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AJF Financial Services, Inc
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Quarterly Engagement Letter:

One of the most important and significant responsibilities as investors that we hold is to use our voice through direct engagement to ensure companies are delivering sustainable growth, governing fairly, and considering all stakeholders in the process of their business.

We view engagement as part of our fiduciary duty to protect long term value of assets. It gives you, as shareholders and owners, a voice for you to communicate your views, concerns and ideas to the board of directors. Whether it is voting, written consent, annual meetings or a corporate social responsibility report, we acknowledge that we share an obligation to partake in managing decisions, improving management processes and in whole creating more sustainable companies.

Perhaps most importantly, engagement instills trust and management credibility resulting in improved transparency of that organization. Our voices have power- so why not use it?

Under those circumstances, I'd like to bring to your attention the current issues for the companies that we are invested in.

Current Proxies- Qualcomm (QCOM) has received an unsolicited takeover offer from Broadcom (AVGO) for \$82 per share. Broadcom has proposed a new board of directors for the upcoming March Annual Shareholder Meeting. We are advising our clients to side with Qualcomm and vote against the nominated slate of directors by Broadcom. We believe that the optimum interest of Qualcomm shareholders best lie with the current board of directors, who are all invested shareholders themselves, rather than hand-picked individuals chosen by Broadcom that may be conflicted by other publically traded companies within the industry. Additionally, existing board members understand the internal workings of the company and have already scrutinized the proposed offering. Factors to consider, also include the NXP merger that will create long term value; ultimately increasing shareholder value.

Controversies (IBM)- In 2015 IBM was sued by a shareholder claiming that the company committed securities fraud by failing to document a money losing semi-conductor by carrying the unit's property, plant and assets on its book which they should have known was worthless. The outcome of the lawsuit is unknown, and IBM has not responded to comments

from the media. However, we have personally contacted IBM for comments and await their reply.

Controversies (Prudential)- The American Council for Capital Formation (ACCF) last week was featured in a Wall Street Journal article “Knives out for Fink / ACCF's attack on ESG – The ESG Advisor” criticizing Blackrock’s Larry Fink calling for ESG screening of investments and the States of New York and California pensions divesting from fossil fuels. The ACCF (“a conservative policy group concerned with tax issues, energy and climate and regulatory improvement”) states that the primary purpose of social responsibility of a business (as Milton Friedman stated 47 years ago) is to increase its’ profits and does not believe that business should consider the environment.

Prudential has been a supporter of the **ACCF** contrary to public statements in multiple media outlets that “They have been and remain committed to sustainability”.

As part of our engagement process we contacted Prudential, on your behalf, to provide us with clarity on their contradictory positions. Upon review, Prudential will be withdrawing their support of the ACCF and not renewing their membership in 2018. In their e-mail to us Prudential goes on to state “On a separate note, Prudential has been and remains committed to sustainability. This commitment reflects our belief that we are a citizen, a neighbor, and a leader with a responsibility to make an ongoing, long-term positive impact on the world around us.”

Best Wishes,

Andrew Friedman