



Epoch Investment Partners, Inc.

## Part 2A of Form ADV Firm Brochure

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August 15, 2011

This brochure provides information about the qualifications and business practices of Epoch Investment Partners, Inc. (“Epoch” or the “Firm”). If you have any questions about the contents of this brochure, please contact David A. Barnett, Managing Attorney & Chief Compliance Officer at 640 Fifth Avenue, New York, NY 10019 or call (212) 303-7200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. In addition, registration with the SEC as an investment adviser does not imply a certain level of skill or training.

Additional information about Epoch is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2: Material Changes**

Epoch's most recent update to Part II of Form ADV was made in February 2011. Epoch's business activities have not changed materially since the time of that update. However, in 2010 the SEC adopted significant changes to the content and format of Part 2 (f/k/a Part II) of Form ADV. This brochure, which reflects those changes, is materially different in format, but not in content, from brochures used by the Firm in prior years.

**Item 3: Table of Contents**

Item 1: Cover Page  
Item 2: Material Changes .....2  
Item 3: Table of Contents .....3  
Item 4: Advisory Business .....4  
Item 5: Fees and Compensation .....5  
Item 6: Performance Based Fees and Side-by-Side Management .....8  
Item 7: Types of Clients .....8  
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....8  
Item 9: Disciplinary Information .....12  
Item 10: Other Financial Industry Activities and Affiliations .....13  
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..13  
Item 12: Brokerage Practices .....13  
Item 13: Review of Accounts .....17  
Item 14: Client Referrals and Other Compensation .....18  
Item 15: Custody .....18  
Item 16: Investment Discretion .....18  
Item 17: Voting Client Securities .....19  
Item 18: Financial Information .....19

## Item 4: Advisory Business

### *General Description of Epoch*

Epoch is a global asset management firm formed in April 2004 by Bill Priest, Tim Taussig, David Pearl and Phil Clark. Epoch was created with the specific goal of responding to paradigm shifts in both the sources of global equity investment returns and the structure of the investment management business. Epoch is a registered investment adviser under the Investment Advisers Act of 1940, as amended, since May 2004 and is a wholly-owned subsidiary of Epoch Holding Corporation, a publicly held company listed on the NASDAQ. Our sole line of business is investment management.

Bill Priest, Epoch's CEO and Co-CIO, was the former CEO of Credit Suisse Asset Management Americas. Bill has over 40 years of investment experience. Tim Taussig, President and COO of Epoch, worked closely with Bill Priest at Credit Suisse. David Pearl, Epoch's Co-CIO and Head of U.S. Equities, spent nearly half of his 27 year investment career working with Bill Priest. Phil Clark, Senior Advisor, is a 17-year veteran of Sanford C. Bernstein & Co. As of June 30, 2011, Epoch managed \$17.1 billion of client assets on a discretionary basis.

### *Types of Advisory Services and Clients*

Epoch provides investment advisory services to various types of clients including corporate and municipal pension and profit sharing plans, domestic and foreign investment companies, charitable organizations, private investment vehicles and natural persons. Accounts are managed in accordance with investment objectives selected by the client or in accordance with disclosure provided to clients. Clients may impose restrictions on investing in certain securities or certain types of securities. Investment advisory services are provided through direct relationships between us and our clients, indirect relationships with clients maintained by third parties and to registered investment companies where we are retained as a sub-adviser and to private investment vehicles. Private investment vehicles are managed in accordance with the private placement memorandum and other offering documents. The registered investment companies that we sub-advise are managed in accordance with the fund's prospectus and SAI.

### *Wrap Fee Programs*

In certain instances, Epoch is retained as the investment adviser under wrap fee or similar programs. These programs are offered by unaffiliated broker-dealers or investment advisers where the broker-dealer or investment adviser recommends retention of Epoch as investment adviser and provides the client with certain services including trade execution. Typical wrap fee programs include a single fee paid for by the client to the broker-dealer sponsoring the program for execution and advisory services. A portion of the single fee paid to the sponsor is then paid to Epoch for its advisory services. While we attempt to manage the wrap fee program accounts similarly to other client accounts over time, at certain times, the wrap fee program accounts will

be administered differently as discussed further throughout this document. Epoch relies upon the wrap fee program sponsor to determine the suitability of our services and the wrap fee program for the client.

