

Part 2A of Form ADV: *Firm Brochure*



255 East Fifth Street
Suite 2700
Cincinnati, OH 45202

Telephone: 513-287-6100
Email: info@bahl-gaynor.com
Web Address: www.bahl-gaynor.com

02/19/2019

This brochure provides information about the qualifications and business practices of Bahl & Gaynor, Inc. If you have any questions about the contents of this brochure, please contact us at 513-287-6100 or info@bahl-gaynor.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Bahl & Gaynor, Inc is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with the information about which you determine to hire or retain an Adviser.

Additional information about Bahl & Gaynor, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 106139.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July 2010. This Firm Brochure, dated 2/19/2019, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content and includes some new information we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Currently, our Brochure may be requested by contacting Bahl & Gaynor at 513-287-6100 or info@bahl-gaynor.com.

Material Changes

10/2018

Item 4 Advisory Business

Update model objectives:

Quality Growth – *Income Growth, Downside Protections and Capital Appreciation*

Income Growth – *Current and Growing Income, Downside Protection and Capital Appreciation*

Mid Cap Growth – *Capital Appreciation, Downside Protection and Income focusing on middle capitalization stocks*

Small Growth – *Capital Appreciation, Downside Protection and Income focusing on small capitalization stocks*

smig – *Current and Growing Income, Downside Protection and Capital Appreciation focusing on small to middle capitalization stocks*

10/2018

Item 4 Advisory Business

Remove *Global Dividend Growth* model

10/2018

Item 10 Other Financial Industry Activities and Affiliations

Added the following language: *From time to time a broker, dealer or custodian may pay in full or in part, for educational conferences and events; consulting on technology, compliance, legal and business needs; publications and conferences on practice management and business succession; access to employee benefits providers, human capital consultants, and insurance providers; or marketing consulting and support. These benefits do not obligate Bahl & Gaynor in any way to recommend, request, or require the use of that broker, dealer, or custodian. Bahl & Gaynor does not see this as a conflict since no agreement, commitment or promise verbally or otherwise has been made.*

10/2018

Item 12.d. Trade Order Rotation

Added the following language: *Model strategies are also available to clients of some other investment advisory firms through Separately Managed Accounts (SMA) programs. In this instance B&G does not work directly with the individual client or execute trades. Bahl & Gaynor communicates model trades to our outsourced service provider AAM via email before the market opens. AAM maintains a sequential, sponsor-level trade rotation that is implemented upon notification of model trades from Bahl & Gaynor.*

10/2018

Item 12.e. Brokerage Practices Cross Transactions (Agency)

Updated language: *All agency cross trades must be reported to the firms CCO.*

10/2018

Item 14 Client Referrals and Other Compensation

Remove *B&G may also incent internal persons on new business acquired.*

10/2018

Item 4 Advisory Business

Add Kevin T. Gade and Samuel L. Koopman as a firm's shareholder and executive officer.

2/2019

Item 4 Advisory Business

Remove George G. Strietmann and Add Steven N. Brown as a firm's shareholder and executive officer.

2/2019

Item 4 Advisory Business

Add model objective for Environmental, Social & Governance (ESG) Dividend Growth model.

2/2019

Item 5 Fees and Compensation

Include ESG Dividend Growth to the standard fee schedule

Item 3 Table of Contents

Item 2	Material Changes	2
Item 3	Table of Contents	4
Item 4	Advisory Business	6
	4. a. Management Services	6
	4. b. Assets Under Management	9
Item 5	Fees and Compensation	9
	Limited Negotiability of Advisory Fees	10
	5. a. Pricing of Securities	10
	5. b. General Information	10
	Termination of the Advisory Relationship	10
	Mutual Fund Fees	10
	Wrap Fee Programs and Separately Managed Account Fees	11
	Additional Fees and Expenses	11
	Advisory Fees in General	11
Item 6	Performance-Based Fees and Side-By-Side Management	11
Item 7	Types of Clients	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	12
	8. a. Methods of Analysis and Investment Strategies	12
	8. b. Risk of Loss	12
Item 9	Disciplinary Information	12
Item 10	Other Financial Industry Activities and Affiliations	13
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
	11. a. Code of Ethics	13
	11. b. Personal Trading	13
	11. c. Serving as Officer, Trustee and/or Directors of Outside Organizations	14
	Board of Director	14
	11. d. Related Persons at Brokers and Custodians	15
Item 12	Brokerage Practices	15

