

# M.D. Sass, LLC

## Part 2A of Form ADV

### The Brochure

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**This Brochure provides information about the qualifications and business practices of M.D. Sass, LLC (“M.D. Sass” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 212-730-2000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.**

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

## Material Changes

The most recent annual update to Part 2A of Form ADV was made January 14, 2025. There have been no material changes to M.D. Sass’s business since that update.

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## Advisory Business

M.D. Sass serves as an investment manager or general partner to private and public investment funds, separately managed accounts and other investment vehicles with various investment strategies, including, without limitation, investments in fixed income and equities. The Firm is part of a group of affiliated investment advisers, certain of which are registered with the SEC. We refer to the private and public investment funds, separately managed accounts and other investment vehicles that we manage as “Clients” in this Brochure.

Investment strategies for our Clients may include concentrated value equities or fixed income, and combinations of concentrated value equities and fixed income (which we refer to herein as “balanced accounts”). M.D. Sass is also a sub-adviser to the Saratoga Large Capitalization Value Portfolio, a mutual fund registered under the Investment Company Act of 1940. Separate account and other investment vehicle management is continuously provided for each Client based on agreed upon investment objectives and may be subject to additional restrictions imposed by the Client.

M.D. Sass also participates as an investment manager in three wrap fee programs:

- The “Separately Managed Account Program”, sponsored by Envestnet Asset

Management, Inc.;

- The “Merrill Lynch Unified Managed Account, Merrill Lynch Consults and Merrill Lynch Investment Advisory Programs,” sponsored by Merrill Lynch, Pierce, Fenner & Smith Incorporated and Managed Account Advisors LLC (collectively “Merrill Lynch”);
- The “Select UMA,” sponsored by Morgan Stanley Smith Barney LLC;
- The “SMartX Platform,” sponsored by SMartX Advisory Solutions, LLC.; and
- The “Custom Investment Management Program” sponsored by Taiber Kosmala and Associates, LLC and executed by Advisor OS LLC dba Taiko.

For wrap programs, M.D. Sass solely provides a model portfolio to the respective program sponsor, which is then used to manage investor accounts either directly via the sponsor or by another manager as directed by the sponsor; M.D. Sass does not actively manage any investor account itself. M.D. Sass receives a portion of the wrap fee collected by the program sponsors for M.D. Sass’s services.

M.D. Sass is also the investment manager of a private fund: M.D. Sass Government Agency Portable Alpha, L.P., which is a Delaware limited partnership established in September 2019 (the “Portable Alpha Fund”). The Portable Alpha Fund invests the majority of its assets in a portfolio of U.S. government agency issued and/or guaranteed mortgage backed securities (“MBSs”), collateralized mortgage obligations (“CMOs”) and similar high credit quality securities. The Portable Alpha Fund will also invest in interest and equity futures and/or swaps.

For the Portable Alpha Fund, investment advice is provided directly to the Portable Alpha Fund and not individually to the investors in the Portable Alpha Fund. The Firm manages the assets of the Portable Alpha Fund in accordance with the terms of the governing documents applicable to the Portable Alpha Fund.

A limited liability company formed under the laws of the State of Delaware in November 2023, M.D. Sass is owned directly or indirectly by Martin D. Sass, M.D. Sass’s Chairman, Chief Executive Officer and Chief Investment Officer, and Ari D. Sass, M.D. Sass’s President. As of February 28, 2025, M.D. Sass managed regulatory assets under management of \$2,169,635,374 on a discretionary basis.

## **Fees and Compensation**

The Firm generally receives a management fee based on assets under management and, for certain Clients, may receive a performance fee for providing investment management services. (Please see “Performance Based Fees and Side-by-Side Management” in this Brochure). Management fees are generally payable quarterly and are payable for any period that is less than a full quarterly period based on a pro-rated amount.

The standard percentage of net assets annual fee for accounts managed in the concentrated value equity strategy (“CV”) is 0.90% on the first \$10 million of assets under management, 0.80% on the next \$50 million and 0.75% thereafter. The standard percentage of net assets annual fee for

accounts managed in the fixed income strategy (“FI”) is 0.40% on the first \$25 million of assets under management, 0.35% on the next \$25 million, 0.25% on the next \$50 million, and negotiable thereafter. Management fees are billed to the separately managed account.

All Clients will also incur brokerage and other transaction costs. Please review the section entitled “Brokerage Practices” herein for more information.

M.D. Sass may, at its discretion, negotiate fees which vary from and may be lower than the standard fee schedule rates for CV and FI accounts. For example, M.D. Sass is a sub-adviser to the Saratoga Large Capitalization Value Portfolio and the Integrity Short Term Government Fund; the investment advisers to these registered mutual funds pay M.D. Sass a fee that is lower than M.D. Sass’s basic fee schedule. In addition, M.D. Sass may accept accounts below the minimum standard account size of \$5 million, in which case the percentage of net assets annual fee is generally 1.00% for CV accounts and 0.50% for FI accounts, subject to negotiation at the discretion of M.D. Sass.

Fees for balanced and other accounts are based on various factors, including the investment strategy, and their size and asset allocation guidelines; accordingly, the fees are negotiable and are not subject to any standard fee schedule.

For the Portable Alpha Fund, the net assets annual management fee is 0.40% on the first \$50 million, 0.35% on the next \$100 million, 0.30% on the next \$100 million, and 0.25% thereafter. The management fee is deducted from the Portable Alpha Fund by the Firm.

In addition, M.D. Sass, in its sole discretion, may waive, reduce or rebate all or a portion of the management fee in respect of any investor. No such waiver, reduction or rebate for the benefit of any investor will entitle any other investor to such waiver, reduction or rebate.

Detailed information regarding the fees charged to the Portable Alpha Fund is provided in the Portable Alpha Fund’s offering documents. In addition to management fees, investors of the Portable Alpha Fund will bear indirectly the fees and expenses charged to the Portfolio Alpha Fund. Those fees and expenses will vary, but typically will include fees associated with making or selling portfolio investments, legal and accounting fees, taxes, commissions and brokerage fees, registration expenses, fees to government regulatory agencies, the cost of directors’ and officers’ liability insurance and other expenses, such as litigation. M.D. Sass or its affiliates may enter into agreements or side letters with investors in the Portable Alpha Fund which reduce the fees that investors pay.

In the case where a Client’s account is invested in money market funds that pay a management fee to the adviser of the money market fund, the Client is in effect paying two management fees. Clients indirectly pay an investment management fee to the money market fund manager which is in addition to the investment management fee paid to M.D. Sass.

Either M.D. Sass or the Client may terminate an investment management agreement per the terms negotiated therein. Notice of termination must be given to the other party in writing. Each Client is responsible to pay for services rendered until the termination of its respective investment management agreement. Management fees are generally payable in arrears; however, for certain Clients management fees are payable in advance. Upon termination, the fees charged for investment management services will be pro-rated, and a pro rata refund for any unearned

fees will be issued if any fees have been paid in advance.

## **Performance Based Fees and Side-by-Side Management**

M.D. Sass may be compensated based on the performance of an account depending upon the strategies employed and the specific needs of the Client. Performance based fees create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of a performance fee/allocation. Further, advisers have an inherent conflict of interest to favor accounts that pay more in fees, such as performance based fees. In order to address this conflict, M.D. Sass's allocation and aggregation policy provides that investment allocations are to be made pro rata across Client accounts with similar investment strategies. Notwithstanding the foregoing, because of the diversity of objectives, risk tolerances, fund or account investor-imposed limitations, tax situations, differences in the timing of capital contributions/withdrawals among various Clients, and other factors considered relevant by the Firm, there may often be differences among the Clients in the weighting and cost basis of particular positions and in the particular securities and other-instruments held. M.D. Sass, at times, utilizes order management systems for assistance in determining whether a Client that should participate in an aggregated trade and how to allocate an investment opportunity.

## **Types of Clients**

M.D. Sass provides investment advice to our Clients, which may include, without limitation, corporate profit sharing and pension funds, partnerships, funds of funds, high net worth individuals and other substantial investors (endowment funds, corporate cash reserves, insurance companies, investment companies, trusts and estates and public sector employee benefit funds), clients that are jointly trustee, and union, pension, health, welfare, annuity and other funds through separately managed accounts and other investment vehicles.

The Firm generally requires a minimum separately managed account size of \$5 million. Lower minimums generally apply in the case of limited partnerships or limited liability companies of which an affiliate is a general partner or managing member, or other M.D. Sass affiliates. The Firm also may accept lower minimum account sizes in its discretion.