#### *Unified Managed Account Programs*

Some of Epoch's clients are sponsors of unified managed account programs where we provide recommendations regarding the purchase or sale of specific securities, at specific weights for each individual security, in a model portfolio. The sponsor of the unified managed account program pays Epoch a fee for providing the recommendations and will use these recommendations in managing the accounts for which the sponsor has discretionary authority; however, the decision regarding the timing and magnitude of the purchase or sale rests solely with the sponsor. The model portfolio provided to the sponsors of the unified managed account programs are substantially similar to the model portfolios used by the Firm in its various strategies.

## **Item 5: Fees and Compensation**

Epoch offers its investment advisory services for a percentage of assets under management and/or a performance based fee. In addition to these fees, clients may pay other fees and expenses in connection with our advisory services. Such expenses may relate to custodian fees or mutual fund expenses, brokerage and other transaction costs. Please see the section entitled Brokerage Practices for further information. Fees are payable quarterly in arrears or as otherwise agreed to by contract. We do not generally deduct fees from client assets. Upon termination, a client will receive a pro rata invoice for management fees outstanding for the period up to the date of termination.

Fee and expense information regarding pooled investment vehicles, including any private investment vehicle managed by Epoch, are provided in each pooled vehicle's offering documents. Prospective investors should refer to these documents for a full explanation of the fees and expenses to be incurred.

Minimum account sizes, fees and fee structure, and other conditions may be waived or modified in the future, and have been waived or modified in the past, at our discretion.

Clients will be charged a percentage of assets under management in accordance with the following schedule:

**U.S. All Cap Value and Balanced:** *(Minimum \$25 million separate account)*

<u>ASSETS UNDER MANAGEMENT</u>		<u>FEE</u>
First	\$ <u>25</u> million	0.85%
Next	\$ <u>25</u> million	0.70%
Next	\$ <u>50</u> million	0.60%
Over	\$ <u>100</u> million	Negotiable

**U.S. Value:** *(Minimum \$25 million separate account)*

<u>ASSETS UNDER MANAGEMENT</u>		<u>FEE</u>
First	\$ <u>25</u> million	0.70%
Next	\$ <u>25</u> million	0.60%
Next	\$ <u>50</u> million	0.50%
Over	\$ <u>100</u> million	Negotiable

**U.S. Small/SMID Cap Value:** *(Minimum \$25 million separate account)*

<u>ASSETS UNDER MANAGEMENT</u>		<u>FEE</u>
First	\$ <u>50</u> million	1.00%
Next	\$ <u>50</u> million	0.80%
Over	\$ <u>100</u> million	Negotiable

**Global Equity Shareholder Yield:** *(Minimum \$50 million separate account)*

<u>ASSETS UNDER MANAGEMENT</u>		<u>FEE</u>
First	\$ <u>50</u> million	0.80%
Next	\$ <u>50</u> million	0.70%
Over	\$ <u>100</u> million	Negotiable

**International Small Cap and Global Small Cap:** *(Minimum \$50 million separate account)*

<u>ASSETS UNDER MANAGEMENT</u>		<u>FEE</u>
First	\$ <u>50</u> million	0.95%
Next	\$ <u>50</u> million	0.85%
Over	\$ <u>100</u> million	Negotiable

**Global Choice and U.S. Choice:** *(Minimum \$50 million separate account for Global Choice. Minimum \$25 million separate account for U.S. Choice)*

<u>ASSETS UNDER MANAGEMENT</u>		<u>FEE</u>
First	\$ <u>50</u> million	0.85%
Next	\$ <u>50</u> million	0.75%
Over	\$ <u>100</u> million	Negotiable

**Global Absolute Return Fund, LLC:** *(Minimum \$50 million separate account)*

<u>ASSETS UNDER MANAGEMENT</u>		<u>FEE</u>
<b>Option A:</b>		1.50%
<b>Option B:</b>		1.00% plus Performance Fee <sup>1</sup>

