The net execution price is also verified.
10. When the Fixed Income Department receives either internal or external notice of called, maturing or pre-refunded bonds, the portfolios of the affected clients are printed and delivered to the CCO, with the notation “Proceeds from Called or Maturing Bonds have not been re-invested”. After review, the CCO distributes the portfolio printouts to the appropriate portfolio managers to determine what action, if any, should be taken.

Trade Aggregation Procedures

As disclosed in Part 2 of Sarofim’s Form ADV filing, Sarofim may aggregate Client trades when such aggregation is expected to be in the best interest of all participating Clients. Sarofim’s portfolio managers and Traders will abide by the following procedures when aggregating trades.

1. Typically, a Portfolio Manager prepares a trade order for one or more accounts and delivers the order to the CCO as set forth above. In the event that multiple accounts are participating in the order, the Portfolio Manager may also deliver an electronic preallocation order containing multiple accounts' expected participation, measured in shares, principal value, or as a percentage of the account's value. When determining preallocation, the Portfolio Manager will consider each participating account's size, diversification, cash availability, investment objectives, and any other relevant factors. Additionally, the Trader may block or aggregate trades as appropriate and in his discretion. For example if multiple portfolio managers are placing the same security in separately managed accounts, the Trader may aggregate the orders as appropriate, including adding new trade orders to existing blocks.
2. If the trade is fully filled by the end of the day, the Trader will provide, either manually or electronically, 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 generally allocate the trade on a pro-rata basis. De minimis deviations from the preallocation are permitted in the interest of placing round lots in Client accounts.
3. If a Trader receives a new trade order for an investment where a block trade is already pending, the Trader may, in his discretion, instruct the broker-dealer to allocate all interests already traded to the original block's participants on a pro-rata basis, and will then form a new block that includes the new participants' order, as well as the unfilled portion of the original participants' order. This determination depends on multiple factors including volume, percentage of the block completed, and the impact such an action would have on the pending block trade.
4. Investment opportunities that may only be available for limited time may be presented to Sarofim (e.g., brokers may contact Sarofim's trading department to offer a significant number of shares, secondary offerings, etc.). The Investment Committee or a member thereof may decide, on a case by case basis, to take advantage of these opportunities on behalf of Clients. After receiving approval from the CCO, instructions are given to the Trading Department to execute orders based on estimated Client participation. Client participation may be determined by a number of factors, such as investment discretion, tax status, current sector or security exposure. The Trading Department will execute the order based on the estimated participation communicated by the portfolio manager(s). Allocations will be determined by the portfolio manager(s) and provided to the Trading Department before the end of the day.
5. When placing Client transactions through multiple broker-dealers, the Traders will use a rotation schedule designed to be fair to all Clients over time. Specifically, discretionary and non-discretionary accounts that do not direct their brokerage will trade ahead of the accounts that direct their brokerage. With respect to Wrap and UMA, the Equity Trading Desk will typically trade these two types of accounts together at specific times as determined by a randomly generated number run each day. However, if there is a change to the model intraday, the Equity Trading Desk will rerun the random number generator before trading for these accounts. Finally, the Equity Trading Desk will execute trades with respect to a specific security for affiliated accounts after all other client accounts or at a time when affiliated accounts will not be in the market with client accounts.
6. The Trade Desk is responsible for developing and maintaining a record of the rotation schedule with respect to Wrap accounts.
7. 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.

8. All accounts participating in a block trade generally receive the average price and pay a proportional share of any commission, subject to minimum ticket charges.
9. Sarofim will seek to allocate trades in a manner that is fair to all Clients, and will never allocate trades based on an account's performance or fee structure.

Client-Directed Brokerage Arrangements

A Client may direct Sarofim to use a specific broker dealer for executing transactions either as a result of instructions from the Client or as a result of arrangements entered into by the Client such as a wrap fee program agreement. Under such a directed brokerage arrangement, the Client is responsible for negotiating terms for their account directly with the broker-dealer. Sarofim will only direct brokerage pursuant to specific written instructions that have been signed and dated by the Client.

For accounts subject to directed brokerage arrangements, Sarofim will not aggregate trades or seek better execution services or prices from other broker-dealers. As disclosed in Part 2 of Form ADV, Sarofim will place trades on behalf of accounts subject to directed brokerage arrangements after trading on behalf of other accounts. Consequently, Sarofim may not obtain best execution on behalf of Clients that direct brokerage; such Clients may pay materially disparate commissions, greater spreads, or other transaction costs, or receive less favorable net prices on transactions than would otherwise be the case.