The Portable Alpha Fund operates as a pooled investment vehicle intended to provide management expertise and other advantages to its investors. The minimum initial capital contribution that is generally required for an investor of the Portable Alpha Fund is \$5 million which may be waived in accordance with terms of the offering documents.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis/Investment Strategies**

Our investment philosophy is to invest where and when we believe that there is the potential to add value and where the related risk can be measured and controlled. This approach is applied to asset allocation decisions, as well as bond and equity selection. Our philosophy has remained constant over the years and emphasizes rotating between sectors in order to be opportunistic and achieve high returns with low risk.

### ***Concentrated Value***

M.D. Sass's CV strategy is a relative value approach to investing in equities, which seeks to outperform relevant equity market indices through positive buy/sell disciplines. M.D. Sass searches for high-quality companies that it believes are misperceived or out of favor with positive long-term earnings growth prospects. M.D. Sass looks to buy when the risk-adjusted present value of estimated future earnings exceeds the market price by at least 25%.

The Firm utilizes a multi-step, fundamental research process, focused on out-of-favor and/or misperceived companies that meet M.D. Sass's minimum liquidity and quality standards. Preliminary company screening includes diligence on historical growth, competitive strength, free cash flow, debt leverage and trading liquidity. The Firm analyzes candidates to understand reasons for price drops, how the market's perception may lag reality and catalysts for potential price rebound.

### ***Fixed Income***

The M.D. Sass FI strategy invests primarily in short to longer-term U.S. government agency issued and/or guaranteed MBS, CMOs and similar high credit quality securities. Some of M.D. Sass's FI strategy Clients will also invest in higher-yielding U.S. government agency, agency non-guaranteed and non-agency fixed income securities. M.D. Sass seeks to outperform fixed income benchmarks of comparable term duration on a risk-adjusted basis. M.D. Sass's investment strategy is long-only. M.D. Sass currently does not borrow money to invest in securities.

M.D. Sass invests primarily in U.S. Treasuries, U.S. Agency securities and MBSs and CMOs issued by government sponsored enterprises ("GSEs"), (e.g., Ginnie Mae (Government National Mortgage Association), Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation)), the payments of which are backed by GSEs. In addition, U.S. agency non-guaranteed securities include GSE issued Credit Risk Transfer securities (CRT), Agency Commercial Mortgage-Backed Securities (and similar subcategories) and non-agency securities include Prime Residential A Mortgage-backed securities, Rated Repperforming Loan Mortgage-backed securities, Single Family Rental (SFR) (and other similar subcategories).

M.D. Sass relies on rigorous analytical testing and will target stable fixed income securities which have relatively moderate degrees of cash flow uncertainty, with attractive yields relative to similar duration securities. M.D. Sass's fixed-income professionals focus on in-depth fundamental research and utilize a variety of quantitative analyses to ascertain mortgage prepayment/extension risk and credit risk.

### ***Portable Alpha Fund***

The Portable Alpha Fund seeks to outperform the S&P 500 (the "index") in a risk-controlled fashion by utilizing the Firm's FI strategy to generate excess returns over the index. M.D. Sass achieves notional exposure to the index through equity futures and/or swaps. M.D. Sass then invests in U.S. government agency issued and/or guaranteed MBS, CMOs and similar high credit quality securities aiming to provide incremental returns at low relative risk. M.D. Sass relies on

rigorous analytical testing and will target stable Agency MBS and Agency CMOs which have relatively moderate degrees of cash flow uncertainty, with attractive yields relative to similar duration securities. M.D. Sass's fixed-income professionals focus on in-depth fundamental research and utilize a variety of quantitative analyses to ascertain mortgage prepayment/extension risk and credit risk. The Portable Alpha Fund will use modest leverage and seeks to control interest rate risk by hedging the portfolio's duration to approximately two years.

### **Risk of Loss**

All investing involves a risk of loss to each Client (and their respective investors), and the investment strategies offered by M.D. Sass could lose money over short or even long periods. All advisers are affected by general economic and market condition risks, such as global and local economic growth, interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations), and pandemics (i.e., coronavirus). These factors may affect the level and volatility of the prices and the liquidity of Clients' investments. Volatility or illiquidity could impair Clients' profitability or result in losses. No guarantee or representation is made that M.D. Sass will achieve its investment objective or that Clients will receive a return of their capital.

In addition, the performance of the Clients' investments is substantially dependent upon the skill, judgment and expertise of M.D. Sass's primary portfolio managers. The death, disability or other unavailability of any of the Firm's primary portfolio managers could be material and adverse to the performance of Clients' investments.

Investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including an investment or other service provider) to perform its obligations until it is able to remedy the force majeure event. Force majeure events that are incapable of or are too costly to cure may have a material adverse effect on the Clients' investments. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in the United States specifically.

Cybersecurity incidents may allow an unauthorized party to gain access to M.D. Sass Client account assets, Client or investor data (including private shareholder information), or proprietary information, or cause M.D. Sass or a Client account and/or one of their service providers (including, but not limited to, accountants, auditors, custodians, sub-custodians, transfer agents, prime brokers, administrators, and financial intermediaries) to suffer data breaches, data corruption or lose operational functionality.

The description contained below is a brief overview of risks related to each of M.D. Sass's significant investment strategies.

### ***Concentrated Value***

**Risks Associated with Investments in Securities.** Any investment in securities carries certain market risks. The value of the securities in which M.D. Sass invests fluctuates, and, therefore, the value of an investor's investment at the time it is redeemed may be more or less than such investment's value at the time of purchase. In particular, equities in which M.D. Sass invests may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. For example, M.D. Sass may invest in mid-cap companies, which involves additional risks such as limited liquidity and greater volatility than large capitalization companies. There is no assurance that M.D. Sass will achieve its investment objective of superior capital appreciation or avoid losses.

**Risks Associated with Lack of Diversification.** There are no absolute diversification or concentration constraints on M.D. Sass. If M.D. Sass's portfolio becomes relatively concentrated, the value of an investment in M.D. Sass may be subject to greater volatility and may be more susceptible to any single economic, political or regulatory occurrence or the fortunes of a single company or industry than would be the case if the Firm's investments were more diversified.

**Stock Market Risk.** There is always a chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. M.D. Sass's strategies may, at times, become focused in stocks of a particular sector, category, or group of companies. Because M.D. Sass's investments do not have any diversification and/or concentration requirements, the Firm's strategies may underperform the overall stock market.

**Manager Risk.** Poor security selection may cause M.D. Sass's strategies to underperform relevant benchmarks or other funds/strategies with a similar investment objective.

**Risks Associated with ESG Investing.** ESG investment criteria may result in the selection or exclusion of securities of certain issuers for reasons other than performance. As a result, investment strategies using ESG criteria may underperform strategies that do not utilize ESG criteria. The application of ESG criteria may affect a portfolio's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the strategy's performance depending on whether such investments are in or out of favor. Socially responsible norms often differ by region, and a company's ESG practices or M.D. Sass's assessment of a company's ESG practices may change over time. In evaluating a company, M.D. Sass uses internal research and analysis and may also subscribe to various independent third party research providers that provide corporate ESG research. The Firm is generally dependent upon information and data obtained through third-party reporting that may be incomplete, inaccurate or unavailable, which could cause it to incorrectly assess a company's ESG practices.

### ***Fixed Income/Portable Alpha Fund***

**General Credit Risks.** While assets purchased by M.D. Sass are generally guaranteed and/or collateralized, Clients may be exposed to losses resulting from default on the part of the U.S. Agencies or the U.S. government guaranteeing these assets and principal payments. In addition, non-guaranteed U.S. agency securities and non-agency securities will be subject to greater credit risk than securities that are guaranteed by the U.S. government. The Firm cannot guarantee the



adequacy of the protection of Client's investments, including the validity or enforceability of underlying loan and securities documents and the maintenance of anticipated priority and perfection of applicable security interests. Furthermore, M.D. Sass cannot assure that claims may not be asserted that might interfere with enforcement of rights that are important to the value of an asset. Liquidation proceeds upon sale of assets may not satisfy the entire outstanding balance of principal and interest on a loan or security, resulting in a loss. Any costs or delays involved in the effectuation of the liquidation of the underlying collateral will further reduce the proceeds and thus increase the loss. Generally, such securities offer a potentially higher return, but may, in certain circumstances involve greater volatility of price and greater risk of loss of income and investment.

**Market and Interest Rate Risk.** The market price of fixed income and other securities owned by Clients may go up or down, sometimes rapidly or unpredictably. If the market prices of the securities owned by Clients fall, the value of an investor's investment will decline. The value of a security may fall due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest or currency rates, lack of liquidity in the bond markets or adverse investor sentiment.

