

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 70 can be reached at 215.546.7500 or [lastname]@ajopartners.com.

As of 4/30/19, we managed \$22 billion in value-oriented equity mandates for 99 institutional clients, invested around the globe — \$19.5 billion U.S., \$1.9 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
Portfolio Mgmt + Research

Stefani Cranston
Firm Management

Joe Dietrick
Compliance

Dan DiSanto
Operations + Accounting

Doug Dixon
Trading

Paul Dodge
Operations + Accounting

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Portfolio Mgmt + Research

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Claire Noel
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Portfolio Mgmt + Research

Jocelin Reed
Portfolio Mgmt + Research

Greg Rogers
Firm Management

Colleen Smith
Implementation

Chris Whitehead
Portfolio Mgmt + Research

OUR CLIENTS

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

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 Top Cap – Absolute Value 0.25% on the first \$250 million 0.15% on the next \$250 million 0.10% thereafter	AJO Emerging Markets All Cap 0.70% on the first \$25 million 0.60% on the next \$25 million 0.50% on the next \$25 million 0.45% on the next \$25 million 0.40% on over \$100 million	AJO Global Large Cap 0.40% on the first \$100 million 0.35% on the next \$150 million 0.30% thereafter
AJO Large Cap AJO Large Cap – Absolute Value 500 AJO Large Cap 1000 AJO Large Cap – Absolute Value AJO Managed Volatility 0.30% on the first \$250 million 0.20% on the next \$250 million 0.15% on the next \$500 million 0.125% thereafter	AJO Emerging Markets Small Cap 0.70% on all assets	AJO Global Small Cap 0.65% on all assets
AJO Mid Cap 0.55% on all assets	AJO Emerging Markets Long/Short* Management fee: 1.2% Performance fee: 12% w/high-water mark *Or a 0% management fee plus a 24% performance fee w/high-water mark	AJO Global Market-Neutral Flex* Management fee: 1.2% Performance fee: 12% w/high-water mark *Or a 0% management fee plus a 24% performance fee w/high-water mark
AJO Small Cap AJO Small Cap – Absolute Value 0.60% on all assets	AJO International Large Cap 0.50% on the first \$100 million 0.45% on the next \$150 million 0.40% thereafter	Minimum initial investment is \$25 million.
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 International Small Cap 0.70% on all assets	Performance-based fees are available — indeed, encouraged — and their structure is negotiable.
	AJO All-World Managed Volatility 0.40% on all assets	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.