12. a. Best Execution	15
12. b. Block Trades	15
12. c. Soft Dollars	16
12.d. Trade Order Rotation	16
12. e. Cross Transactions (Agency)	16
Item 13 Review of Accounts	17
13. a. Reviews	17
13. b. Reports	17
Item 14 Client Referrals and Other Compensation	17
Item 15 Custody	17
Item 16 Investment Discretion	18
Item 17 Voting Client Securities	18
Item 18 Financial Information	19

Item 4 Advisory Business

Bahl & Gaynor, Inc. ("B&G") is a SEC-registered investment adviser with its principal place of business located in Ohio. B&G began conducting business in 1990. Bahl & Gaynor, Inc. is also conducting business using the name Bahl & Gaynor Investment Counsel.

Listed below are the firm's directed shareholders and executive officers:

William F. Bahl, Chairman of the Board/President
Vere W. Gaynor, Chairman of the Board/President
Charles A. Pettengill, Vice President
Eleanor K. Moffat, Vice President
Scott D. Rodes, Vice President
Lori A. Hudson, Vice President
Edward A. Woods, Vice President
Glenn D. Warden, Vice President, Chief Information Officer
John B. Schmitz, Vice President
Ellis D. Hummel, Vice President
Stephanie S. Thomas, Vice President
W. Jeff Bahl, Vice President
Nicholas W. Puncer, Vice President
Christopher M. Rowane, Vice President
James E. Russell, Vice President
Christopher J. Heekin, Vice President
Tita A. Rogers, Chief Compliance Officer
Kevin T. Gade, Vice President
Samuel L. Koopman, Vice President
Steven N. Brown, Vice President

B&G offers the following advisory services to our clients:

4. a. Management Services

Bahl & Gaynor provides portfolio management investment advisory services for individual and institutional clients.

Meetings and discussions with clients help determine an appropriate asset allocation and portfolio strategy. The portfolio may be managed uniquely for that client or it may be determined that a model portfolio better suits the clients' objectives.

If an account is invested in a particular model the goals and objectives of the model are followed. The client still has the ability to place certain restrictions on the securities chosen. The client retains individual ownership of the securities. The following models are currently managed at B&G:

Quality Growth – Income Growth, Downside Protections and Capital Appreciation

Income Growth – Current and Growing Income, Downside Protection and Capital Appreciation

Mid Cap Growth – Capital Appreciation, Downside Protection and Income focusing on middle capitalization stocks

Small Growth – Capital Appreciation, Downside Protection and Income focusing on small capitalization stocks

smig – Current and Growing Income, Downside Protection and Capital Appreciation focusing on small to middle capitalization stocks

Total Return Bond Strategy – Employs an active management style that has the ability to invest across the spectrum of the US bond market. This includes Government, Agency, Municipal, Corporate (Investment Grade and High Yield), Mortgage-backed, and Preferred Stock. This product seeks relative value and margin of safety across various fixed income sectors.

Environmental, Social & Governance (ESG) Dividend Growth – High quality, dividend growth with an ESG overlay

Some of these model strategies are also available to clients of some other investment advisory firms through **Separately Managed Accounts (SMA) and Unified Managed Accounts (UMA) programs**. In this instance B&G does not work directly with the individual client to determine if the model portfolio meets that client's investment objectives or risks. Furthermore, B&G engages a wholesaler for the operations and servicing responsibilities of several SMA programs where B&G's investment strategies are available. These wholesalers do not have any responsibility, discretion or authority for any investment decisions for these SMA accounts. In some cases, B&G will provide the model trade to the wholesaler. The wholesaler interacts with some of the SMA providers that are responsible for executing the recommended transactions.