When interest rates rise, the value of fixed income securities generally falls. A change in interest rates will not have the same impact on all fixed income securities. Generally, the longer the maturity or duration of a fixed income security, the greater the impact of a rise in interest rates on the security's value. In addition, different interest rate measures (such as short- and long-term interest rates and U.S. and foreign interest rates), or interest rates on different types of securities or securities of different issuers, may not necessarily change in the same amount or in the same direction.

Certain fixed income securities pay interest at variable or floating rates. Variable rate securities tend to reset at specified intervals, while floating rate securities may reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the impact of changes in market interest rates on the value of the security.

**MBS Maturity Risk; Prepayment Risk; Extension Risk.** The investment characteristics of MBS differ from traditional debt securities. The major differences include, but are not limited to, the fact that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying MBS will be affected by a variety of factors, including, without limitation, the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgage loans when prevailing mortgage rates fall below the interest rates on their mortgage loans. (Note that such MBS give the issuer the option to repay or call the security prior to its stated maturity date. Accordingly, the company holding such MBS may not benefit fully from the increase in value that other fixed income securities generally experience when interest rates fall). Upon prepayment of the security, M.D. Sass would also be forced to reinvest the proceeds at then current yields, which would be lower than the yield of the security that was paid off. In addition, if M.D. Sass purchases an MBS at a premium (at a price that exceeds its stated par or principal value), M.D. Sass may lose the amount of the premium paid in the event of prepayment. Conversely, when the interest rates rise, repayments of MBS principal and interest may occur more slowly than anticipated, extending the effective maturity of such MBS, thereby locking in below market interest rates

and exposing the Firm to sharper than anticipated declines in asset market values.

**Financing Arrangements; Availability of Credit.** The Portable Alpha Fund's use of leverage will depend on the availability of credit in order to finance its portfolio. There can be no assurance that the Portable Alpha Fund will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the Portable Alpha Fund can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Portable Alpha Fund to liquidate all or part of its portfolio at disadvantageous prices. The financing available to the Portable Alpha Fund from banks, dealers and other counterparties is likely to be restricted in disrupted markets.

**Risks Associated with Derivatives.** The Portable Alpha Fund may make use of various derivative financial instruments for both synthetic investing and hedging. Derivative financial investments include credit derivatives, equity derivatives, interest rate derivatives, interest rate swaps, total return swaps, options, forward currency contracts and futures. In addition, the Portable Alpha Fund may use both exchange-traded and OTC futures and options as part of its investment strategy and for hedging purposes. Such derivative instruments may be highly volatile, involve certain special risks and expose investors to a high risk of loss. For a more detailed discussion of the risks associated with an investment in the Portable Alpha Fund, please see the Portable Alpha Fund's offering documents.

## **Disciplinary Information**

M.D. Sass and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of the Firm or its personnel.

## **Other Financial Industry Activities and Affiliations**

**Registered Broker Dealer:** M.D. Sass is affiliated with M.D. Sass Securities, L.L.C. ("M.D. Sass Securities"), a registered broker-dealer with the SEC. Certain management persons of M.D. Sass are registered representatives of M.D. Sass Securities.

**Investment Advisers:** M.D. Sass-Macquarie Financial Strategies Management Company, LLC ("Sass-Macquarie") is a related person of M.D. Sass and a registered investment adviser. An unregistered investment adviser is also a related person of M.D. Sass.

M.D. Sass has entered into services agreements (the "Services Agreements") with Sass-Macquarie and an unregistered adviser whereby M.D. Sass provides Sass-Macquarie and the adviser with personnel, office space and office support services as needed by Sass-Macquarie and the adviser. Such services are provided for compensation, payable monthly, equal to the cost of the services provided which generally will be calculated (i) as a prorated portion of rent plus taxes, utilities and services for office space, (ii) as a prorated portion of overall compensation including benefits for personnel, and (iii) in good faith, in the reasonable judgment of M.D. Sass,

for other services not otherwise readily calculable.

Certain investment advisers noted above manage partnerships, limited liability companies, separately managed accounts and other investment vehicles in which investors of investment funds and separately managed account clients of M.D. Sass may invest. Other than the Services Agreements, M.D. Sass does not have any direct arrangements with the other M.D. Sass related persons which manage such partnerships, limited liability companies, separately managed accounts and other investment vehicles, but the entities all have common control.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

M.D. Sass has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “Advisers Act”), which is predicated on the principle that M.D. Sass owes a fiduciary duty to its Clients. Accordingly, employees of M.D. Sass must disclose or avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interest of Clients. Therefore, the Firm endeavors to maintain current and accurate records of all personal securities accounts of its employees in an effort to monitor all such activity. Among other things, the Code requires M.D. Sass and its employees to act in Clients’ best interests, abide by all applicable laws and regulations, avoid or disclose real or perceived conflicts of interest, and pre-clear and report on many types of personal securities transactions. The Code is available for review and will be provided to any Client or investor or prospective Client or investor upon request by calling us at 212-730-2000.

M.D. Sass is part of a group of affiliated investment advisers (“the Affiliated Advisers”). Certain of M.D. Sass’s officers and employees are also officers and employees of one or more of the Affiliated Advisers, and certain of M.D. Sass’s investment professionals will provide investment advisory services to clients of the Affiliated Advisers. While M.D. Sass’s officers and employees will devote the time and services necessary for the conduct of M.D. Sass’s advisory business, these other business activities could, and are expected to, require a substantial amount of these persons’ time and effort.

The Affiliated Advisers may trade securities for their client accounts that are the same as, or similar to, securities M.D. Sass trades for its Clients. The Affiliated Advisers may take positions for their clients similar or opposite to positions taken by one or more of M.D. Sass’s Clients, and clients of the Affiliated Advisers and M.D. Sass’s Clients from time to time may be competing for similar positions in one or several markets. For purposes of seeking to maximize investment opportunities and achieve best execution in certain sector markets, M.D. Sass and the Affiliated Advisers may in some instances coordinate portfolio management and trading activities among their respective clients. The Firm and its affiliates have instituted policies intended to ensure that, with respect to the allocation of investment opportunities and the execution of trades, all clients of M.D. Sass and the Affiliated Advisers are treated fairly and equitably over time. M.D. Sass also has Clients that are proprietary or “house” accounts that trade securities that are the same as, or similar to, securities traded by other Clients. M.D. Sass places Client interests first by either completing Client trading each day prior to any proprietary account trading commences or placing proprietary accounts into the same trading block as Clients as described further below. However, when proprietary accounts trades are placed after other Client account trades each day, there are occasions in which M.D. Sass proprietary accounts receive better execution prices due to market movements.

The Firm may from time to time effect cross transactions among certain client accounts, including private investment funds, in which M.D. Sass acts as investment adviser and in which certain principals may have investments. Such transactions must be consistent with the investment objectives and policies of each client account and, in the view of each respective portfolio manager, must be in the interest of each side of the transaction. Any such transaction will be conducted in accordance with applicable rules and regulations (including, if applicable, appropriate consent by the client).

M.D. Sass permits its principals and employees to invest for their own or related accounts (e.g., proprietary or “house” accounts or personal accounts) in securities purchased for its Clients. In order to avoid possible conflicts with Clients’ interests, the following guidelines are followed:

With respect to proprietary or “house” accounts, any principal of M.D. Sass and its affiliates may execute orders through M.D. Sass’s trading desk. In such cases, unaffiliated Clients’ orders take precedence so that no trades by principals of M.D. Sass or its affiliates will be permitted if it is determined that such trades will disadvantage Clients’ interests. If it is determined that such trades will not disadvantage Clients’ interests, the securities of principals of M.D. Sass and its affiliates will be traded by the trading desk as part of any blocks traded for Clients. Where principals of M.D. Sass or its affiliates desire to seek brokerage services directly rather than through M.D. Sass’s trading desk, no trades for their account are to be made until all Clients have been satisfied.

Principals and employees of M.D. Sass will not act for their own or related accounts in anticipation of a research report or purchase or sell recommendation for Clients’ accounts or otherwise on the basis of material non-public information. All transactions by principals or employees are required to be reported to the Firm’s compliance department on a periodic basis; precleared for trading by compliance, if such trade meets the code of ethics threshold for preclearance; or placed through the Firm’s trading desk where compliance has full visibility.

Notwithstanding the above, certain principals and employees are limited partners or members of private investment partnerships or limited liability companies of which M.D. Sass or affiliates of M.D. Sass are general partners or managing members (collectively, “Sass Entities”). Sass Entities pursue a broad variety of investment strategies and practices in seeking capital appreciation, including, in some instances, active short-term trading. On occasion, Sass Entities may own shares of the same companies owned by other Client accounts, and in the course of actively trading positions in such companies may purchase or sell securities at the same time as or at different times than other Client accounts based on separate investment decisions made for each account in light of its particular investment objectives and risk/return characteristics, provided that no transaction on behalf of a Sass Entity will be permitted if it is determined that it will disadvantage the interests of other Clients.

