



Dwight Asset Management Company LLC

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This brochure provides information about the qualifications and business practices of Dwight Asset Management Company LLC ("Dwight"). If you have any questions about the contents of this brochure, please contact us at (802) 383-4143 or at dwhitcomb@dwight.com. 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. Dwight is registered with the SEC as an investment adviser. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Dwight Asset Management Company LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This section of Dwight's brochure is intended to provide investors with a summary of material changes to Dwight's business since our last annual update of this document, which was March 31, 2011. Please note the following:

In the 1st quarter of 2012 Dwight's parent company, Old Mutual US Holdings Inc., announced it has entered into an agreement to sell Dwight to Goldman Sachs Asset Management LP. The sale is expected to close during the 2nd quarter of 2012.

You may request a copy of Dwight's most recently updated brochure at any time, without charge, by contacting Daniel Whitcomb, Dwight's Chief Compliance Officer, at (802) 383-4143 or at dwhitcomb@dwright.com.

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Advisory Business

Headquartered in Burlington, Vermont, Dwight is a registered investment adviser focused exclusively on fixed income investment management services for institutional clients, including retirement plans, corporations, public funds, insurance companies, financial institutions, endowments, foundations and Taft-Hartley plans. Dwight was founded in 1983, and in 1985 registered with the SEC as an investment adviser. Dwight is an indirect subsidiary of Old Mutual plc (“Old Mutual”), a publicly held global financial services company with operations in asset management, banking, and insurance. Dwight is one of the specialist investment firms held under the umbrella of Old Mutual (US) Holdings Inc., a subsidiary of Old Mutual. Up to 24.9% of the firm may be owned by selected Dwight employees.

Dwight provides discretionary and non-discretionary advice based on the unique needs of each of its clients. Factors that may be considered include client investment objectives and strategies, assets under management, liquidity needs, diversification, duration, anticipated plan or account changes, liability profile and anticipated corporate changes. Dwight’s services include portfolio evaluation, portfolio structuring, credit analysis, review of investment opportunities, structuring of investments, purchasing and selling investments, review and oversight of external managers and continuous monitoring of client portfolios. Dwight manages assets on a separate account basis and for commingled investment funds, including mutual funds.

Dwight offers investment advice with regard to a broad range of fixed income investments including:

- securities issued or guaranteed by the U.S. government and U.S. government agencies and instrumentalities
- investment grade and high yield corporate securities, “yankee” bonds, and loan participations and assignments
- residential and commercial mortgage-backed securities and collateralized mortgage obligations
- asset-backed securities
- municipal securities
- supranational, local authority and other non-U.S. (including emerging market) investments
- repurchase agreements
- interest rate, total return, credit default and other swap transactions
- private placements, including Rule 144A securities and privately offered collective investment vehicles
- money market instruments and other liquid short-term investments

- managed portfolios of fixed income instruments, including mutual funds and other commingled investment funds and separate account bond portfolios, managed by external managers or internally
- options on securities, securities indices and swaps, futures and options on futures and currency related transactions
- securities purchased on a forward basis, including “To Be Announced” securities (“TBAs”)
- guaranteed investment contracts, funding agreements, book value wrap contracts and separate account contracts issued by insurance companies, banks or other financial institutions

Other than with respect to investments in certain mutual funds or other pooled investment vehicles and exchange-traded funds, Dwight does not generally provide investment advice to clients with respect to equity securities.

From time to time, Dwight may provide consulting services to clients to assist them in the purchase of annuity contracts for participants in defined benefit and defined contribution plans.

Dwight establishes investment strategies, policies, procedures and guidelines based on each client’s investment objective(s), and these investment objective(s), strategies and guidelines are typically set forth in a client’s advisory agreement. A client may provide Dwight with the investment guidelines for their account, or the client and Dwight may collaborate on the development of investment guidelines. In addition, Dwight may establish internal guidelines, restrictions or policies beyond those imposed by clients. Investors in commingled investment vehicles managed by Dwight are subject to the investment guidelines or restrictions established by the funds. For certain client mandates, Dwight retains external managers for all or part of the mandate or assists the client with such retention or oversight of the manager. A client may impose limitations on Dwight’s ability to retain or terminate an external manager, pursuant to the terms of Dwight’s agreement with the client.