B&G also provide certain **financial planning services** to clients who have elected this service, which includes an analysis of a client's current financial situation and assistance in identifying and implementing appropriate strategies to meet their financial objectives. We gather information through in-depth personal interviews and/or the use of a questionnaire completed by the client. Information includes the client's current financial status, tax status, future goals, and return objectives. We then review the information provided by the client, conduct analysis and present a written financial analysis to the client. There is no separate fee schedule for utilizing financial planning tools.

Financial planning service may include the following as selected by the client:

- Assisting clients in developing and prioritizing goals and objectives
- Creating a current net worth statement
- Review of your current investment holdings and evaluate options for suggested asset allocation
- Developing an action plan to implement agreed upon recommendations
- Work with outside professionals to implement tax strategies, insurance planning, and estate planning as directed by the client
- B&G does not provide tax, insurance, or legal advice, and recommends you consult with your tax and/or legal advisor for guidance

B&G may also **present a Sub-Advisor** to clients who it believes is a suitable candidate for the provision of investment advisory services to invest and reinvest the account, primarily in tax-exempt fixed income municipal securities. B&G would have discretionary authority to hire and fire the sub-advisor and re-allocate assets among them.

B&G is a **Sub-Advisor** of two mutual fund, the first one is, AAM/Bahl & Gaynor Income Growth Fund. The Fund's investment advisor, Advisors Asset Management, Inc., 18925 Base Camp Road, Monument, Colorado 80123, is registered as an investment adviser with the SEC. As the Fund's investment advisor, AAM provides investment advisory services to the Fund, including: (i) the selection, oversight, termination and replacement of sub advisors;(ii) ensuring quality control of the sub-advisor's investment process; and (iii) monitoring and measuring the Fund's risk and return against appropriate benchmarks and peers. For providing services to the Fund, the Advisor receives an annual advisory fee equal to 0.65% of average daily net assets of the Fund. The Advisor pays a portion of its advisory fee to the Sub-advisor. The Fund's SAI provides additional information about the fees paid to the Advisor and Sub-advisor. B&G is responsible for the day-to-day management of the Fund's portfolio, selection of the Fund's portfolio investments and supervision of its portfolio transactions subject to the general oversight of the Board and the Advisor.

You can obtain information regarding the fund by calling the Fund (toll-free) at 1-888-966-9661 or by writing to, AAM/Bahl & Gaynor Fund, c/o UMB Fund Services, Inc., P.O. Box 2175, Milwaukee, WI 53201.

The second mutual fund that B&G is a Sub-Advisor of is, American Beacon Bahl & Gaynor Small Cap Growth Fund. The Fund has retained American Beacon Advisors, Inc. to serve as its Manager. The Manager provides or oversees the provision of all administrative, investment advisory and portfolio management services to the Fund.

The assets of the Fund are allocated by the Manager to one sub-advisor, Bahl & Gaynor. B&G has full discretion to purchase and sell securities for the Fund in accordance with the Fund's objectives, policies, restrictions and more specific strategies provided by the Manager. The Manager oversees the sub-advisor but does not reassess individual security selections made by the sub-advisor for the Fund.

The Fund operates in a manager of manager's structure. The Fund and the Manager have received an exemptive order from the Securities and Exchange Commission ("SEC") that permits the Fund, subject to certain conditions and approval by the Board, to hire and replace sub-advisors that are unaffiliated with the Manager without approval of shareholders. The Manager has ultimate responsibility, subject to oversight by the Board, to oversee sub-advisors and recommend their hiring, termination and replacement. The Fund's SAI provides additional information about the portfolio managers, including other accounts they manage, their ownership in the Fund and their compensation.

You can obtain information regarding the fund by calling 1-800-658-5811, writing to the Fund at P.O. Box 219643, Kansas City, MO 64121, or visiting www.americanbeaconfunds.com.

B&G has a unique investment strategy, see Item 8, but individual client portfolios may be very different due to the unique circumstances of each client. **All investments contain some level of risk.** Upon client request and a further review of objectives and risk tolerances, we may also invest in other investment vehicles. These include option contracts, real estate, limited partnerships, exchange traded funds and private equity.