## **Brokerage Practices**

### **Selection of Brokers**

M.D. Sass considers various factors in selecting brokers through which orders for Client accounts are executed. The primary consideration is the broker’s ability to provide best execution of the trade (including both trade price and commission). Assuming equal execution

capabilities, the Firm also takes other factors into account.

In determining which brokers provide best execution, M.D. Sass looks primarily to the price quoted by the broker through which it can obtain the most favorable price. If the same price is available from more than one broker, the Firm's judgment as to the following factors may influence the selection of a broker for a particular trade: the execution, clearance and settlement capabilities of the brokers under consideration; the nature of the security being traded; the size of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the financial stability of the brokers under consideration; actual or apparent operational problems of any broker under consideration; and the negotiated commission rates available at the time of the trade.

M.D. Sass also considers the nature and extent of research services provided when it selects brokers. Assuming equal execution capabilities as described above, M.D. Sass may direct commission business to brokers who provide research services. Such services include, but are not limited to: analyses and reports concerning economic factors and trends, industries, specific securities, portfolio strategy, and valuation and performance of accounts; advice regarding critical factors supporting research recommendations and special reports or information based on the specific requests of M.D. Sass's portfolio managers/analysts. M.D. Sass expects that research services received will generally (but not necessarily always) fall within the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934. M.D. Sass sometimes receives a product or service that may be used only partially for functions covered by Section 28(e). In such instances, the Firm makes a good faith effort to determine the relative portion of the product or service used to assist in fulfilling its investment decision-making responsibilities and the relative portion used for other purposes. The portion of the product or service attributable to assisting in fulfilling investment decision-making responsibilities, as applicable, is paid through brokerage commissions generated by transactions on behalf of Clients, and the portion attributable to other purposes not covered by Section 28(e) is paid by M.D. Sass from its own resources.

Subject to the Firm's duties to seek best execution, M.D. Sass may also from time to time obtain research services prepared by third parties and provided by brokers in exchange for a predetermined amount of commission business. These services include portfolio monitoring, analysis and performance measurement systems, various economic forecasting and research services covering stocks and bonds, research and trading conferences, and a source of information as to block trading opportunities. Such third-party arrangements are cancellable at any time while others require notice. Such third-party arrangements do not involve a substantial amount of M.D. Sass's commission business on behalf of Clients.

Where, in M.D. Sass's judgment, several firms have equal execution capability, M.D. Sass from time to time places orders with brokerage firms which have recommended that M.D. Sass be among a number of investment managers invited to make presentations and proposals to manage potential Clients' assets. These are brokerage firms that provide M.D. Sass with high-quality execution services and with which M.D. Sass would place executions irrespective of the recommendations to potential Clients.

Also, some Clients designate the broker through whom some or all orders for their account are to be executed. Generally, in the case of trades directed to a particular broker, commission

arrangements are negotiated in advance by the Client and the broker. Clients who direct M.D. Sass to use a particular broker-dealer should be aware that, in so doing, M.D. Sass may not be in a position to freely negotiate commission rates or spreads, obtain volume discounts on aggregated orders, or to select broker-dealers on the basis of best price and execution. As a result, directed brokerage transactions may result in higher commissions, greater spreads or less favorable execution on some transactions than would be the case if M.D. Sass were free to choose the broker- dealer.

Orders placed on behalf of Clients may be “bunched” for execution with the orders of other Clients of M.D. Sass or of M.D. Sass, its principals or other affiliates. Bunched orders may be executed in block transactions or in a series of transactions throughout a trading day. In the latter case, all participants in such transactions will receive the average price obtained during one trading day. These practices may result in the obtaining of a better average trade price and lower transaction costs than might otherwise be available to certain Clients without such bunching, although the average price may be slightly higher than the lowest price in the series of executions that result in the average price. The Firm will not aggregate orders unless aggregation is consistent with our duty to obtain best execution and the terms of the investment guidelines and restrictions of each Client for which trades are being aggregated.

Generally, M.D. Sass places and executes aggregated (i.e., bunched) equity order transactions at each of the trading “desks” of independent brokerage firms used by M.D. Sass. Aggregated trades are carried out one trade desk at a time. For each trading desk used, all participants in such transactions will receive the average price obtained during one trading day. Execution prices for equity orders will likely vary by trading desk as a result of the timing of an order’s placement and execution.

Since M.D. Sass directs client orders with the trading desks of several different brokers, some of which may be directed brokers, M.D. Sass has adopted a trading practice of rotating the order of executions on a daily basis using a “trade order randomizer.” This program randomly generates a trade order for all accounts, including directed accounts, non-directed accounts, and model portfolio accounts. The program is run each trading day prior to market open and generates a random trade order of all relevant accounts for that trading day. For model portfolio accounts, M.D. Sass does not have control of the implementation of investment decisions and no trading authority for the underlying accounts. The sponsor of the model portfolio accounts (or advisors directed by the sponsor) have discretion to execute trades recommended in the model. Model portfolio accounts for which the sponsor provides confirmation to M.D. Sass when underlying accounts have been traded are generally included in the daily trade order randomizer and ranked in the same manner as other discretionary accounts. Model portfolio accounts for which the sponsor does not provide confirmation of trades are also included in the daily trade order randomizer but are generally notified (based on their ranked order for that day among such model portfolio accounts) only after M.D. Sass has completed trading for discretionary accounts and made notification to the sponsors who provides confirmation when underlying accounts have been traded. A consequence of this trade notification rotation procedure is that clients in the same strategy are likely to receive different execution prices and different rates of return for trades done on the same day. Generally, the only exceptions to this practice include IPO allocations and trades executed away from the directed broker. IPO allocations will be executed through the offering’s respective broker and subsequently allocated on a pro-rata basis. Transactions that are “traded-away” from a directed broker will share in the

allocation with the executing broker and be allocated on a pro-rata basis across all of the accounts that were traded away for that particular transaction.

It is the Firm's policy that investment opportunities are allocated fairly and equitably among Clients' accounts. The general policy is to make investment allocations pro rata across Client accounts. Notwithstanding the foregoing, because of the diversity of objectives, risk tolerances, fund or account investor-imposed limitations, tax situations, differences in the timing of capital contributions and withdrawals among various Clients, the type of investment strategy, and other factors considered relevant by M.D. Sass, there may often be differences among Clients in the weighting and cost basis of particular positions and in the particular securities and other-instruments held.

Examples of permissible reasons why *pari passu* allocations or average price may not occur in every situation may include, but are not limited to, the following:

- Differences in Clients' or investment fund investors' tax situations;
- Differences in available capital;
- Different risk parameters, investment guidelines or specific instructions from a particular Client;
- Differences in investment programs' emphasis on particular types of investments;
- Commission costs of allocating limited purchases or sales among several Clients;
- The limited size of an available position;
- The varying ability to margin, and any applicable margin limitations, for particular Clients;
- Liquidity requirements of a particular Client;
- The domicile of a particular Client, and the ability to participate in particular positions and securities based on such domicile;
- Issuer based restrictions with respect to a particular Client; and
- The type of investment strategy.

On occasion, M.D. Sass may participate in initial public offerings or new issues (sometimes referred to as "IPOs" or "new issue offerings") for its eligible Clients' accounts. Registrant does not consider Clients of CV as IPO eligible Clients based on CV's investment methodologies. Pooled investment vehicles advised by M.D. Sass which transact in equities are considered eligible Clients. Only "non-restricted" investors of the eligible Clients are allowed to participate in IPOs. In these cases, M.D. Sass's general policy and practice is to allocate shares fairly and equitably among eligible Clients' accounts according to a specific and consistent basis so as not to favor or disfavor any eligible Client, or group of Clients, over another.

In seeking best execution for transactions on behalf of Clients, the Firm may, from time to time, instruct the broker-dealer that executes the transaction to allocate or "step-out" a portion of such transaction to another broker-dealer. The broker-dealer to which M.D. Sass has "stepped out" would then settle and complete the designated portion of the transaction and the executing broker-dealer would settle and complete the remaining portion of the transaction that has not been "stepped out." Each broker-dealer would receive a commission or a brokerage fee with respect to that portion of the transaction that it settles and completes. Generally speaking, M.D. Sass's goal in conducting a "step-out" trade is to use a broker that will provide best price and execution and also give commission business to brokers with whom it has other arrangements

that need to be paid for but whose execution capability is not as good.