For retirement plans and other accounts that have a “stable value” or similar investment objective, providers of wrap or other benefit responsive agreements (“Stable Value Contracts”) typically require that the account be managed within specified guidelines as a part of their underwriting process. These guidelines are generally in addition to those imposed by the client, and may serve to limit the scope or types of investments that Dwight might otherwise include within an account. These restrictions could apply to external managers or commingled funds that are included within an account and, with respect to commingled funds, could affect investors who would not otherwise be subject to these limitations (e.g., investors that do not have “stable value” or a similar objective). Requirements of law may also govern the investments Dwight is permitted to make for a client account.

As of December 31, 2011, Dwight managed \$23,977,129,000 on a discretionary basis and \$18,448,875,000 in assets on a non-discretionary basis.

Fees and Compensation

Fees for services to clients are typically negotiated with each client. Dwight's fees are primarily based upon the value of the assets managed for a particular client. From time to time, Dwight may calculate fees on either a project or fixed fee basis. Fees are negotiated based on several client specific variables, which typically include investment strategy and guidelines, the investment services Dwight provides (for example, discretionary or non-discretionary management), client service and reporting requirements and the amount of portfolio assets managed. Fees are generally paid in arrears.

Dwight's standard fee schedule for separate account management is based on the type of client investment strategy, as follows (on an annual basis):

Stable Value Strategy Oversight (Minimum Investment of \$50 million)

- 0.15% on the first \$100 million in assets
- 0.12% on the next \$150 million in assets
- 0.10% on the next \$250 million in assets
- 0.05% on the next \$500 million in assets
- 0.03% on assets over \$1 billion

Short Core Strategy (Minimum Investment of \$50 million)

- 0.20% on the first \$50 million in assets
- 0.15% on the next \$50 million in assets
- 0.10% on assets over \$100 million

Core, Intermediate Core and Intermediate Core Plus Strategies (Minimum Investment of \$50 million)

- 0.30% on the first \$50 million in assets
- 0.20% on the next \$50 million in assets
- 0.15% on the next \$150 million in assets
- 0.10% on assets over \$250 million

Liability Driven Investing (Minimum Investment of \$50 million)

- 0.35% on the first \$50 million in assets
- 0.30% on the next \$50 million in assets
- 0.25% on assets over \$100 million

Long Credit (Minimum Investment of \$50 million)

- 0.30% on the first \$50 million in assets
- 0.25% on the next \$50 million in assets
- 0.20% on assets over \$100 million

Liquidity/Cash Management (Minimum Fee of \$100,000)

- 0.10% on all assets

General Account Management for Insurance Companies (Minimum Investment \$50 million)

- 0.25% on the first \$50 million in assets
- 0.15% on the next \$100 million in assets
- 0.125% on assets over \$150 million

Investment minimums are included above. Dwight may waive the investment minimums in its discretion.

Accounts for which Dwight provides Stable Value Strategy Oversight may also invest in one or more of the strategies listed above (Intermediate Core, for example) through Dwight-advised commingled investment funds or separate account bond portfolios. Fees for these strategies may be in addition to the standard fee schedule for Stable Value Strategy Oversight.

In addition to separate account management, Dwight offers certain investment strategies through commingled investment funds for which Dwight serves as an investment adviser. Standard fees for these commingled funds are set forth below. Fees may be reduced or negotiated based on a number of factors including whether the commingled fund investment is part of a stable value or other broader client strategy and the amount of portfolio assets managed for the client.

<u>Commingled Investment Fund Strategy</u>	<u>Annual Fee</u>
• 1-3 Year Government/Credit:	0.20%
• Dwight Term Funds:	0.20%
• Intermediate Core:	0.25%
• Intermediate Core Plus:	0.30%

Investment minimums for commingled funds are generally \$5 million but may be waived under certain circumstances.