4. b. Assets Under Management

As of 1/31/2019, we were actively managing \$10,744,276,731.00 of clients' assets on a discretionary basis plus \$780,254,530.00 of clients' assets on a non-discretionary basis and oversee \$14,033,873,042.41 (1/31/2019) of clients' assets through Separately Managed Accounts (SMA) programs.

Item 5 Fees and Compensation

The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management, according to investment strategy.

The following schedule is considered the standard fee schedule for HNW clients and institutional client with the investment strategies of Quality Growth, Income Growth, Mid Cap, ESG Dividend Growth and all other accounts that are non-strategy specific:

<i><u>Assets Under Management</u></i>
.9% on first \$1 million
.8% on next \$1 million
.7% on next \$2 million
.6% on next \$1 million
.5% on amounts over \$5 million

B&G's minimum account fee is \$7,000.00 which on occasion may be waived or discounted.

The following schedule is considered for clients with the investment strategies of Small Cap or Smig Cap:

<i><u>Assets Under Management</u></i>
.9% on first \$5 million
.7% on next \$5 million
.65% on amounts over \$10 million

B&G's minimum account fee is \$7,000.00 which on occasion may be waived or discounted.

Total Return Bond strategy does not have a stated fee schedule and will be negotiated according to account size and group related client accounts.

A minimum of \$750,000.00 of assets under management is required for all service. This account size may be negotiable under certain circumstances. B&G may group certain related client accounts for the purposes of achieving the minimum account size and determining the

annualized fee.

Charitable accounts may qualify for a 15% discount to the standard fee schedule.

All fees will be paid quarterly and in arrears. Clients may authorize B&G to deduct the fee directly from their custodial account otherwise clients pay the fees to B&G directly.

Clients who invest in the AAM/Bahl & Gaynor Income Growth Fund and/or in the American Beacon Small Cap Fund will have that asset excluded from management fees of their account.

Clients who have agreed to the terms to engage Sub-Advisors for their fixed income assets agrees that B&G will pay the sub-advisor for its services on a quarterly basis, an amount equal to a percentage of the fair market value of the assets in the accounts. The value of the accounts shall include accrued interest income. The fee shall be charged to each account on a prorated basis upon inception of the account and at the beginning of each calendar quarter thereafter, based on the portfolio value as determined by the custodian for the client accounts as of the last business day of the previous calendar quarter. The sub-advisor will receive the annual rate of 0.30% of an aggregate accounts size of under \$200 million, and 0.25% of an aggregate accounts size of greater than \$200 million.

Limited Negotiability of Advisory Fees: Although B&G has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis for all investment strategies. The specific annual fee schedule will be identified in the contract between the adviser and each client.

5. a. Pricing of Securities

Securities owned by B&G's clients are priced at least monthly by an independent pricing service. From time to time some securities do not receive a price from the pricing service. It is B&G's policy to obtain the most accurate price for these excepted securities. It is possible that the value of these securities may be overstated or understated at the month end valuation. B&G takes considerable care to provide as accurate a price as possible. This process presents a possible conflict of interest in that a higher valuation for a security would result in a higher fee.

5. b. General Information

Termination of the Advisory Relationship: Clients may terminate their relationship with B&G at any time and no refund will be necessary since payment is made only for services already rendered and no prepayment has occurred.

Mutual Fund Fees: Client portfolios may, from time to time, be invested, in part, in mutual funds/index funds/exchange traded funds. Mutual funds/index funds/exchanged traded funds

pay advisory fees to their investment advisers, which reduces the assets of the fund accordingly. B&G's clients are billed an advisory fee set forth in the advisory agreement and clients investing in mutual funds/index funds/exchange traded funds may therefore pay two levels of advisory fees with respect to the portion of their portfolio invested in mutual funds/index funds/exchange traded funds.

Wrap Fee Programs and Separately Managed Account Fees: B&G is not a sponsor of a wrap fee program. But some clients of B&G may participate in a wrap fee program sponsored by the custodian. Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by B&G. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Clients' portfolio transactions may be executed without a commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and broker dealers, including, commissions and any other trade related fees. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Item 6 Performance-Based Fees and Side-By-Side Management

B&G does not charge performance-based fees.