### **Determination of Commission Rates**

In accordance with industry practice, commission rates are normally determined through negotiations with brokers conducted by M.D. Sass's traders. These negotiations take into account industry norms for particular transactions, the size and type of trades, the size and expertise of the brokerage firm involved, and the nature of brokerage and research services provided, including special services in connection with a particular trade. Such special services could include, among other things, the assumption of market risk in connection with a trade or series of trades or the facilitation of trades in a thin or volatile market. Although M.D. Sass generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Commission rates paid by M.D. Sass may in some situations be higher than those charged by other brokers for execution of similar trades without the provision of research and/or special services, which may justify higher commissions and equivalents than would be the case for more routine services.

### **Evaluation of Research: Soft Dollars**

The term "soft dollars" refers to a means of paying brokerage firms for products and services through commission revenue, based on the volume of brokerage commission revenues generated from securities transactions executed through brokers by an investment manager on behalf of advisory clients. Section 28(e) of the Securities Exchange Act of 1934, as amended allows M.D. Sass to pay broker-dealers more than the lowest commission available in order to obtain research and brokerage services without breaching its fiduciary duties to clients or imposing a duty upon M.D. Sass to obtain the lowest commission if certain conditions are met and M.D. Sass makes a good faith determination that the commissions paid are reasonable in relation to the value of the brokerage or research services on behalf of its advisory clients.

M.D. Sass reviews all research services and determines that the amounts of commissions directed to brokers are reasonable in relation to the value of the brokerage and research services provided, viewed in terms of both particular transactions and M.D. Sass's overall responsibilities with respect to the accounts over which it exercises investment discretion. M.D. Sass maintains an internal allocation procedure to identify those brokers who provide it with research services and the amount of research services they provide, and then endeavors, subject to M.D. Sass's duty to seek best execution, to direct sufficient commissions to them to ensure the continued receipt of such services as the Firm believes to be valuable.

M.D. Sass has negotiated certain commission sharing arrangements with broker-dealers whereby 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. M.D. Sass may also, from time to time, affect fixed income or other securities transactions with certain institutions for soft dollar credits on an agency basis, instead of effecting such transactions on a principal basis with market makers. In connection with transactions that are effected in this manner, a commission will be charged by the executing broker in addition to a mark-up or mark-down, which is included in the market maker's bid or ask prices of the securities being purchased or sold.

Soft dollar products/services include but are not limited to: research reports on companies,



industries, and securities, economic and financial data, financial publications, web or computer-based market data, and research and brokerage-oriented computer software and services. M.D. Sass also accepts proprietary brokerage and research products and services from certain brokers as well as access to company management and conferences with industry professionals.

Research services furnished by brokers are generally used in servicing all of M.D. Sass's accounts, although not all such services may be used in connection with any particular account that paid commissions to the brokers providing such services. Research services may be shared among M.D. Sass and its Affiliated Advisers. Therefore, research services that primarily benefit M.D. Sass and/or an Affiliated Adviser may be paid for with commissions generated by any of the other affiliates. Additionally, proprietary or "house" accounts could benefit from research used in servicing M.D. Sass accounts even though proprietary accounts do not generate soft dollar credits.

When we use client brokerage commissions (or markups or markdowns) to obtain research or other brokerage and research products or services, we receive a benefit because we do not have to produce or pay for the brokerage and research products or services. This could create a conflict of interest, because these arrangements give us an incentive to select or recommend a broker-dealer or third-party provider based on our interest in receiving the brokerage and research products and services, rather than on our clients' interest in receiving a more favorable execution. To address the conflicts surrounding soft dollar arrangements, we have adopted written policies and procedures regarding trading, use of client commissions and brokerage selection.

In some cases, M.D. Sass receives certain research/brokerage and non-research/non-brokerage (e.g., administrative or accounting services) services commonly referred to as a "mixed use" product. In these cases, we make a good faith determination of the portion allocated to non-research/non-brokerage. In making such good faith allocations, a conflict of interest may exist by reason of our allocation of the costs of such services and benefits between those that primarily benefit us and those that primarily benefit our clients.

### **Allocations**

M.D. Sass advises multiple and diverse Clients, which may compete for M.D. Sass's time and attention and for limited investment opportunities. M.D. Sass has a fiduciary obligation to use its best efforts to ensure that no Client is treated unfairly in relation to any other Client in the allocation of securities or investment opportunities or in the order in which transactions are executed. M.D. Sass will seek to allocate orders and investment opportunities among Clients in a manner that it believes is equitable and in the best interests of all of its Clients. Although such allocations may be pro rata among participating Clients, they will not necessarily be so, where M.D. Sass's allocation policies (e.g., taking into account differing objectives or other considerations) dictate a different result. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner or that it will be practicable for each account to participate in every transaction or position that is suitable for its objectives and strategy.

## **Review of Accounts**

Senior officers of M.D. Sass periodically monitor all portfolios for compliance with investment guidelines, positioning with respect to target portfolio structure, investment performance and adherence to investment objectives. Certain reviews can be daily and are done by the senior officer and/or senior portfolio manager (and/or designees). SEI Global Services, Inc. (“SEI”) is responsible for trade settlement, investment accounting, reconciliation, mandatory corporate action processing, pricing, performance measurement, and production of client reports for M.D. Sass portfolios. SEI staff reconciles positions, cash balances and transactions with custody statements daily (for portfolios whose custodians make such information available to SEI electronically) and positions (including cash balances) monthly for portfolios whose custodians do not make information available to SEI on a daily basis. SEI staff also prepares monthly and/or quarterly Client reports for separately managed accounts, which are reviewed by another SEI team member as well as someone within M.D. Sass before being provided to the Client service area for distribution to Clients.

The Chairman, Chief Executive Officer and Chief Investment Officer, President, and several portfolio managers (with the title of Senior Vice President) review the performance of the investment strategies they are responsible for on a regular basis (generally not less than monthly).

Clients receive reports not less than quarterly, and some monthly. Reports on separately managed accounts may include returns (in dollars and percentages), comparison of performance to a benchmark, details of portfolio holdings, information on portfolio transactions and other data as requested. Investors in investment funds also receive annual tax information necessary for their tax returns. Reports generally include a review of results and investment performance. Audited financial statements prepared in accordance with general accepted accounting principles are provided annually to investors in investment funds.

## **Client Referrals and Other Compensation**

On a discretionary basis, M.D. Sass may compensate certain employees for Client referrals. Additionally, the Firm may from time to time compensate third parties for Client referrals pursuant to written solicitation agreements complying with relevant provisions of the Advisers Act.

## **Custody**

Client assets generally are held in custody by unaffiliated broker/dealers or banks. In accordance with the Custody Rule, all client funds and securities are maintained with “qualified custodians,” which include banks and registered broker-dealers. Clients will receive account statements at least quarterly from these custodians. These statements should be carefully reviewed and compared to quarterly statements delivered by M.D. Sass.

M.D. Sass has access to some Client accounts since it or an affiliate serves as the general partner or managing member of each investment fund. Investors in investment funds will not receive statements from the custodian. Instead, investment funds generally are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each investment fund’s fiscal year end.

## **Investment Discretion**

M.D. Sass generally has discretionary authority to determine, without obtaining specific consent from investment funds or their investors, the securities and amount to be bought or sold. Any limitations on authority are included in the respective investment fund's confidential offering memorandum, prospectus and other governing documents. M.D. Sass may generally exercise its investment discretion and authority conditionally or unconditionally, arbitrarily, or inconsistently in varying or similar circumstances. For example, the Firm may provide certain investors or third parties representing investors more frequent or more detailed reports of an investment fund's portfolio holdings or performance, special fee and allocation arrangements and special withdrawal rights that it does not provide to other investors.

Clients other than investment funds have (or may in the future) placed different limits on M.D. Sass's discretionary authority to invest pursuant to their respective investment management agreements with M.D. Sass.

## **Voting Client Securities**

To the extent M.D. Sass exercises voting authority over Client securities, M.D. Sass's general policy is to vote proxy proposals, amendments consents or resolutions (collectively "proxies") in a manner that serves the best interest of a Client, as determined by M.D. Sass, in its discretion, taking into account factors described in its proxy voting policies and procedures (together, the "Policy").

In furtherance of the foregoing, M.D. Sass generally opposes placing restrictions on the business judgment of management. M.D. Sass considers, on a case-by-case basis, executive compensation plans and supports those that promote the adoption of fair, competitive compensation packages for executives and it reviews matters relating to changes in a company's charter documents and generally votes in favor of those measures that provide management with the most operational flexibility. M.D. Sass follows procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of its Clients. If it is determined that any such conflict or potential conflict is not material, M.D. Sass may vote proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, appropriate personnel of M.D. Sass will work to agree upon a method to resolve such conflict before voting proxies affected by the conflict. If a conflict cannot be resolved, M.D. Sass will consult with outside consultants or counsel to determine how to vote the proxy for the security subject to the conflict. The Policy itself contains other more specific policies (including appropriate exceptions) that M.D. Sass intends to follow with respect to both routine and non-routine matters.