<sup>1</sup> For Global Absolute Return, the performance fee is equal to 20% of all excess returns over a 5% hurdle rate, subject to a high water mark. For this purpose, "excess returns" shall mean all sources of income or gain to the account, whether or not realized, including but not limited to short term capital gains, long term capital gains, interest income, dividend income, stock and other distributions and royalties, all less expenses. "Expenses" for this purpose shall mean brokerage commissions, margin interest expense, mutual fund investment expenses, redemption and account initiation fees and bank fees paid with respect to the Account. Additions or withdrawals by the client from the account shall not be included in calculation of "excess returns", although income and gain resulting from additions will be counted. Registrant may prorate performance fees for a new account for the partial first year that the account is open, except for ERISA accounts which will be billed annually.

## Item 6: Performance-Based Fees and Side-by-Side Management

Epoch currently has a limited number of relationships where it receives performance-based fees. We recognize that performance-based fee arrangements may create potential conflicts of interest. A performance-based fee structure may create an inherent pressure to allocate investments having a great potential for higher returns to accounts of those clients paying the higher performance fee. To prevent conflicts of interest associated with managing accounts with different compensation structures, Epoch requires portfolio decisions to be made on a strategy specific basis and without consideration to the Firm's pecuniary or personal interests. We also require pre-allocation of client orders based on specific fee-neutral criteria. Additionally, we require average pricing of all aggregated orders. Finally, we have adopted a policy prohibiting all employees, including portfolio managers, from placing the investment interests of any client above the investment interests of any other client with the same or similar investment objectives.

## Item 7: Types of Clients

Epoch serves a wide range of primarily institutional clients, including:

- Corporate and public defined benefit and defined contribution plans
- Endowments
- Foundations
- Sub-advisory relationships
- Registered investment vehicles such as mutual funds
- Closed-end funds
- Unregistered investment vehicles

Epoch's minimum account size for separately managed accounts ranges from \$25 million to \$50 million, but these amounts may be waived at our discretion. Mutual funds sub-advised by Epoch impose minimum initial investment and subsequent investment amounts as stated in their offering documents. Interests in a pooled investment vehicle managed by Epoch are only available to clients that meet the vehicle's investment eligibility criteria.

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

### *General Description*

Since inception, Epoch's security selection process has been focused on free-cash-flow metrics as opposed to traditional accounting-based metrics. In our view, the key to producing superior risk-adjusted equity returns is the identification of companies with a consistent, straightforward ability to both generate free cash flow and to properly allocate it among internal reinvestment opportunities and acquisitions, dividends, share repurchases and debt repayments. The gating

item in management's decision on how to deploy free-cash-flow is the cost of capital. We believe that acquisitions and reinvestments should only be undertaken when the return on incremental capital is greater than the company's average cost of capital. Otherwise, it should be returned to shareholders via the other three uses: dividends, share buybacks and debt repayments. We define these three uses as "Shareholder Yield."

We apply this investment approach across all of the investment strategies described below.

**U.S. All Cap Value and Balanced:** *(Minimum \$25 million separate account)*

U.S. All Cap Value is a value-oriented equity portfolio managed by Epoch for long-term appreciation through investment in large-, medium- and small-capitalization U.S. companies. The portfolio consists of approximately 50-60 securities, which provides a balance between concentration and diversification. The companies are selected based on their ability to generate free-cash-flow and to allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the Russell 3000 Value Index or the Russell 3000 Index appropriate benchmarks for comparative purposes.

**U.S. Value:** *(Minimum \$25 million separate account)*

U.S. Value is a value-oriented equity portfolio managed by Epoch for long-term appreciation through investment in large-capitalization U.S. companies. The portfolio consists of approximately 40-60 securities, which provides a balance between concentration and diversification. The companies are selected based on their ability to generate free cash flow and to allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the Russell 1000 Index or the Russell 1000 Value Index appropriate benchmarks for comparative purposes.

