

## 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 8/31/19, we managed \$19 billion in value-oriented equity mandates for 88 institutional clients, invested around the globe — \$16.9 billion U.S., \$1.6 billion emerging markets, \$0.5 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, upward trending 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**  
Portfolio Mgmt + Research

**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

**Michael Dowd**  
Portfolio Mgmt + Research

**Rob Louka**  
Trading

**Gina Moore**  
Firm Management

**Claire Noel**  
Portfolio Mgmt + Research

**César Orosco**  
Portfolio Mgmt + Research

**Siddharth Ramesh**  
Portfolio Mgmt + Research

**Jocelin Reed**  
Portfolio Mgmt + Research

**Greg Rogers**  
Firm Management

**Colleen Smith**  
Portfolio Mgmt + Research

**Chris Whitehead**  
Portfolio Mgmt + Research

## OUR CLIENTS

Aetna  
 AFTRA Retirement Fund<sup>†</sup>  
 Arlington County ERS  
 Banco Popular  
 Bayer  
 Baystate Health  
 Bechtel Plant Machinery  
 Bucknell University\*  
 Campbell Soup  
 Canada Post  
 Captive Investors Fund<sup>P</sup>  
 Central Pennsylvania Teamsters<sup>†</sup>  
 Charlotte Firefighters  
 Christian Brothers Inv Services<sup>P</sup>  
 City of Cape Coral Police  
 City of Cape Coral Ret System  
 City of Tallahassee  
 Commonfund\*  
 Cone Health System  
 Consolidated Nuclear Security  
 Construction Industry Laborers<sup>†</sup>  
 Duke Energy  
 Florida Retirement System  
 Fluor Marine  
 Fresno County ERA

GuideStone Funds<sup>P</sup>  
 Hanford Site Pension Plan  
 Highland Associates<sup>P</sup>  
 IWA–Forest Industry Pension Plan<sup>†</sup>  
 Kaiser Permanente  
 Korea National Pension Service  
 Louisiana State ERS  
 Louisiana State Police  
 M Fund<sup>P</sup>  
 Mangham Associates\*  
 Manitoba HEB  
 MedStar Health  
 Mercer Investment Management<sup>P</sup>  
 Missouri Education Pension Trust  
 Missouri Local Government ERS  
 MMBB<sup>P</sup>  
 New England Carpenters<sup>†</sup>  
 NJT Amalgamated Transit Union<sup>†</sup>  
 Nord Family Foundation\*  
 Nordson Corporation  
 NTCA  
 Oklahoma Firefighters Ret System  
 Oklahoma PERS  
 Oklahoma School Land Trust\*  
 Oklahoma Teachers’ Retirement System

Operating Engineers Local 101<sup>†</sup>  
 Oregon PERF  
 Plumbers & Pipefitters Natl Pension<sup>†</sup>  
 Prudential Retirement<sup>P</sup>  
 Purolator  
 Richard King Mellon Foundation\*  
 Russell Investment Group<sup>P</sup>  
 SEI Investments<sup>P</sup>  
 Seminole Boosters\*  
 Southern California Edison  
 St Louis Archdiocesan Fund\*  
 St Louis County Retirement Plans  
 UBP Asset Management<sup>P</sup>  
 University of Arkansas Foundation\*  
 West Virginia Inv Mgt Board  
 Western Washington Laborers

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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

**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 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 Mid Cap**  
 0.55% on all assets

**AJO Small Cap**  
**AJO Small Cap – Absolute Value**  
 0.60% 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 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 Emerging Markets Small Cap**  
 0.70% 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 International Large Cap**  
 0.50% on the first \$100 million  
 0.45% on the next \$150 million  
 0.40% thereafter

**AJO International Small Cap**  
 0.70% on all assets

**AJO All-World Managed Volatility**  
 0.40% on all assets

**AJO Global Large Cap**  
 0.40% on the first \$100 million  
 0.35% on the next \$150 million  
 0.30% thereafter

**AJO Global Small Cap**  
 0.65% on all assets

**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

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Minimum initial investment is \$25 million.

Performance-based fees are available — indeed, encouraged — and their structure is negotiable.

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.