Some Clients do not allow M.D. Sass to vote proxies for them. Such Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. In the event Clients have questions about a particular solicitation, they may contact us at 212-730-2000. M.D. Sass does not allow Clients who have granted the Firm proxy voting authority to direct M.D. Sass's vote in a particular proxy solicitation.

The foregoing summary of M.D. Sass's Policy is qualified in its entirety by the complete text of

the Policy, a copy of which may be requested by Clients along with M.D. Sass's proxy voting record by contacting us at 212-730-2000.

M.D. Sass does not take any action with respect to class action lawsuits in which a separately managed client account may be eligible to participate. Notifications for such events are normally processed through each applicable account's custodian and will be handled directly by the accountholder. If M.D. Sass should inadvertently receive information related to a class action lawsuit for a security held in a separately managed client account, then M.D. Sass will endeavor to forward the relevant information to the applicable accountholder.

Class action participation involving securities held by any mutual fund is handled by the mutual fund (and not by M.D. Sass).

## **Financial Information**

M.D. Sass has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to affect its ability to manage Client accounts

# M.D. Sass, LLC

## Part 2B of Form ADV

### The Brochure Supplement

55 West 46<sup>th</sup> Street, Suite 2801  
New York, NY 10036  
<https://www.mdsass.com/>

March 31, 2025

This brochure supplement provides information about Martin D. Sass, Ari Sass, Lip-Kee Lu, Steve Clancy and Nancy Persoons. It supplements the accompanying Form ADV brochure for M.D. Sass, LLC (“M.D. Sass”). Please contact M.D. Sass’s Chief Compliance Officer, Bobby Liu, at 212-730-2000 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document. The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

## **Martin D. Sass's Biographical Information**

### Educational Background and Business Experience

Martin D. Sass, Chairman, Chief Executive Officer and Chief Investment Officer of M.D. Sass, was born in 1942. Mr. Sass holds a B.S. degree in Accounting from Brooklyn College. He attended graduate business school at New York University and City University of New York.

Mr. Sass also serves as Chairman and Chief Executive Officer of M.D. Sass-Macquarie Financial Strategies Management Company, LLC, and he is on the Board of M.D. Sass-Macquarie Financial Strategies Management Company, LLC and Cladrius Partners LLC. From 1995 until 2001, he served as a Member of the Partnership Board of Chase & MD Sass Partners. He was a Principal of Real Estate Capital Partners, L.P. from 1989 until 2004. Prior to forming M.D. Sass in 1972, Mr. Sass was President of Neuwirth Management and Research Corporation. Previously, he founded and directed Argus Research Corporation's Special Situations Department.

### Disciplinary Information

Mr. Sass has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Sass or of M.D. Sass.

### Other Business Activities

Mr. Sass is employed by M.D. Sass, which is part of a group of affiliated investment advisers. Certain of M.D. Sass's officers and employees, including Mr. Sass, are also officers and employees of one or more of the investment advisers affiliated with M.D. Sass (the "Affiliated Advisers"), and certain of M.D. Sass's investment professionals will provide investment advisory services to clients of the Affiliated Advisers. While M.D. Sass's officers and employees, such as Mr. Sass, will devote the time and services necessary for the conduct of M.D. Sass's advisory business, these other business activities could, and are expected to, require a substantial amount of these persons' time and effort.

### Additional Compensation

Mr. Sass does not receive economic benefits from any person or entity other than M.D. Sass in connection with the provision of investment advice to clients.

### Supervision

As M.D. Sass's Chairman, Chief Executive Officer and Chief Investment Officer, Mr. Sass shares responsibility for the company's operations with the Executive Committee which consists of the Chief Executive Officer, President, Chief Financial Officer and General Counsel/Chief Compliance Officer. As Chief Investment Officer, Mr. Sass discusses equity investment decisions with the other members of the Equities Investment Committee. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Ari Sass's Biographical Information**

### Educational Background and Business Experience

Ari Sass, President and Senior Portfolio Manager (Equities), was born in 1973. He has a B.A. in Economics from the University of Michigan and an M.B.A. from New York University and is a CFA Charterholder.

Prior to joining the firm in 2004, Mr. Sass was CEO and Co-Founder of Insound, L.L.C. from 1998 to 2004. Previously, he was Manager of Finance at Elektra Entertainment Group and held positions at Bear Stearns and Deloitte and Touche.

### Disciplinary Information

Mr. Sass has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Sass or of M.D. Sass.

### Other Business Activities

Mr. Sass is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of M.D. Sass.

### Additional Compensation

Mr. Sass does not receive economic benefits from any person or entity other than M.D. Sass in connection with the provision of investment advice to clients.

### Supervision

As Senior Portfolio Manager (Equities), Ari Sass' activities are overseen by Martin D. Sass.

## **Lip-Kee Lu's Biographical Information**

### Educational Background and Business Experience

Lip-Kee Lu, Managing Director and Director of Fixed Income Investments, was born in 1968. He holds an M.S. degree in Finance and Statistics and a B.A. with concentration in Economics, Political Science and International Relations from the University of Wisconsin. Mr. Lu also holds an M.B.A. in Quantitative Finance from the University of Chicago and is a CFA Charterholder.

Mr. Lu joined the M.D. Sass organization in 2009. Mr. Lu previously served as Vice President/Senior Portfolio Manager at AllianceBernstein managing Total Return fixed income assets with a focus on Structured products. Previously, he was the Head of Structured Product Research and Portfolio Manager of the mortgage REIT at Deerfield Capital Management. Mr. Lu started his career at Zurich Scudder Kemper where he was Co-Portfolio Manager of the long-short Freddie Mae Money Manager Program.

### Disciplinary Information

Mr. Lu has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Lu or of M.D. Sass.

### Other Business Activities

Mr. Lu is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of M.D. Sass.

### Additional Compensation

Mr. Lu does not receive economic benefits from any person or entity other than M.D. Sass in connection with the provision of investment advice to clients.

### Supervision

As Director of Fixed Income Investments, Mr. Lu's activities are overseen by Martin D. Sass.



## **Steve Clancy's Biographical Information**

### Educational Background and Business Experience

Steve Clancy, Managing Director and Portfolio Manager, was born in 1982. He is a CFA Charterholder and holds a B.A. in Mathematics and Economics from Cornell University.

Mr. Clancy joined M.D. Sass in 2012. Previously, Mr. Clancy served as Vice President/Portfolio Manager at Dwight Asset Management where he managed Agency and non-Agency Mortgage Backed securities across a range of mandates including Total Return, Insurance and Stable Value strategies. Prior to that, Mr. Clancy worked for Nomura Securities on their Agency CMO desk, where he structured and closed Agency CMO deals and traded Agency CMO derivatives.

### Disciplinary Information

Mr. Clancy has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Clancy or of M.D. Sass.

### Other Business Activities

Mr. Clancy is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of M.D. Sass.

### Additional Compensation

Mr. Clancy does not receive economic benefits from any person or entity other than M.D. Sass in connection with the provision of investment advice to clients.

### Supervision

As Portfolio Manager, Mr. Clancy's activities are overseen by Lip-Kee Lu.

## **Nancy Persoons's Biographical Information**

### Educational Background and Business Experience

Nancy J Persoons, Senior Vice President-Portfolio Manager of Fixed Income Investments, was born in 1962. She holds an B.A. degree in Economics and Business Management from the State University of New York at Plattsburgh.

Ms. Persoons joined the M.D. Sass organization in 1989. Ms. Persoons started her career at Prudential Bache Securities where she worked on the Fixed Income trading floor as a fixed Income sales assistant.

### Disciplinary Information

Ms. Persoons has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Persoons or of M.D. Sass.

### Other Business Activities

Ms. Persoons is not engaged in any other investment related business and does not receive compensation in connection with any business activity outside of M.D. Sass.

### Additional Compensation

Ms. Persoons does not receive economic benefits from any person or entity other than M.D. Sass in connection with the provision of investment advice to clients.

### Supervision

As Portfolio Manager, Ms. Persoons activities are overseen by Lip-Kee Lu.

# PRIVACY STATEMENT

## M.D. SASS, LLC AND AFFILIATES

We recognize and appreciate the importance of respecting the privacy of our clients. We are committed to safeguarding client information against unnecessary or unauthorized disclosure or access. This Privacy Statement sets forth our current policies and practices with respect to nonpublic personal information of our clients and former clients. Please be aware that we may change this policy periodically. If we do, we will notify you.