Similarly, wrap arrangements generally require or encourage trading through the sponsoring broker-dealer.

In order to meet directed brokerage mandates and trade in an efficient manner, Sarofim may ask Clients and/or wrap sponsors that direct brokerage to permit the use of "step-out" trades. Traders will document any step-out trades on the relevant trade ticket and in Moxy

Client Referrals

Sarofim does not consider Client referrals from broker-dealers when making brokerage allocation decisions.

Cross Trades

A cross trade is a pre-arranged transaction between two or more different funds or accounts, each of which is managed by the same advisor.

Sarofim does not engage in cross trades.

Principal Trades

Section 206(3) of the Advisers Act prohibits Sarofim and any Employee or other affiliate from trading with any Client on a principal basis, or from recommending an agency cross trade to both participants, unless Sarofim discloses the capacity in which it is acting to each participating Client in writing before completion of the transaction, and obtains each participating Client's consent to the transaction.

Sarofim does not engage in principal trades.

Trading in Foreign Issuers and Markets

Sarofim may trade in foreign issuers as part of its investment strategy. Sarofim may invest in American Depository Receipts or similar types of securities traded in U.S. markets, or directly in foreign securities through foreign markets. When Sarofim trades in foreign companies, it considers the following:

- Portfolio managers and Traders will review Clients' investment restrictions to determine eligibility to invest in foreign issuers;
- Traders will work with back-office personnel and Client custodians to evaluate any settlement issues associated with trading in foreign markets;
- Traders determine the most appropriate broker-dealer and/or venue through which to place transactions in foreign securities on a security-by-security basis; and
- Traders and back-office personnel monitor the settlement of trades placed in foreign markets.

Other Trade Restrictions

Sarofim is aware that certain federal and state laws may limit its ability to acquire controlling interests in companies in highly regulated industries. Generally speaking, Sarofim may be prohibited from investing in more than 5% of the following issuers' outstanding voting securities:

- Public utility companies or public utility holding companies;
- Bank holding companies;
- Owners of broadcast licenses, airlines, railroads, water carriers and trucking concerns;
- Casinos and gaming businesses; and
- Insurance companies.

Further, the Hart-Scott-Rodino Act (the "HSR Act") could require reporting to the Federal Trade Commission and a 30-day waiting period for acquisitions of more than 10% of an issuer's voting securities. Sarofim's portfolio managers must be cognizant of the aforementioned limitations and inform the CCO if they intend on approaching 10% ownership of an issuer.

Manipulative Trading Practices

Section 9(a)(2) of the Exchange Act and Rule 10b-5 under the Exchange Act make it unlawful for any person, acting alone or with others, to trade any security in order to create actual or apparent active trading in such security, or raise or depress the price of the security.

No Employee may engage in actual or apparent trading in any asset for the purpose of: (a) inducing the purchase or sale of such asset by others; or (b) causing the price of an investment to move up or down. Price changes resulting from supply and demand are not prohibited. Therefore, buy or sell programs may cause asset prices to rise or fall without violating securities laws. Section 9(a)(2) and Rule 10b-5 prohibit activities that have the purpose of affecting the price of a security artificially; they do not prohibit otherwise lawful activity that has the incidental result of changing the supply or demand or the intrinsic value of a security.

The CCO will monitor Client trading for any suspected breaches of Section 9(a)(2) or Rule 10b-5.

Best Execution

As part of its fiduciary duty to Clients, Sarofim has an obligation to seek the best price and execution of Client transactions when Sarofim 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. Sarofim 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. Sarofim 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 Sarofim’s Traders; and
- Semiannual meetings of the Best Execution Committee;

Initial and Periodic Reviews of Individual Broker-Dealers

Prior to trading with a broker-dealer that is not on the approved list, a Research Analyst or Portfolio Manager, together with a Trader, must first review the new broker-dealer proposed to identify any legal, regulatory and/or financial concerns as well as potential conflicts of interest. Any new broker-dealer proposed for use, and all documentation supporting the initial review, should then be submitted to the CCO for approval. On an annual basis, Sarofim will review all broker-dealers on the approved broker-dealer lists for any legal, regulatory, or financial concerns, as well as conflicts of interest. Any issues identified via the periodic review or by investment personnel through their day-to-day dealings with the broker-dealers should be promptly communicated to the CCO. The Best Execution Committee will review any new and terminated broker-dealers, as well as the results from any broker-dealer reviews at the semi-annual meeting.