**U.S. Small/SMID Cap Value:** *(Minimum \$25 million separate account)*

U.S. Small Cap Value is a value-oriented equity portfolio managed by Epoch for long-term appreciation through investment in small-capitalization U.S. companies. The portfolio consists of approximately 60-80 securities, which provides a balance between concentration and diversification, and typically limits the market capitalization of the securities in the portfolio to that of the Russell 2000 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the Russell 2000 Index or the Russell 2000 Value Index appropriate benchmarks for comparative purposes.

U.S. SMID Cap Value is a value equity portfolio managed by Epoch for long-term appreciation through investment in small and mid-capitalization U.S. companies. The portfolio consists of approximately 60-80 securities, which provides a balance between concentration and

diversification, and typically limits the market capitalization of the securities in the portfolio to that of the Russell 2500 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the Russell 2500 Index or the Russell 2500 Value Index appropriate benchmarks for comparative purposes.

**Global Equity Shareholder Yield:** *(Minimum \$50 million separate account)*

Global Equity Shareholder Yield is a diversified portfolio of global equity securities managed by Epoch for above-average income and long-term capital appreciation. The portfolio consists of approximately 100 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it intelligently among dividends, share repurchases, debt repayments, internal reinvestment opportunities and acquisitions for the benefit of shareholders. While we do not manage to an index, we consider the MSCI (Net) an appropriate benchmark for comparative purposes.

**International Small Cap and Global Small Cap:** *(Minimum \$50 million separate account)*

International Small Cap is a diversified portfolio of non-U.S. small-cap stocks managed by Epoch for long term capital appreciation. The portfolio consists of approximately 125-165 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the MSCI World (ex USA Small Cap Net) an appropriate benchmark for comparative purposes.

Global Small Cap is a diversified portfolio of global small-cap stocks managed by Epoch for long-term capital appreciation. The portfolio consists of approximately 150-200 securities which are selected in the expectation they will generate excess free cash flow and whose management will allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the MSCI World Small Cap (Net) an appropriate benchmark for comparative purposes.

**Global Choice and U.S. Choice:** *(Minimum \$50 million separate account for Global Choice. Minimum \$25 million separate account for U.S. Choice)*

Global Choice is a concentrated portfolio of global stocks managed by Epoch for long-term capital appreciation. The portfolio consists of approximately 25-35 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the MSCI World (Net) an appropriate benchmark for comparative purposes.

U.S. Choice is a concentrated portfolio of U.S. stocks managed by Epoch for long-term appreciation. The portfolio invests in approximately 25-35 securities and typically limits the market capitalization of the securities in the portfolio to that of the Russell 3000 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs for the benefit of shareholders. While we do not manage to an index, we consider the Russell 3000 an appropriate benchmark for comparative purposes.

**Global Absolute Return:** *(Minimum \$50 million separate account)*

Global Absolute Return is a concentrated portfolio of global stocks managed by Epoch for long-term capital appreciation. Cash is actively used to limit potential loss exposure. The portfolio consists of approximately 20-35 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it intelligently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and debt repayments for the benefit of shareholders. While we do not manage to an index, we consider the S & P 500, MSCI World (Net), and the Barclays Capital U.S. Aggregate appropriate benchmarks for comparative purposes.

*Material Risks for Significant Investment Strategies*

There can be no assurance that Epoch will achieve its investment objectives. Our assessment of the short-term or long-term prospects for investments may not prove accurate. No assurance can be given that any investment strategy implemented by us on behalf of our clients will be successful and there is a risk that investors may suffer a significant loss of their invested capital. Investing in securities involves the risk of loss that clients should be prepared to bear. The following list of risk factors is not a complete list of the risks involved investing with Epoch. Clients who are investing in a mutual fund sub-advised by Epoch should refer to the fund's prospectus and SAI for additional risk disclosure. Clients who are investing in the Global Absolute Return Fund, LLC ("GAR LLC") should refer to the GAR LLC private placement memorandum and other offering documents for additional risk disclosure.

