

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 19 active principals, with offices in Philadelphia and Boston. Our staff of 71 can be reached at 215.546.7500 or [lastname]@ajopartners.com.

As of 1/31/19, we managed \$21.5 billion in value-oriented equity mandates for 104 institutional clients, invested around the globe — \$19.1 billion U.S., \$1.8 billion emerging markets, \$0.6 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

Matt Austin
Strategy + Research

Stefani Cranston
Firm Management
Implementation

Joe Dietrick
Compliance

Dan DiSanto
Operations + Accounting

Doug Dixon
Trading

Paul Dodge
Operations + Accounting

Michael Dowd
Strategy + Research

Rob Louka
Trading

Gina Moore
Firm Management
U.S. Equity

Claire Noel
Strategy + Research

César Orosco
Strategy + Research

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

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

*Endowment/Foundation

†Multi-employer

^PPooled

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

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

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

AJO follows a most-favored-nation policy regarding fees: no fixed-fee client pays more than the lowest fixed fee charged for a similar mandate of the same size.