Dwight is entitled to receive fees for its services as investment adviser or sub-adviser to certain open-end investment companies ("mutual funds") registered with the SEC under the Investment Company Act of 1940. Dwight's fees for these services are determined by the board of directors of the funds and are disclosed in the funds' prospectuses.

The method for payment of Dwight's separate account fees is typically at the option of and determined by the client. For certain clients, Dwight provides invoices on a periodic basis (typically quarterly or monthly). Other clients arrange for their trustee or custodian to calculate Dwight's fees on an ongoing basis and the trustee or custodian remits fees to Dwight on a periodic basis. Fees may be calculated based on the market value or book value of assets managed. Dwight does not deduct fees from client accounts.

For mutual funds and other commingled investment funds that Dwight advises, Dwight typically receives a periodic (monthly or quarterly) payment of advisory fees. Fees are calculated by the administrator or manager for each mutual fund or other commingled fund and remitted to Dwight on a periodic basis, in arrears.

In addition to advisory fees paid to Dwight, a client will incur additional fees and expenses. These fees and expenses may, by way of example, include fees paid to third-party managers, trustee fees, custodial fees or fees to other service providers. Clients also incur transactions costs, typically in the form of the spread between the price a fixed income investment can be sold for and the price that clients have to pay to buy a fixed income investment. Sometimes, clients are charged commissions on the purchase or sale of a security. See "Brokerage Practices" below for a further description of the factors that Dwight considers in selecting broker/dealers for client transactions.

Clients with stable value objectives incur fees charged by providers of Stable Value Contracts, which can include fees for advisory services. To the extent that a client's assets are invested in a mutual fund or other commingled investment fund, the client will incur advisory, trustee or other management fees, as well as custody, audit, legal, administrative and other expenses of the fund. Additional fee information for commingled investment funds advised by Dwight is available in the offering documentation or upon request.

In addition to a base salary, certain Dwight institutional sales personnel may receive compensation over time based upon a percentage of the revenue generated from separate account new business activities. This component of their compensation is not based on the sale of securities, asset-based sales charges or service fees from the sale of mutual funds. As a result, these individuals may have an incentive to recommend investment strategies based upon the compensation that they may receive, and the investment products that Dwight offers, rather than a client's needs. Dwight has developed and follows policies and procedures relating to business ethics and conflicts of interest and has adopted supervisory procedures to monitor this potential conflict.

Performance-Based Fees and Side-By-Side Management

Dwight does not currently accept performance based fees or share in the capital gain or capital appreciation of any client's assets.

Types of Clients

Dwight's business is centered on providing fixed income management services to institutional clients, including retirement plans, corporations, public funds, insurance companies, financial institutions, endowments, foundations and Taft-Hartley plans. Dwight provides these services to separate account clients, as well as mutual funds and other commingled investment funds. Investment minimums are typically determined by the type of strategy a client retains Dwight to manage. The investment minimums for specific separate account and commingled investment fund strategies are included in the "Fees and Compensation" section above. Dwight reserves the right to waive investment minimums.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Overview

Dwight has established a team approach for managing client accounts, with teams and individuals within teams dedicated to oversee the various types of clients serviced, including (1) stable value management, (2) liquidity management, (3) insurance company asset management and (4) total return and other fixed income account strategies. The overall approach for structuring portfolios is described below, as well as the specific process and strategies for the buy/sell decisions made for each underlying strategy.

Stable Value Strategies. Stable value strategies consist of a combination of fixed income portfolio management and Stable Value Contracts with an overall objective of providing capital preservation and current income. Dwight's approach to managing stable value portfolios begins with the firm's Stable Value Team, which oversees each client account's daily cash flow, makes allocations to various underlying strategies and Stable Value Contracts, monitors and maintains portfolio duration, and coordinates the resources of Dwight's investment, legal, compliance, and external manager teams. These activities are supported by an ongoing review of client portfolio structure, cash flow history, guidelines and objectives. If a client is an employee benefit plan, an assessment of the liability profile of a client's plan is an important part of the process. Dwight may provide a full range of services for particular stable value clients, or services may be focused on a subset of stable

value management such as advising on overall Stable Value Contract structure or external manager asset allocation.