The Traders will use the attached *Broker-Dealer Review Form* to conduct the initial and periodic reviews.

Contemporaneous Reviews

As part of their normal functions, Traders will consider the execution quality of each trade. Any unexpected deviations in price, commission rate, market impact, execution speed, or other aspects of execution quality will be promptly reported to the Best Execution Committee.

Semiannual Best Execution Committee Meetings

Sarofim’s Best Execution Committee will meet semiannually to consider the items included in the agenda presented in the attached *Best Execution Committee Agenda*.

Attachment – Broker-Dealer Review Form

Covered Persons should use good business judgment when conducting reviews, and may deviate from the activities described on this form when appropriate. Depending on the relevant facts and circumstances Covered Persons may decide that certain lines of inquiry described below are inapplicable or need not be pursued.

Broker-Dealer's name:	
To be Completed by Manager of Trading:	
Order Execution Capabilities:	Y/ N/ n/a
1. Receive Electronic Orders/Allocations	_____
2. Assigned Sales Trader _____	_____
3. Electronic Trading/Algorithms/Direct Access	_____
4. Domestic Equities:	_____
a. Listed	_____
b. OTC	_____
c. BB	_____
5. ADRs	_____
6. Foreign Ordinary Shares	_____
7. Foreign Exchange	_____
Commission charges reasonable?	_____
*Commission sharing agreement to be used?	_____
Approved by:	Date:
To be Completed by Research Analyst:	
Research, if any, is provided primarily by W-2 employees of the broker/dealer.	_____
Received financial statements. Review indicates broker/dealer is financially viable.	_____
Adequate Capital Ratios?	_____
Adequate Liquidity?	_____
Pass Federal Stress Test?	_____
Received financial statements of clearing broker (_____).	_____
Review indicates clearing broker is financially viable.	_____
The broker has liability insurance coverage.	_____
Approved by:	Date:
To be Completed by Chief Compliance Officer:	
The broker is clear of any significant regulatory sanctions.	_____
Compliance has completed summary review of internal financial analysis.	_____
Approved for trading	_____
*Approved for commission sharing agreement	_____
Approved by:	Date:

Attachment – Best Execution Committee Agenda

The Best Execution Committee periodically reviews the execution quality obtained on behalf of Clients. All materials used to form the basis of the committee's conclusions are maintained and participants in each meeting are to be documented on each dated agenda. The committee will consider the following areas, as applicable:

- Any new relationships with broker-dealers;
- Any reviews of individual broker-dealers conducted since the last Best Execution Committee meeting;
- Any new soft dollar arrangements;
- Soft dollar credit and debit balances;
- Soft dollar expenditures;
- The reasonableness of the amount of soft dollar expenditures, relative to the benefits associated with the products and services obtained;
- Any mixed-use allocations for soft dollar payments, including the allocation of costs between hard and soft dollars;
- Any new commission sharing arrangements;
- Commission sharing arrangement credit and debit balances;
- Commission sharing arrangement expenditures;
- The reasonableness of the amount of commission sharing arrangement expenditures, relative to the benefits associated with the products and services obtained;
- Any standing instructions relating to foreign currency transactions, as well as the pricing and costs associated with such transactions.
- Any trading errors by broker-dealers;
- Any conflicts of interest (referrals, soft dollars, affiliations, etc.) that influence, or may appear to influence, Sarofim's direction of brokerage;
- Whether Sarofim places trades with registered representatives who are related to Sarofim Employees and/or are Clients of Sarofim, as well as associated conflicts of interest;
- Any gifts or entertainment received from broker-dealers and any influence such gifts and entertainment may have had on Sarofim's direction of brokerage;
- The fairness of the order in which broker-dealers are contacted and/or Client trades are executed;

- The fairness of Sarofim's process for allocating bunched trades;
- The benefits and costs associated with any step-out trades;
- Compliance with ERISA mandates;
- Any trades executed by Sarofim's affiliates;
- Commission rates paid by Clients, including any rates that are materially above or below the norm;
and
- Whether commission targets are appropriate for any of Sarofim's trading counterparties.

Research Analysts will also complete a broker vote which will be considered by the Best Execution Committee.