Item 7 Types of Clients

B&G provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Investment Companies

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

8. a. Methods of Analysis and Investment Strategies

The B&G equity investment strategy is focused on high quality, dividend growth companies. We are long term investors (which we define as 2-5 years) and therefore do not generally have high turnover of the investments in our portfolios. High quality companies generally have consistent earnings growth, low debt levels, pay and grow dividends, and are market leaders.

B&G portfolio managers/analysts (our Investment Committee) screen equities based on these high quality, fundamental characteristics. We use market conditions and the valuation of the equities to determine which companies best fit our investment philosophy. The Investment Committee decides which stocks to include in the Model Portfolios. Individual accounts are invested by the assigned portfolio manager using individual client goals and objectives.

B&G fixed income strategy is based on the same high-quality investment philosophy of our equity investment strategy. We allocate capital in a fashion that maximizes total return relative to the client's objectives. We recognize every client's needs are different and individually tailor portfolios from both a bottom-up and top-down perspective to achieve our return objectives. We do not limit ourselves to specific ratings or maturity criteria as that may not suit our client's best interests. However, we do stress that all fixed income sectors and potential possess a "margin of safety". Additionally, we stress secondary liquidity and tax efficiency for our clients. For a portion of our municipal holdings, B&G has engaged in a relationship with a sub-advisor that specializes in tailored municipal portfolios. Such sub-advisory relationships are an exception and employed on a very limited basis.

8. b. Risk of Loss

Investing in stocks or bonds has risk – markets can experience significant decline and specific stocks can decline due to the company's failure to meet investors' expectations. Bond investing has risks based on interest rate fluctuation and specific credit deterioration or default. Any of the above factors can lead to a loss of value.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

B&G and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

B&G and any related persons are not engaged in other financial industry activities and have no other industry affiliations.

From time to time a broker, dealer or custodian may pay in full or in part, for educational conferences and events; consulting on technology, compliance, legal and business needs; publications and conferences on practice management and business succession; access to employee benefits providers, human capital consultants, and insurance providers; or marketing consulting and support. These benefits do not obligate Bahl & Gaynor in any way to recommend, request, or require the use of that broker, dealer, or custodian. Bahl & Gaynor does not see this as a conflict since no agreement, commitment or promise verbally or otherwise has been made.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

11. a. Code of Ethics

The Code of Ethics is predicated on the principle that B&G owes a fiduciary duty to its clients. Accordingly, B&G's employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients. At all times, B&G must:

- ***Place client interests ahead of B&G's*** – As a fiduciary, B&G must serve in its clients' best interests. In other words, B&G employees may not benefit at the expense of advisory clients. This concept is particularly relevant when employees are making personal investments in securities traded by advisory clients.
- ***Engage in personal investing that is in full compliance with B&G's Code of Ethics*** – Employees must review and abide by B&G's Personal Securities Transaction and Insider Trading Policies.
- ***Avoid taking advantage of your position*** – Employees must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with B&G, or on behalf of an advisory client.
- ***Accept no more than reasonable compensation*** – B&G believes that fees for its services should be reasonable and appropriate for the level of service provided. Fee structures are available for reference in the B&G ADV 2A.
- ***Maintain full compliance with the Federal Securities Laws*** – Employees must abide by the standards set forth in Rule 204A-1 under the Advisers Act.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to info@bahl-gaynor.com, or by calling us at 513-287-6100.

11. b. Personal Trading

The principals and other employees of B&G are permitted to buy and sell securities for their own account. The Code of Ethics requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide B&G with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which the employees have a direct or indirect beneficial interest.

A conflict of interest arises when the securities B&G employees buy or sell are the same securities we are buying, selling or holding for our clients. The employee may receive a better price than a client trading the same security.

B&G has a personal trading policy with which we work to reduce this risk. A “restricted list” of securities is maintained to inform employees of any stock they may not purchase or sell in their own accounts for a period of time, usually one week after it is decided to purchase or sell that stock broadly in client accounts. The compliance staff monitors employee trading against the restricted list through the quarterly transaction reports. Any violations are handled by the Chief Compliance Officer, based on the Code of Ethics.

