

## FIRM SUMMARY

**OVERVIEW.** AJO is an independent, registered investment adviser, founded in 1984 by Ted Aronson. The firm is a limited partnership, wholly owned by 18 active principals, with offices in Philadelphia and Boston. Our staff of 68 can be reached at 215.546.7500 or [lastname]@ajopartners.com.

As of 3/31/18, we managed \$25.4 billion in value-oriented equity mandates for 114 institutional clients, invested around the globe — \$21.9 billion U.S., \$2.7 billion emerging markets, \$0.8 billion global/international.

We offer benchmark-relative and absolute-return strategies across the market-cap spectrum of U.S., emerging markets, and global equities. Portfolios can be long-only or long/short. We can vary tracking error or total volatility.

**PHILOSOPHY.** We believe above-market returns can be achieved with a combination of classical security analysis, modern quantitative investment techniques, and keen attention to trading. We focus on asset-rich companies, selling at relatively low multiples of earnings, with proven and confident management, earnings and price momentum, and favorable investor sentiment.

**PROCESS.** We invest in a universe of suitable, liquid stocks. We use our multi-factor valuation model to identify low-priced companies with effective management, positive momentum, and favorable sentiment within industry peer groups. Portfolios are fully invested, sector-neutral/country-neutral, and well-diversified in terms of industry, fundamental characteristics, and various statistical measures of risk. Individual bets are controlled; number of positions can range from almost 50 to over 200 (per side).

**TRADING.** We seek to minimize implementation shortfall — the difference between valuation price and execution price, including commissions (duties), spreads, market impact, and opportunity cost. We capture trading results and use them to inform our investment decisions and guide our selection of trading methods and venues. Annual turnover ranges from 50% to 300% (per side), depending on the strategy. AJO does not use soft dollars.