Liquidity Management Strategies. Liquidity management strategies are designed to seek preservation of principal while providing sufficient liquidity and maximizing current income. Dwight's liquidity management process begins with an assessment of return objectives and risk tolerance with particular focus on the client's cash flow needs. This assessment includes evaluating historical and projected cash flows, developing liquidity parameters, and establishing a proper investment horizon. Once established, the Liquidity Management Team works with each client to determine a set of investment guidelines consistent with its risk and return objectives. This includes recommending a flexible asset mix and establishing an appropriate performance benchmark.

Insurance Company Asset Management. For insurance asset management, Dwight's focus is on a comprehensive understanding of each client's fundamental business and liability profile, income needs, legal and regulatory constraints, operating requirements, and accounting considerations. In addition to relative valuation, investment advice may be based upon quantitative analytics, asset-liability management results and tax considerations. The emphasis is on consultative client service coupled with an investment management approach designed to provide customized solutions for each client's individual needs.

Total Return and Other Strategies. For total return and other strategies, Dwight's focus is on developing overall strategies and specific guidelines with each client that are suited for their individual objectives. Dwight's client portfolio management team works closely with the client to meet the specific level of service needed for management of their account. Investment team members provide ongoing client support regarding market conditions and portfolio review.

Investment Selection Process

In addition to establishing the overall structure for managing client accounts, Dwight has developed a central process that underlies the firm's buy/sell decisions.

Dwight's decision-making process with respect to the selection of the underlying securities within a client portfolio begins with the overarching goal of generating positive excess returns on a consistent basis with a high degree of transparency. Dwight believes:

- Highly diversified portfolios, comprised of bonds from the most liquid sectors, are best suited for this purpose.
- A combination of top-down macroeconomic and bottom-up fundamental research is necessary to succeed in this approach.

- This comprehensive approach to portfolio management requires teamwork from a broad range of skilled professionals.
- Carefully defined risk controls and the systems to monitor them closely are critical to both offensive and defensive positioning.

Dwight has established a Portfolio Strategy Team, which is responsible for setting top-down yield curve, duration, and sector allocation policy across fixed income mandates. The Portfolio Strategy Team consists of Dwight's Chief Investment Officer and senior members of the firm's Investment Team. Portfolio managers, working closely with credit analysts, are responsible for execution and implementation. Because portfolio managers and credit analysts each specialize in specific areas of the market, they are in the best positions to determine which individual securities are more likely to provide superior relative value within their sectors. At the security level, Dwight uses fundamental credit analysis, option-adjusted spread analysis, and direct competitive price comparisons to determine which underlying securities should be opportunistically purchased or sold. Dwight analyzes bonds held and those that are available for purchase in an effort to capture pricing discrepancies between these and other fixed income securities.

In the case of corporate bonds, Dwight seeks to purchase securities of issuers with stable-to-improving credit profiles. Residential mortgage-backed securities are selected in part based on Dwight's directional views of interest rates and expectations of prepayment speeds. Commercial mortgage-backed and asset-backed securities are selected in terms of attractive collateral and structural characteristics.

Securities within each of these sectors are measured against comparable-duration Treasuries to determine the effective yield premium, or spread versus Treasuries. The spreads of individual securities within the sectors are then adjusted to reflect Dwight's views of various risk components.