11. c. Serving as Officer, Trustee and/or Directors of Outside Organizations

Employees may, under certain circumstances, be granted permission to serve as directors, trustees or officers of outside organizations. These organizations can include public or private corporations, partnerships, charitable foundations and other not-for-profit institutions. Employees may also receive compensation for such activities.

Service with organizations outside of B&G can, however, raise serious regulatory issues and concerns, including conflicts of interests and access to material non-public information.

As an outside board member or officer, an employee may come into possession of material non-public information about the outside company, or other public companies. It is critical that a proper information barrier be in place between B&G and the outside organization, and that the employee does not communicate such information to other B&G employees in violation of the information barrier.

Similarly, B&G may have a business relationship with the outside organization or may seek a relationship in the future. In those circumstances, the employee must not be involved in the decision to retain or hire B&G.

Board of Director

William F. Bahl serves on the board of directors of Cincinnati Financial Corp (CINF), a publicly traded company whose common stock is owned by many of B&G’s advisory clients and employees.

B&G has adopted the following procedure to address the conflicts of interest associated with

William F. Bahl's dual role as a portfolio manager at B&G and a Director of CINF.

If William F. Bahl is in possession of material nonpublic information regarding CINF and communicates such information to B&G, then B&G and its employees would be prohibited from effecting transactions in CINF, as appropriate. This prohibition would include the execution of transactions by B&G on behalf of its advisory clients.

To avoid creating the situation described above, William F. Bahl will not participate in any portion of an Investment Committee meeting where CINF is discussed. The Compliance Officer, along with William F. Bahl, has responsibility for enforcement of this procedural safeguard.

11. d. Related Persons at Brokers and Custodians

Relatives of employees may work for entities that B&G does business with. A review of the relationship between the employee and related party and the entity that B&G does business with is performed and evaluated for any conflict of interest and documentation of any pre or post trades are maintained.

Item 12 Brokerage Practices

12. a. Best Execution

B&G's principal objective in selecting brokers and placing client trades is to receive the best execution for those client trades. Best execution involves a number of factors, including:

- 1) Price received/paid for the security
- 2) Brokerage cost
- 3) Timeliness of the transaction
- 4) Ability to transact smoothly from order placement to settlement
- 5) Record keeping
- 6) Custody services provided

B&G has a Best Execution Committee that meets semi-annually to review brokers. We also contract with an outside provider for quantitative best execution analysis.

Clients that direct brokerage reduce our ability to seek best execution and negotiate commissions. For clients in custody with a broker we have limited ability to negotiate commissions and monitor for best execution. Trading away from a custodian broker will usually result in additional charges to the client.

12. b. Block Trades

Whenever possible we will block clients' trades together to achieve a better transaction price.

Directed broker accounts are not available for blocking and may lose this price and execution

advantage. All accounts in the blocks receive the same price for the trade. Partial fills of the block are allocated pro-rata among the accounts.

12. c. Soft Dollars

B&G may use non-directed client commission dollars to receive investment related research and services. This practice is referred to as “Soft Dollars”.

This research includes, but may not be limited to, written company and industry reports, economic data, historical charts and graphs, visits from company managements and access to industry conferences hosted by brokerage firms. Investment services include security information such as price quotes, dividend information, stock split information, news updates, access to the exchanges, daily, monthly pricing of securities, price charts and graphs and other technical analysis of stocks and bonds.

The use of soft dollars does create a conflict of interest. Only certain trades are used for soft dollars, but all clients may benefit. Though we have negotiated competitive commission rates with all of these brokers, it may result in clients paying a higher commission than they may receive for trade execution only. It may also result in brokers being favored because they provide the soft dollar benefits. Some of these trades are placed directly with the broker providing the research and some are made through third party brokers that then make the payment to the service provider.

12.d. Trade Order Rotation

B&G’s fully discretionary non-directed brokerage accounts receive priority and are executed first. Once these trades are completed, the directed brokerage accounts are then placed in a randomized rotation program.