**Equity Risk**

The principal risk of investing in the strategies managed by Epoch is equity risk. Equity risk is the risk that the prices of the securities held by a client will fall due to general market and economic conditions, perceptions regarding the industries in which the companies issuing the securities participate and the issuer company's particular circumstances.

**Foreign Securities Risk**

Investments in foreign security involve risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers are subject. These risks include expropriation, differing

accounting and disclosure standards, currency exchange risks, settlement difficulties, market illiquidity, difficulties enforcing legal rights and greater transaction costs.

**Issuer Specific Risks**

The value of an individual security can be more volatile than the market as a whole and can perform differently from the market. An account could lose all of its investment in a company.

**Large Capitalization Risks**

Large, established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Many large companies may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

**Small Capitalization Risks**

Investment in securities of small companies may involve greater risks than investing in larger, more established issuers. Small companies typically have relatively lower revenues, limited product lines and lack of management depth and may have a smaller share of the market for their product or service than large companies. Stocks with small capitalizations tend to have less trading volume than stocks with large capitalizations. Less trading volume may make it more difficult for our portfolio managers to sell securities of small-capitalization companies at quoted market prices. There are periods when investing in small-capitalization stocks fall out of favor with investors and the stocks of small-capitalization companies underperform.

**Emerging Markets Risks**

Securities of companies in emerging markets may be more volatile than those companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investing in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.

**Item 9: Disciplinary Information**

Form ADV Part 2A requires investment advisers such as Epoch to disclose legal or disciplinary events involving the Firm, our officers and our principals that are material to your evaluation of our advisory business or the integrity of our management. We have no information to report that is applicable to this item.

## Item 10: Other Financial Industry Activities and Affiliations

Epoch is registered in Canada as a Portfolio Manager in all provinces except Prince Edward Island. In addition, Epoch operates in Australia pursuant to an exemption from registration granted by the Australian Securities and Investment Commission to those investment advisers already registered with the SEC.

Epoch is the sub-adviser to a number of unaffiliated investment companies and acts as the managing member for GAR LLC.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Epoch has adopted a Code of Ethics (the “Code”), which sets forth guidelines regarding the conduct of the Firm and its employees. The Code, among other things, contains policies and procedures that address actual and potential conflicts of interest that exist when Epoch employees purchase or sell for their personal accounts. Our Code generally requires that all transactions in securities by Epoch employees, their spouses and immediate family members be pre-cleared by the compliance department prior to execution. The Code contains policies which prohibit: a) employees from buying or selling securities on the same day that the same security is bought or sold for a client b) employees from buying or selling securities within seven calendar days before or after the time that the same security is being purchased or sold by a client where the employees trade is on the opposite side of the trade in the client account; and c) short-term trading through a minimum holding period of 21 days. Securities transactions for employee’s personal accounts are subject to quarterly reporting requirements, annual holdings disclosure and annual certification requirements. In addition, the Code requires Epoch and its employees to act in clients’ best interests, abide by all applicable regulations, and avoid even the appearance of insider trading. A copy of Epoch’s Code is available upon on our website at [www.eipny.com](http://www.eipny.com). Epoch will provide a copy of the Code to any client or prospective client upon request.

## Item 12: Brokerage Practices

### *Broker Selection*

In selecting broker-dealers, Epoch seeks the best combination of net price and execution for client accounts. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on the interests of clients in receiving most favorable execution. However, in all instances, the primary consideration when placing an order with a broker is overall best execution. We may consider other factors as part of our trading strategy, including: the quality and capability of the research and execution services which enhance our investment research, portfolio management, and trading capabilities. With regard to these services, we consider many factors, including:

- The broker-dealer's research coverage of sectors and companies
- The ability to provide access to issuers or conferences
- Timing and accuracy of information
- Execution capabilities, including ability to accept orders through electronic communications
- The ability to execute effectively in the target company or market
- Activities related to matching, clearance, confirmation, settlement, liquidity and security price
- The willingness to commit capital
- Confidentiality
- Commission rate