*"Short-term I like cash; mid-term, bonds;  
long-term, AJO."*

## PRINCIPALS

**Seth Allen**  
Implementation

**Ted Aronson**  
Firm Management  
Founding Principal

**Stefani Cranston**  
Firm Management  
Implementation

**Joe Dietrick**  
Compliance

**Dan DiSanto**  
Operations + Accounting

**Doug Dixon**  
Trading

**Paul Dodge**  
Operations + Accounting

**Michael Dowd**  
Strategy + Research

**Jim Lobb**  
Client Service + Marketing

**Rob Louka**  
Trading

**Claire McConnell**  
Strategy + Research

**Gina Moore**  
Firm Management  
U.S. Equity

**César Orosco**  
Strategy + Research

**Jocelin Reed**  
Strategy + Research

**Greg Rogers**  
Firm Management  
International Equity

**Colleen Smith**  
Implementation

**Franz Valencia**  
Strategy + Research

**Chris Whitehead**  
Firm Management  
Implementation

## OUR CLIENTS

Aetna	Fresno County ERA	Oklahoma Teachers' Retirement System
AFTRA Retirement Fund <sup>†</sup>	Gonzaga University <sup>*</sup>	Operating Engineers Local 101 <sup>†</sup>
Arlington County ERS	GuideStone Funds <sup>P</sup>	Oregon PERF
Banco Popular	Hanford Site Pension Plan	Philadelphia PERS
Baptist Community Ministries <sup>*</sup>	Highland Associates <sup>P</sup>	Plumbers & Pipefitters Natl Pension <sup>†</sup>
Baystate Health	Horatio Alger Endowment Fund <sup>*</sup>	Prudential Retirement <sup>P</sup>
Bechtel Marine/Plant Machinery	IWA–Forest Industry Pension Plan <sup>†</sup>	Purolator
Boys Town <sup>*</sup>	Kaiser Permanente	Richard King Mellon Foundation <sup>*</sup>
Bucknell University <sup>*</sup>	Korea National Pension Service	Russell Investment Group <sup>P</sup>
Campbell Soup	Los Angeles City ERS	SEI Investments <sup>P</sup>
Canada Post	Louisiana State ERS	Seminole Boosters <sup>*</sup>
Captive Investors Fund <sup>P</sup>	Louisiana State Police	Southern California Edison
Catholic Endowment Fund <sup>*</sup>	M Fund <sup>P</sup>	St Louis Archdiocesan Fund <sup>*</sup>
Central Pennsylvania Teamsters <sup>†</sup>	Mangham Associates <sup>*</sup>	St Louis County Retirement Plans
Charlotte Firefighters	Manitoba HEB	Summit Strategic Solutions <sup>P</sup>
Christian Brothers Inv Services <sup>P</sup>	MedStar Health	TIFF <sup>*</sup>
City of Cape Coral Police	Mercer Funds <sup>P</sup>	Transamerica Asset Management <sup>P</sup>
City of Cape Coral Ret System	Missouri Baptist Foundation	UBP Asset Management <sup>P</sup>
City of Tallahassee	Missouri Education Pension Trust	University of Arkansas Foundation <sup>*</sup>
Commonfund <sup>*</sup>	Missouri Local Government ERS	University of Toronto Asset Mgmt <sup>*</sup>
Conagra Brands	MMBB <sup>P</sup>	Warren Alpert Foundation <sup>*</sup>
Cone Health System	Monsanto Company	West Virginia Inv Mgt Board
Consolidated Nuclear Security	Nashville & Davidson County	Western Washington Laborers
Construction Industry Laborers <sup>†</sup>	National Telecom Cooperative Assn	
Cornerstone Advisors <sup>P</sup>	New England Carpenters <sup>†</sup>	
Cox Enterprises	New York State Common Ret Fund	
DowDuPont	NH Investment & Securities/KTCU	
Duke Energy	NJT Amalgamated Transit Union <sup>†</sup>	
Encyclopædia Britannica	Nord Family Foundation <sup>*</sup>	
Fairfax County Educational ESRS	Nordson Corporation	
Fetzer Institute <sup>*</sup>	Oklahoma Firefighters Ret System	
Fetzer Memorial Trust <sup>*</sup>	Oklahoma PERS	
Florida Retirement System	Oklahoma School Land Trust <sup>*</sup>	

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Clients are pension funds (public, ERISA, other) unless denoted as:

\*Endowment/Foundation

<sup>†</sup>Multi-employer

<sup>P</sup>Pooled

N.B. — It is not known whether these clients approve or disapprove of AJO or the advisory services provided. All clients are listed, except those that wish to remain anonymous.

## STANDARD FIXED FEES

<b>AJO Top Cap</b>	<b>AJO International Large Cap</b>	<b>AJO Global Large Cap</b>
<b>AJO Top Cap – Absolute Value</b>	0.50% on first \$100 million	0.40% on first \$100 million
0.25% on the first \$250 million	0.45% on next \$150 million	0.35% on next \$150 million
0.15% on the next \$250 million	0.40% thereafter	0.30% thereafter
0.10% thereafter		
<b>AJO Large Cap</b>	<b>AJO International Small Cap</b>	<b>AJO Global Small Cap</b>
<b>AJO Large Cap – Absolute Value 500</b>	0.70% on all assets	0.65% on all assets
<b>AJO Large Cap 1000</b>		
<b>AJO Large Cap – Absolute Value</b>	<b>AJO Emerging Markets All Cap</b>	<b>AJO Global All Cap</b>
<b>AJO Large Cap – Dynamic</b>	0.70% on first \$25 million	0.50% on first \$100 million
<b>AJO Managed Volatility</b>	0.60% on next \$25 million	0.45% on next \$150 million
0.30% on the first \$250 million	0.50% on next \$25 million	0.40% thereafter
0.20% on the next \$250 million	0.45% on next \$25 million	
0.15% on the next \$500 million	0.40% on over \$100 million	<b>AJO Global Market-Neutral Flex<sup>*</sup></b>
0.125% thereafter		Management fee: 1.2%
<b>AJO Mid Cap</b>	<b>AJO Emerging Markets Small Cap</b>	Performance fee: 12% w/high-water mark
0.55% on all assets	0.70% on all assets	
<b>AJO Small Cap</b>	<b>AJO Emerging Markets Long/Short<sup>*</sup></b>	<b>*Or 0% management fee plus 24% performance fee with a high-water mark.</b>
<b>AJO Small Cap – Absolute Value</b>	Management fee: 1.2%	
0.60% on all assets	Performance fee: 12% w/high-water mark	<b>Short-enabled U.S. equity fees are based on the corresponding long-only fees, multiplied by gross exposure (e.g., a 130/30 strategy has gross exposure of 160%).</b>
	<b>AJO All-World Managed Volatility</b>	
	0.40% on all assets	

N.B. — Performance-based fees are available — indeed, encouraged. Minimum initial investment is \$25 million.