We limit the collection, retention and use of individual client information to the minimum amount required to properly serve you and to meet regulatory requirements. We may collect directly and from subscription documents, questionnaires or other forms non-public personal information about clients such as name, address, social security number, financial information and transactions with us and investment funds managed by us. This non-public personal information will be accessible to and may be used by M.D. Sass, LLC and its affiliates for the servicing of client accounts. In addition, the law permits us to share and we will share your information described above with unaffiliated third parties that provide processing and support services on your behalf. Otherwise, unless we have your consent, we will not share your personal information with unaffiliated third parties, except as provided by law. For example, your information may be disclosed for audit purposes, to attorneys or other professionals, or to law enforcement or regulatory agencies.

Non-public personal information will be accessible to and may also be used by M.D. Sass, LLC and its affiliates in the course of providing or offering products and services to meet the investing needs of our clients. To limit our sharing of this information with affiliated entities for marketing purposes, please contact the M.D. Sass Client Services Group at (212) 710-5010 or by e-mail at [SassClientServices@mdsass.com](mailto:SassClientServices@mdsass.com).

We emphasize to our employees the confidential nature of client information and the high level of importance we place on maintaining confidentiality. We restrict access to non-public personal information about you to those employees who need to know that information to provide products or services to you. To the extent we outsource processing functions and support services to unaffiliated third parties, we limit the information available to them to information necessary or appropriate to offer such processing and support services. We require that these third parties hold the information we provide in confidence subject to our security standards and only for approved purposes.

In addition to protecting your privacy, we are committed to keeping your non-public personal information secure. To protect the non-public personal information of our clients, we maintain physical, electronic and procedural safeguards that comply with federal regulations. Our service providers also maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your non-public personal information.

We strive to maintain complete and accurate information about you. If you ever believe our records contain inaccurate or incomplete information, please let us know immediately. We will correct any inaccuracies as quickly as possible.

This notice complies with federal law and SEC regulations regarding privacy. You may have additional rights under other applicable domestic or foreign laws.

**M.D. SASS ORGANIZATION  
PROXY VOTING POLICY**

Dated as of May 2021

It is the policy of M.D. Sass to vote proxies in the interest of maximizing value for M.D. Sass' Clients. Proxies are an asset of a client, which should be treated by M.D. Sass with the same care, diligence, and loyalty as any asset belonging to a client. To that end, M.D. Sass will vote in a way that it believes, consistent with its fiduciary duty, will cause the value of the security to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote, and portfolio managers may be consulted by the Chief Compliance Officer (or his designee) when voting proxies of securities recommended by such portfolio managers. The Firm may utilize the services of third parties, such as Proxy Edge, to assist the Firm in meeting its proxy voting obligations. In addition, the Firm may abstain (or otherwise be unable to vote) proxies as may be directed by the Firm's Clients or to the extent it may be impractical or impossible for the Firm to vote proxies (e.g., unavailability, limited value, or unjustifiable costs).<sup>1</sup>

**GENERAL POLICIES WITH RESPECT TO SPECIFIC PROPOSALS**

**As a general matter, and consistent with our fiduciary responsibilities to act solely in the interest of plan participants and beneficiaries, we will generally vote FOR the following proposals if we believe they are in the best interests of our Clients. Additional considerations effecting the decision to vote for are listed below:**

a. Election of management slate of directors – consider board independence as well as long term performance of the directors and the company.

In voting on entire Board:

(i) 2/3 of the Directors should be independent (have only one connection to the corporation which is the directorship or if the person is a rank and file employee). A director is defined as independent if he or she has only one nontrivial connection to the corporation, that of his or her directorship or is a rank and file employee. A director generally will not be considered independent if currently or previously employed by the Company or an affiliate in an executive capacity; if employed by a present or former

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<sup>1</sup> For example, in accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting ("share blocking"). Due to these restrictions, M.D. Sass must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. As a result, M.D. Sass will generally not vote those proxies in the absence of an unusual, significant vote or compelling economic importance. Furthermore, M.D. Sass may not be able to vote proxies for certain securities if M.D. Sass does not receive the proxy statement in time to vote the proxies due to custodial processing delays or errors.

auditor of the Company in the past five years; if employed by a firm that is one of the Company's paid advisors or consultants; if employed by a customer or supplier with a nontrivial business relationship; if employed by a foundation or university that receives grants or endowments from the Company; if the person has any personal services contract with the Company; if related to an executive or director of the Company; or if an officer of a firm on which the Company's chairman or chief executive officer also is a board member.

(ii) Consider company's long-term value growth as judged by performance indicators.

(iii) Consider actions taken by the Board that may not be in the Company's long term best interest i.e. awarding themselves excessive compensation.

(iv) Consider the Board's responsiveness to shareholder concerns – proposals.

In voting on individual Directors:

(i) Committees – Audit, Nominating and Compensation may be required to be 100% composed of independent directors. This should be considered and vote against non-independent director nominee serving on these committees. Also consider performance of committees i.e. approving excessive compensation, failing to address auditor conflicts).

(ii) Attendance at 75% of meetings or withhold vote.

(iii) If the Director is employed full time – service on no more than 3 public company Boards. If retired, no more than five public company Boards.

Contested Elections: consider Board independence, background of proxy contest, evaluate the competing strategic corporate plans, impact on constituents and equity ownership of individual directors.

b. Appointment of auditors – vote for unless any of the following factors, then consider voting against ratification:

(i) We determine that there is a change in auditors from prior years and the cause is a disagreement between the terminated auditor and the company on a matter of accounting principles and practices.

(ii) Auditor provides advice on tax avoidance strategies (see tax services in proxy) where we believe this may put auditor in role of advocate for the Company.

(iii) Fees for non-audit services are more than 20% of all fees, we should be concerned.

(iv) The Company has had the same auditor for more than seven years.<sup>2</sup>

c. Cumulative voting.

d. Profit sharing/remuneration plans.

e. Pension/retirement plans.

f. Authorization of new securities if there is no intent to unduly dilute shareholder's proportionate interest, reverse stock splits.

(i) Common stock - support if reasonable and management provides persuasive justification. Vote against increase of existing authorization by more than 50%.

(ii) Preferred stock – approve unless Board has unlimited rights to set the terms and conditions of the shares.

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<sup>2</sup> Given the limited number of "Big Four" accounting firms, M.D. Sass may consider ratifying the appointment of the same auditor for more than seven years, provided that no additional negative factors exists and there is no reason to believe that the Company's auditors have been complacent in the performance of their auditing duties.

- (iii) Support reverse stock split if management provides reasonable justification.
- (iv) Vote against issuance of new classes of stock with unequal voting rights (dual class voting).
- g. Acquisition of property
- h. Asset restructuring
- i. Option/incentive plans and revisions thereof.
  - (i) Support if performance-based (includes premium price –strike price of 100 % + of fair market value on date of grant or linked to market or industry stock price index).
  - (ii) Support expensing of stock options.
  - (iii) Plan should not exceed an annual stock option grant rate of 1% of shares outstanding to senior executives.
  - (iv) Vote against a plan that does not prohibit repricing of underwater stock options with new unless Company has a policy against repricing.
  - (v) Vote against proposal if total dilution of outstanding voting power or shareholders' equity is greater than 10%
  - (vi) Vote against reloading (to replace options which have been exercised).
  - (vii) Oppose plans where more than 10% of option shares were issued to the top five executives in the last year.
  - (viii) Vote for plans where the executive is required to hold a substantial portion of the award while at the Company i.e. 75% of their equity compensation awards, including shares from option exercises.
  - (ix) Support performance-vesting restricted stock (as opposed to time-lapsing) provided amount of stock granted is reasonable in proportion to the executive's total compensation. Executive should be required to hold while at the Company.
- j. Compensation plans and revisions thereof
  - (i) Base compensation should be reasonable - minimum necessary for retention and recruitment.
  - (ii) Variable compensation - support plans that use explicit operating performance benchmarks i.e. improving EPS.
  - (iii) Executive perks and benefits. – support greater disclosure and oversight; vote against benefits to executives that exceed that which is offered to other employees.
  - (iv) Golden parachutes – support shareholder approval of them. Vote to eliminate severance package for any senior executive which provides for benefits not generally offered to other Company employees. Severance plan or stock option “change in control” vesting feature should be contingent upon completion of merger rather than lesser standard of shareholder approval.
  - (v) Outside Director Compensation – significant proportion should be stock and subject to reasonable holding requirements.
  - (vi) Oppose management proposal to issue tracking stock to reflect performance of a particular business segment.
- k. Increasing indebtedness within prudent limits.
- l. Anti-greenmail amendments
- m. Preemptive rights
- n. Employee related proposals – employee stock purchase plan and high-performance workplace practices (if we conclude in shareholders' best interests and do not unduly

interfere with the Company's operation). Employees should have pension choice defined benefit vs. cash-balance plans.

o. Fair-Price Provisions

p. Shareholder proposals.