In order to measure the effectiveness of our trading strategy, we compare our executions against data compiled by an independent consultant, ITG. This data is reviewed periodically by our Portfolio Management Group to ensure that our trading strategy is working, and the brokers are providing the best possible executions. In addition, we use a voting system whereby Epoch's analyst's rate brokers to assist in determining commission allocations. Votes are typically taken quarterly by our research analysts and discussed among our investment personnel and our traders. Factors affecting such votes include the quality and quantity of research provided and assistance with access to management and management meetings. On a periodic basis, the Portfolio Management Group reviews the execution capabilities of certain brokers who receive votes and budget allocations. If execution issues arise with any broker, the traders may put the broker on a watch-list or a restricted list. We generally consider the amount and nature of research, execution and other services provided by broker-dealers, as well as the extent to which these services are relied on. We attempt to allocate a portion of the brokerage business on the basis of these considerations. Neither the research services nor the amount of brokerage given to a particular broker-dealer are a part of any agreement or commitment that would bind us to compensate any broker-dealer for research provided. We attempt to allocate sufficient commissions to broker-dealers that have provided us with research we believe it is useful to our research process and thus more or less than the suggested allocations.

Epoch generally routes a substantial portion of its orders to brokers for execution electronically (beneficial to client portfolios. Actual brokerage commissions received by a broker-dealer may be either directly to a broker or trading floor, or through various ECN/matching networks). These services may provide low cost commissions as well as high quality executions and anonymity in the market. The Portfolio Management Group meets frequently to review the current trading budget, as well as how commission dollars were spent during the previous quarter.

#### *Research and Other Soft Dollar Benefits*

Epoch has negotiated Client Commission Arrangements ("CCAs") with several large, well known brokerage firms. The CCAs are typically linked to the electronic trading venues of these brokers,

and the negotiated commission rates for these arrangements are comparable to those for full service brokers. Pursuant to the CCAs, a predetermined portion of the commission goes toward execution of the trade and the remainder is applied to a commission credit account which is used to pay for eligible third party soft dollar services as described below (the “Services”). We may compensate brokers through CCA’s rather than directing trades to the proprietary trading desks of these brokers who are providing research. The soft dollar services received may benefit multiple clients, including those whose commissions were not used to purchase the service.

All soft dollar Services paid for out of CCAs qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934. Such Services include:

- Research reports on companies, industries and securities
- Economic and financial data
- Financial publications
- Web or computer based market data
- Research-oriented computer software and services
- Brokerage services facilitating the communication of trade order information to counterparties and custodians

In addition to research obtained through the aforementioned CCAs, Epoch accepts proprietary research from certain brokers and as well as access to company management and conferences with industry professionals. Research services received from brokers and dealers are supplemental to Epoch’s own research effort. To the best of Epoch’s knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. Epoch does not separately compensate such broker-dealers for the research and does not believe that it “pays-up” for such broker-dealers’ services due to the difficulty associated with the broker-dealers not breaking out the costs for such services. These services may be used for any or all of our clients’ accounts and there may be no correlation between the amount of brokerage commissions generated by a particular client and the indirect benefits received by the client. Products and services received by us from brokers in connection with brokerage services provided to certain client accounts may disproportionately benefit other client accounts. We do not seek to allocate soft dollar benefits proportionately to the soft dollar credits the accounts generate.

When we use client brokerage commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We seek to control this process by maintaining a relatively small CCA budget, and by limiting the Services we pay for using soft dollar credits to those that fall within the safe harbor of Section 28(e).

Epoch may use soft dollars to purchase services that are not 100% eligible for purchases with soft dollars. In these circumstances, a mixed-use allocation is proposed and approved by our Portfolio Management Group and the CCO. The allocation would designate the percentage of the service

that is eligible for payment with soft dollars and the percentage of the service that must be paid with hard dollars.

### *Brokerage for Client Referrals*

In selecting a broker, Epoch does not consider whether the Firm or a related person receives client referrals from a broker or third party.