In addition to percentage weighting and credit rating, position sizes may be influenced by a number of factors, including:

- Duration contribution—Longer duration assets generally carry greater spread risk and therefore may warrant smaller dollar weightings
- Liquidity—Less liquid sectors or issuers may warrant smaller position sizes
- Volatility—Sectors or issuers that exhibit greater than average spread volatility may warrant smaller position sizes
- Benchmark representation—Issuers that represent larger components of the benchmark index may require larger allocations, particularly if attempting to reflect an overweight view

Once established, positions are monitored on an ongoing basis to ensure they remain appropriate and that portfolios have not drifted from policy targets. Portfolios are monitored using the firm's proprietary systems, which serve as the primary tool for measuring and reporting portfolio-level risks and ensuring that portfolios are consistent with target exposures set by the Portfolio Strategy Team. Investment personnel are able to view portfolio duration, key rate exposure relative to benchmark, benchmark-relative exposures to sectors, sub-sectors, quality buckets, issuers and individual CUSIP numbers across several different measures, including dollar weighting, contribution to duration, contribution to spread duration, convexity and option-adjusted spread. The risk monitoring and management process is supplemented by performance attribution analysis, which allows for the comparison of ex-ante risk exposures to actual portfolio returns.

For liquidity mandates, Dwight's Liquidity Management Investment Strategy Committee sets strategy based on the macroeconomic, interest rate, and macro-credit economic forecasts. Once the overall strategy has been established by the Committee, the Liquidity Management Team is responsible for generating trade ideas based on current market dynamics, rate structure, monetary policy expectations, and regulatory considerations. Analyzing prospective investments is a collaborative effort between the Team's portfolio managers and credit analysts. Credit analysts provide an evaluation of risk while portfolio managers assess current and historical market pricing for the security as well as for other securities with a similar risk profile. They jointly assess liquidity by evaluating a number of factors including the type of security, its form of registration, issue size, breadth, and the market maker's credit rating.

The Liquidity Management Team's credit analysts perform an in-depth fundamental credit assessment for all new issuers and receive approval from Dwight's Liquidity Management Credit Committee before adding an issuer to the team's Approved Issuer List. The Committee includes Dwight's credit analysts as well as Dwight's Chief Investment Officer, Head of Liquidity Management, and Head of Structured Product. The Committee meets monthly to review changes to the Approved Issuer List, current exposures, and ratings actions as well as to discuss issues impacting issuers, sectors and industries.

As indicated above, Dwight's Stable Value Team oversees stable value portfolios. The acquisition of Stable Value Contracts is an important aspect of stable value management. Dwight identifies and selects the financial organizations issuing Stable Value Contracts and negotiates contracts on behalf of clients. In addition, Dwight monitors and reviews the financial and business condition of each provider of a Stable Value Contract held by clients. Dwight's Stable Value Contract services include fundamental credit research to develop the firm's approved issuer list, contract provider selection and contract negotiation.

Selection of Third-Party Managers

For certain client mandates, Dwight retains third-party managers (“external managers”) for all or part of the mandate or assists the client with such retention or oversight of the manager. When selecting a new external manager, Dwight’s External Manager Oversight Committee conducts a due diligence review of the manager under consideration, including the following quantitative and qualitative assessments:

Quantitative Review

- Risk-adjusted returns
- Peer rankings
- Correlation to peers
- Upside/downside capture
- Attribution
- Rolling period statistics

Qualitative Review

- Corporate structure/design
- Personnel turnover
- Investment philosophy/process
- Risk management/compliance
- Disaster recovery plan/systems
- Trading/back office/compliance systems

If the external manager is viewed favorably, the External Manager Oversight Committee conducts additional due diligence with the manager. The due diligence covers many aspects of the firm including ownership structure, investment team structure, investment process, risk management, compliance, and operations. External managers are approved by Dwight’s Investment Committee, which has oversight of the process.

The External Manager Oversight Committee also conducts periodic reviews of external managers, which include topics such as:

- Historical and rolling period risk/return analysis
- Historical benchmark-relative analysis
- Peer comparison
- Review portfolio characteristics
- Downgrades and guideline compliance

Risk of Loss

Investing in securities involves risk of loss, which clients should be prepared to bear. The following describes some, but not all, of the risks clients may bear in retaining Dwight as their investment adviser and those relating to investment in fixed-income securities generally.