(i) Adoption of codes or policies based on the United Nations' International Labor Organization's Fundamental Conventions (ILO) (freedom of association, equality, abolition of forced (convict) and child labor and standard supplier resolutions not to do business with suppliers that use forced, child labor, etc.).

(ii) Reports on human rights.

(iii) Environmental issues – adoption of CERES principles (that encourage Company to protect the environment and health and safety of its employees)

(iv) EEO – proposals for reports on diversity in the workplace if there are no arbitrary or unreasonable goals or require the Company to hire people who are unqualified for their position. Support sexual orientation anti-bias position. Diversity – women and minority group Board members.

(v) Proposals for reports on financial institutions fair-lending compliance practices.

(vi) Proposals seeking review of business strategies that may present a significant risk to long term corporate value (if the review does not impose undue costs on the Company).

(vii) Analyst independence from investment banking business (IPO allocation) and sell-side research.

(viii) Proposals that provide access to proxy statement to advance non-management candidates unless the access right could be used to promote hostile takeovers.

(ix) Proposal to separate Chairman and CEO – to require an independent Director (who has not been an executive) to be Chairman of the Board if there is no separation, support proposal to establish a lead independent Director.

(x) Proposals for greater Board and Auditor independence (i.e. audit firm rotation, limit or prohibit non-audit services).

(xi) Proposals asking for additional disclosure of the role of the Board in developing business.

(xii) Proposals that seek greater confidential voting (this does not apply to proxy vote disclosure after the meeting).

**As a general matter, and consistent with our fiduciary responsibilities to act solely in the interest of plan participants and beneficiaries, we will generally vote AGAINST the following proposals if we believe they are not in the best interests of our Clients:**

a. Easing standards of indemnification for directors or corporate officers.

b. Staggered terms for directors; term limits.

c. Authorizations of new securities if intent appears to be to unduly dilute stockholder's proportionate interest.

d. Poison pill/anti-takeover measures that do not require submission to the Board every three years.

e. Re-incorporation in the State of Delaware if intent is to protect management and directors.

f. Elimination of waivers of preemptive rights.

- g. Alteration of voting provisions; proportionate ratio of number of shares per vote if not in the best interest of shareholders.
- h. Fair price provisions/amendments.
- i. Granting of stock options to non-employee directors.
- j. Proposals to change the state of incorporation where the effect could be to reduce shareholder's rights to participate in the decision-making process or present other risks that outweigh benefits. This is also applicable to reincorporation in other countries, particularly offshore tax havens. Vote against unless:
  - (i) Criteria for supporting - Company makes compelling case and the proposal will not harm or weaken shareholder rights or lessen management accountability; will contribute quantifiable benefits to Company's long term value and not adversely impact Company's employees and communities where they live.
  - (ii) Vote against reincorporation in offshore tax haven or to limit Director liability or as takeover defense.
- k. Supermajority voting requirements.
- l. Board size – to be less than five or more than 15.
- m. Limit or eliminating the Shareholders' right to call Special Meetings and act by Written Consent without a meeting if provided for in the By-Laws.
- n. Approving other business.

**As a general matter, and consistent with our fiduciary responsibilities to act solely in the interest of our Clients, we will vote on issues such as mergers and reorganizations on a case by case basis taking into account the following factors:**

- a. Impact of the merger on long-term corporate value, including the prospects of the combined companies.
- b. Anticipated financial and operating benefits.
- c. Offer price (cost vs. premium).
- d. How the deal was negotiated.
- e. Changes in corporate governance and their impact on shareholder rights.
- f. Impact on key constituents at both companies, including employees and communities.

### **Conflicts of Interest**

M.D. Sass realizes that due to the difficulty of predicting and identifying all material conflicts, it must rely on its Employees to notify the Chief Compliance Officer of any material conflict that may impair M.D. Sass' ability to vote proxies in an objective manner. In addition, the Chief Compliance Officer, or his designee(s) will reasonably try to assess any material conflicts between M.D. Sass' interests and those of its Clients with respect to proxy voting. The following is a non-exhaustive list of potential conflicts of interest that could influence the proxy voting process:

- **Conflict:** M.D. Sass retains an institutional client, or is in the process of retaining an institutional client that is affiliated with an issuer that is held in M.D. Sass's client portfolios. For example, M.D. Sass may be retained to manage Company A's pension fund. Company A is a public company and M.D. Sass client



accounts hold shares of Company A. This type of relationship may influence M.D. Sass to vote with management on proxies to gain favor with management. Such favor may influence Company A's decision to continue its advisory relationship with M.D. Sass.

- **Conflict:** M.D. Sass retains a client, or is in the process of retaining a client that is an officer or director of an issuer that is held in M.D. Sass's client portfolios. The similar conflicts of interest exist in this relationship as discussed above.
- **Conflict:** M.D. Sass's Employees maintain a personal and/or business relationship (not an advisory relationship) with issuers or individuals that serve as officers or directors of issuers. For example, the spouse of an Employee may be a high-level executive of an issuer that is held in M.D. Sass's client portfolios. The spouse could attempt to influence M.D. Sass to vote in favor of management.
- **Conflict:** M.D. Sass or an Employee(s) personally owns a significant number of an issuer's securities that are also held in M.D. Sass' client portfolios. For any number of reasons, an Employee(s) may seek to vote proxies in a different direction for his/her personal holdings than would otherwise be warranted by the proxy voting policy. The Employee(s) could oppose voting the proxies according to the policy and successfully influence M.D. Sass to vote proxies in contradiction to the policy.

**Resolution:** Upon the detection of a material conflict of interest, the Chief Compliance Officer has final decision-making authority regarding M.D. Sass' course of action for the proxy<sup>3</sup>. The Chief Compliance Officer's determination will be based on maximizing value for M.D. Sass' Clients. In these instances, the Chief Compliance Officer generally will decide to either: 1) abstain from voting the proxy, or; 2) engage the services of an outside proxy voting service or consultant who will provide an independent recommendation on the direction in which M.D. Sass should vote on the proposal. If retained, the proxy voting service's or consultant's determination will be binding on M.D. Sass.

Any attempts by others within M.D. Sass to influence the voting of client proxies in a manner that is inconsistent with the proxy voting policy shall be reported to the Chief Compliance Officer. Further, any attempts by persons or entities outside M.D. Sass to influence the voting of client proxies shall be reported to the Chief Compliance Officer. The Chief Compliance Officer may then elect to report the attempt to legal counsel.

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<sup>3</sup> In the event of a conflict between the interests of the Firm and the advised registered investment companies, the *TPM Trust Policies* provide that the conflict may be disclosed to the Board of Trustees or its delegate, who shall provide direction on how to vote the proxy. The Board of Trustees has delegated this authority to the Independent Trustees, and the proxy voting direction in such case shall be determined by a majority of the Independent Trustees. In addition, in any case of a conflict between the interests of the Firm and those of the sub-advised registered investment companies, the issue will be brought to the prompt attention of the respective fund's Chief Compliance Officer.

## **Procedures for M.D. Sass's Receipt of Class Actions**

M.D. Sass recognizes that as a fiduciary it has a duty to act with the highest obligation of good faith, loyalty, fair dealing and due care. When a recovery is achieved in a class action, Investors who owned shares in the company subject to the action have the option to either: (1) opt out of the class action and pursue their own remedy; or (2) participate in the recovery achieved via the class action. Collecting the recovery involves the completion of a Proof of Claim form which is submitted to the Claims Administrator. After the Claims Administrator receives all Proof of Claims, it dispenses the money from the settlement fund to those persons and entities with valid claims.

If "Class Action" documents are received by M.D. Sass on behalf of its Funds, M.D. Sass will ensure that the Funds either participate in, or opt out of, any class action participation opportunities. M.D. Sass will determine if it is in the best interest of the Funds to recover monies from a class action. The Portfolio Manager/Analyst covering the company will determine the action to be taken when receiving class action notices. In the event M.D. Sass opts out of a class action settlement, M.D. Sass will maintain documentation of any cost/benefit analysis to support its decision. M.D. Sass will be assisted in this process by a third-party service provider. The third party service provider will be compensated with a percentage of any monies recovered, if any, as a result of the class action participation.

If "Class Action" documents are received by M.D. Sass for private client accounts, i.e. separately managed accounts, M.D. Sass will gather any requisite information it has and forward to the client, to enable the client to file the "Class Action" at the client's discretion. The decision of whether to participate in the recovery or opt-out may be a legal one that M.D. Sass is not qualified to make for the client. Therefore M.D. Sass will not file "Class Actions" on behalf of any separately managed client account.