### *Directed Brokerage*

Epoch generally trades all client accounts in a single block and allocates executions accordingly. We believe this method is the most efficient in achieving best execution for our clients and as a result we do not generally participate in client directed brokerage programs. Clients who request brokerage to be directed to a particular broker-dealer risk the loss of purchasing power of larger transactions sizes and can suffer less-than-optimal execution quality as a result. However, in certain circumstances, when an account is trading on its own due to specific account issues (such as cash needs or the initial construction of the portfolio), we will consider using a client directed brokerage program. With respect to a client that has instructed Epoch to utilize a particular broker or dealer to execute some or all transactions for such client's account, the client is typically responsible for negotiating the terms and arrangements for the account with that broker or dealer. Epoch will not seek better execution services or prices from other broker-dealers or be able to aggregate such client's transactions, for execution through other brokers or dealers, with orders for other accounts advised or managed by the Firm. As a result, Epoch may not obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

### *Trade Aggregation*

Epoch typically manages client accounts based on a model portfolio which is designed to achieve the investment objectives of the strategy chosen by the client. We conduct transactions in client accounts to reasonably match the model portfolios daily, weekly, monthly, or as needed. We may not conduct transactions on behalf of clients in the wrap fee programs as frequently as we do on behalf of other clients for several reasons, including that certain transactions for the client accounts in the wrap fee programs may be de minimis due to the wrap fee programs' lower minimum account balances. We place orders for accounts that have directed us to use a specific broker, such as accounts in the wrap fee programs, after trading for other accounts has begun or has been completed. Because of directed brokerage agreements with wrap sponsors, Epoch is unable to aggregate wrap or managed account transactions with orders for other accounts advised or managed by Epoch. When a model change occurs, Epoch may place orders for its institutional relationships before placing orders in SMA/Wrap and UMA relationships. Model changes are communicated to our service provider intraday for trading. When a change to a strategy model occurs, and where the strategy is on more than one wrap or managed account program, the service

provider will use a rotation list in order to determine the sequencing of order placement among the wrap or managed account sponsors.

Wrap fee accounts will be funded on a best efforts basis by our service provider depending on the timing on when such funds are received. Likewise, orders issued by Epoch to purchase or sell a security will be executed by our service provider on a best efforts basis. We provide purchase or sale recommendations to unified managed account sponsors after trading for other accounts has begun or has been completed. IPOs are not allocated to accounts in the wrap fee programs, to unified managed account sponsors or to clients that have limited our trading discretion unless the client's designated broker makes IPOs available to the account. In addition, we generally implement limit orders for client accounts except for those client accounts in the wrap fee programs. In those accounts, our service provider generally implements market orders. For relatively large orders to directed brokers, however, we may request that the designated broker execute over the course of the day or to otherwise maintain the volume weighted average price of the security. In instances where orders for wrap fee accounts must be placed with multiple brokers, our service provider will rotate the sequence of the orders to the brokers. We may deviate from the pre-determined sequencing schedule, as we have in the past, when prevailing market conditions and nature of the order makes it prudent to do so.

For the UMA programs, Epoch maintains procedures designed to deliver model portfolios on a fair and equitable basis in relation to the Firm's other accounts. Model updates are sequentially transmitted to individual UMA programs on a rotational basis and then the sponsors of the UMA programs, not Epoch, execute the trades recommended in the model. Trades for our discretionary managed accounts are worked contemporaneously with the delivery of updated model information to the UMA program sponsors. Because of the threshold and the generally larger size of the Firm's institutional orders relative to the size of the assets in the UMA programs, the UMA programs may achieve a security weighting ahead of that weighting being achieved in our discretionary managed accounts.

## **Item 13: Review of Accounts**

All accounts are typically reviewed by the relevant portfolio management personnel, portfolio construction personnel, and the quantitative and risk management personnel no less frequently than weekly as well as before engaging in any purchase or sale for the account. Reviews typically cover performance attribution, top and bottom contributors to performance, tracking error, sector and industry exposure and a comparison of current account holdings against the relevant model or against comparable accounts within the same strategy. All proposed purchases and sales are compared with: the relevant portfolio construction parameters in place at the time of the transaction; the client's investment objectives and asset allocation preferences and the client's restrictions or diversification requirements. Personnel from operations, trading, risk management and compliance meet daily before the market opens to discuss known or anticipated cash flows, existing cash levels, open trades and portfolio compliance alerts or warnings. Risk-exposure

reviews for each strategy are typically conducted by the Portfolio Management Group on a regular basis.