General Investment Risks. Investing in securities involves risk. The performance of any investment is subject to numerous factors that are neither within the control of nor predictable by Dwight. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism or war), which may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of a client to generate and/or realize profits.

General Economic Conditions. The success of any trading activity may be affected by general economic conditions, which may affect the level and volatility of securities prices, currency exchange rates, interest rates and the extent and timing of investors' participation in the markets for currencies, securities and other instruments. Unexpected volatility or liquidity in the markets in which a client holds positions could cause it to incur losses.

Accuracy of Public Information. Dwight selects investments for each client account, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Dwight by the issuers or through sources other than the issuers. Although Dwight evaluates all such information and data and ordinarily seeks independent corroboration when Dwight considers it to be appropriate and reasonably available, Dwight is not in a position to confirm the completeness, genuineness or accuracy of such information and data and, in some cases, complete and accurate information is not available.

Debt and Other Income Securities. Dwight emphasizes fixed income management for clients. Fixed income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. Credit risk applies to most fixed income securities. The values of income securities may also be affected by changes in the credit rating or financial condition of the issuing entities.

Mortgage-Related Securities. Mortgage-related securities are collateralized by residential or commercial mortgages or pools of residential or commercial mortgages. Pools of mortgage loans are assembled as securities for sale to investors by various governmental, government-related and private organizations. These securities may include complex instruments such as collateralized mortgage obligations, residential mortgage-backed securities ("RMBS") and commercial mortgage-backed securities ("CMBS").

Mortgage-related securities are subject to credit risks associated with the performance by the mortgagors. In certain instances, the credit risk associated with mortgage-related securities can be reduced by third-party guarantees or other forms of credit support. Improved credit risk does not reduce prepayment risk, which is unrelated to the rating assigned to the mortgage-related security. Prepayment risk can lead to fluctuations in value of the mortgage-related security, which may be pronounced. If a mortgage-related security is purchased at a premium, all or part of the premium may be lost if there is a decline in the market value of the security, whether resulting from changes in interest rates or prepayments on the underlying mortgage collateral.

As with other interest bearing securities, the prices of certain mortgage-related securities are inversely affected by changes in interest rates. However, although the value of a mortgage-related security may decline when interest rates rise, the converse is not necessarily true, since in periods of declining interest rates the mortgages underlying the security are more likely to be prepaid. For this and other reasons, a mortgage-related security's stated maturity may be shortened by unscheduled prepayments on the underlying mortgages. Therefore, it is not possible to predict accurately the security's return. Moreover, with respect to certain mortgage-backed securities, if the underlying mortgage securities experience greater than anticipated prepayments of principal, a client may fail to fully recoup its initial investment even if the securities are rated in the highest rating category by a rating agency. During periods of rapidly rising interest rates, prepayments of mortgage-related securities may occur at slower than expected rates. Slower prepayments effectively may lengthen a mortgage-related security's expected maturity, which generally would cause the value of such security to fluctuate more widely in response to changes in interest rates.

Investments in subordinated mortgage-backed securities involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of subordinated mortgage-backed securities secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans.

Dwight may engage in mortgage dollar rolls with respect to permitted mortgage investments. In such transactions, the client account runs the risk that the securities purchased on a forward basis decline in value due to market conditions or prepayments on the underlying mortgages.

Residential Mortgage Securities. A client's account may include mortgage-related securities, government-related securities, government-sponsored securities and other securities backed by residential mortgage loans ("Residential Mortgage Securities"). Violations of certain provisions of federal, state and local laws, as well as actions by governmental agencies, authorities and attorneys general, may limit the ability of a servicer to collect all or part of the principal of, or interest on, the mortgage loans that serve as security for the Residential Mortgage Securities. Violations could also subject the entity that made the loans to damages and administrative enforcement (including disgorgement of prior interest and fees paid). In particular, a loan seller's failure to comply with certain requirements of federal and state laws could subject the seller (and other assignees of the mortgage loans) to monetary penalties and result in the obligors' rescinding the mortgage loans against the seller and any subsequent holders of the mortgage loans, even if the assignee was not responsible for and was unaware of those violations.