Model strategies are also available to clients of some other investment advisory firms through Separately Managed Accounts (SMA) and Unified Managed Accounts (UMA) programs. In this instance B&G does not work directly with the individual client or execute trades. Bahl & Gaynor communicates model trades to our outsourced service provider AAM and other SMA/UMA platform partners via email before the market opens. AAM maintains a sequential, sponsor-level trade rotation that is implemented upon notification of model trades from Bahl & Gaynor.

12. e. Cross Transactions (Agency)

An agency cross trade is a transaction between two clients accounts managed by the same investment adviser. It is B&G’s policy to engage in cross transactions only when necessary. Agencies cross transaction will only occur when it is in the client’s best interest. All agency cross trades must be reported the firms CCO. B&G does not receive any additional compensation other than the normal advisory fee for these trades.

B&G does not participate in Principal cross trades.

Item 13 Review of Accounts

13. a. Reviews

The underlying securities used in accounts are continually monitored; the individual accounts are reviewed semi-annually by the portfolio management team. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews are done by the portfolio manager based on the client circumstances.

Clients should always compare their custodian reports to the B&G reports to make sure they are consistent.

13. b. Reports

In addition to the monthly or quarterly statements and confirmations of transactions that clients receive from their custodian, B&G will provide monthly, quarterly or annual reports per the client's request. These reports summarize the value of the account, securities held with the market value of each, the estimated annual income, and the cost basis of each holding, if available. This report is available by mail or online based on the client preference. Individual securities have the following information: number of shares, price, total market value, dividend, estimated annual income and cost basis if available. B&G is not responsible for the accuracy of cost information provided by the client.

Item 14 Client Referrals and Other Compensation

From time to time, B&G may enter into written agreements with unaffiliated third parties ("solicitors") for the provision of marketing services. Such relationships may result in the payment of fees if B&G enters into management agreements with specific clients introduced by those solicitors. Such fees are commonly referred to as "finder's fees" and are typically paid as a percentage of fees received by B&G from the introduced account(s). The payment of such fees does not result in additional cost to the client and will only be paid to qualified persons who have entered into a written agreement with B&G in accordance with Rule 206(4)-3 of the Investment Advisors Act of 1940. In compliance with this Rule, the solicitor will provide the client with written disclosure of its relationship with Applicant, give each potential client a copy of the referral agreement prior to or at the time of entering into any advisory contract, and obtain an acknowledgement of receipt of such disclosure from the prospective client.

Item 15 Custody

B&G does not have actual or constructive custody of client accounts.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm can directly debit advisory fees from client custodial accounts if authorized.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients monthly, quarterly or annually per client request by mail or electronically. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions.

Some agreements we have contracted with clients are non discretionary in nature. For these accounts the portfolio manager will obtain the approval, either orally or in writing, from the client for investment transactions that the manager recommends.

Item 17 Voting Client Securities

B&G does not vote proxies in-house. B&G has engaged the services of Broadridge's ProxyEdge platform to vote and maintain records of all proxies. The Broadridge open architecture platform allows B&G to choose from several different proxy advisory firms to make recommendations on how Broadridge should vote the proxies.

B&G has selected Glass Lewis as the current advisor, who considers the reputation, experience, and competence of a company's management and board of directors when it evaluates an issuer.

B&G's complete proxy voting policy and procedure, and those of its proxy voting service providers, are maintained in writing and are available for client review. In addition, B&G's complete proxy voting record is available to our clients, and only to our clients. Clients should contact B&G at the phone number on the front of this document if they have any questions or if

they would like to review either of these documents.

In addition, B&G has also contracted with Broadridge as provider to file Class Actions “Proof of Claim” forms.

Occasionally, securities held in the accounts of clients will be the subject of class action lawsuits. B&G has retained the services of Broadridge to provide a comprehensive review of the clients’ possible claims to a settlement throughout the class action lawsuit process. Broadridge actively seeks out any open and eligible class action lawsuits. Additionally, Broadridge files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients.

Item 18 Financial Information

B&G has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. B&G has not been the subject of a bankruptcy petition at any time during the past ten years.