Client accounts are held at custodians chosen by the client. Each client receives statements from their custodian at least monthly. Epoch typically provides reports to clients no less frequently than quarterly. Reports provided by Epoch typically detail performance, holdings and transactions. For clients within strategies other than the Balanced strategy, we also provide reports detailing sector allocations, top and bottom contributors to performance, performance attribution, and portfolio commentary. Customized reports or client meetings are typically provided based on a client's specific request.

Each client is urged to compare the account statements provided by Epoch with the account statements provided by their custodian. If a client does not receive account statements from their custodian, Epoch urges the client to contact their custodian to establish regular account reporting.

### **Item 14: Client Referrals and Other Compensation**

Certain Epoch employees may receive as compensation a portion of the management fee generated from accounts that the employee was responsible for obtaining. These referral fees represent no additional expense to the client.

Epoch has entered into a contractual relationship with Grant Samuels Fund Management pursuant to which Grant Samuel markets Epoch's services to institutional investors located in Australia and New Zealand. A portion of the management fee received by Epoch is paid to Grant Samuel.

### **Item 15: Custody**

Epoch does not maintain custody of client funds or securities except for the GAR, LLC due to its role as the managing member. Separate-account clients determine their own custodial arrangements. We work with a number of different custodian banks including most of the major providers. Clients receive statements directly from their custodian banks and should carefully review and compare these statements with statements received from Epoch.

For GAR LLC, Epoch has designated a third party custodian to custody all assets of the Fund and to maintain the official books and records of the Fund.

### **Item 16: Investment Discretion**

Subject to pre-determined investment objectives, benchmarks and guidelines and the execution of a written investment management agreement, Epoch has full discretionary authority to manage securities and cash held in accounts on behalf of its clients.

Clients can place reasonable restrictions on Epoch's investment discretion. For example, some clients have asked Epoch not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

## **Item 17: Voting Client Securities**

Epoch has adopted proxy voting policies and procedures designed to ensure that it votes proxies in the best interest of its clients and that it provides clients with information about how their proxies are voted. In light of our fiduciary duty to clients, and given the complexity of the issues that may be raised with proxy votes, we have retained Institutional Shareholder Services Inc. ("ISS") to vote client proxies. ISS is an independent third party that specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers. The services provided to us include in-depth research, voting recommendations, vote execution and recordkeeping.

At times, Epoch and/or ISS may not be able to vote proxies on behalf of clients when clients' holdings are in countries that restrict trading activity around proxy votes or when clients lend securities to third parties. We attempt to identify any conflicts of interests between your interests and our own within our proxy voting process. If we determine that our Firm or one of our employees faces a material conflict of interest in voting your proxy (e.g., an employee of Epoch may personally benefit if the proxy is voted in a certain direction), our procedures provide for ISS as an independent party to determine the appropriate vote. We will use our best judgment to vote proxies in the best interests of our clients and will typically follow the recommendations of ISS. In the event that we decide to vote a proxy (or a particular proposal within a proxy) in a manner different from the ISS recommendation, we will document the reasons supporting the decision. In the event that we intend to deviate from the proxy voting recommendation of ISS, and if an Epoch Holding Corporation board member is also a board member of the public company with the proxy being voted upon, then we shall bring the proxy voting issue to the attention of affected clients for guidance on how to vote the proxy. In the event that we intend to deviate from the proxy voting recommendation of ISS and where the public company is an entity with which we have a significant business relationship, then we shall bring the proxy voting issue to the attention of affected clients for guidance on how to vote the proxy.

Clients may obtain a copy of Epoch's Proxy Voting Policies and Procedures and information about how client's proxies were voted by contacting us at 212-303-7200 or by writing to us at the address noted on the first page of this document.

## **Item 18: Financial Information**

Epoch does not require pre-payment of client fees and therefore is not required to include a balance sheet herein. Epoch has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