The terms of the documents used to create Residential Mortgage Securities typically entitle the holders of the securitized loans to contractual indemnification against these liabilities. For example, the sellers of loans placed in a Residential Mortgage Security typically represent that each mortgage loan was in compliance with applicable federal and state laws and regulations at the time it was made. If there is a breach of that representation, the seller will be obligated to cure the breach or repurchase or replace the affected mortgage loan. If the seller is unable or otherwise fails to satisfy these obligations, the yield on the Residential Mortgage Securities may be materially and adversely affected. Due to the well-publicized recent deterioration in the housing market, many of the sellers that issued these indemnifications are no longer in existence or are unable to financially respond to their indemnification obligations. Consequently, holders of interests in the Residential Mortgage Securities may ultimately have to absorb the losses arising from the sellers' violations.

Furthermore, the volume of new and modified laws and regulations at both the federal and state levels relating to Residential Mortgage Securities and residential mortgage loans has increased in recent years. It is possible that these laws, including any litigation resulting from increased enforcement, might result in additional significant costs and liabilities, which could adversely affect a client's returns.

Loan Modifications. Federal and state agencies have taken enforcement actions and enacted regulations that require government sponsored enterprises ("GSEs," such as Fannie Mae and Freddie Mac), insured depository institutions, and state regulated loan servicers to engage in loss mitigation activities relating to residential mortgage loans. Other agencies have published policies that strongly recommend these entities engage in loss mitigation activities. Those loss mitigation activities may include, for example, loan modifications that significantly reduce interest and payments, deferrals of payments, and reductions of principal balances. While participation is generally voluntary, Ginnie Mae, Fannie Mae, and Freddie Mac have adopted the plan in principle,

and many financial institutions (including some of the largest servicers of residential mortgage loans) have contractually agreed to participate. In addition, all financial institutions receiving federal financial assistance in the future will be required to implement the modification program. Federal banking agencies also have encouraged all their regulated financial institutions that service residential mortgage loans to participate. As the modification plan applies to loans in default or imminent default and incorporates “net present value models,” absent a modification, the loans may be subject to continuing defaults and even a mandatory prepayment through foreclosure. Nevertheless, an increase in loans that take advantage of the modification opportunities may result in the repurchase of pooled loans in Residential Mortgage Securities, thereby terminating the client’s rights to earn interest on those loans. These loss mitigation activities may result in significant reductions in the returns on Residential Mortgage Securities.

“Cram Down” of Residential Mortgages in Bankruptcy. Congress has proposed, and could resurrect a proposal, to amend the federal bankruptcy laws to allow judges to modify residential mortgage loans with owner-occupant borrowers in Chapter 13 bankruptcy. The modification of a secured creditor’s rights over the objection of the secured creditor is commonly referred to as “cramming down” a plan over the creditor’s objection.

Bankruptcy cram downs are currently permissible in other types of mortgage lending (including commercial mortgage loans, agricultural mortgage loans, and non-owner-occupant residential mortgage loans). While it is not clear whether a residential mortgage loan cram down provision will be enacted, and if so what its parameters will be or under what circumstances it will be available, a cram down is a form of a loan modification that could lead to mandatory loan repurchases from pooled loans in Residential Mortgage Securities. In addition, as described above, a cram down could lead to a reduction in the interest rate on loans, affecting the return on those securities.

Foreclosure Moratoriums. Several states have recently imposed laws that delay the initiation or completion of foreclosure proceedings on specified types of residential mortgage loans, or that otherwise limit the ability of residential loan servicers to take actions that may be essential to preserve the value of the mortgage loans on behalf of the issuers of Residential Mortgage Securities. Numerous other states have proposed similar legislation. Any such limitations are likely to cause delayed or reduced collections from mortgagors and generally increase servicing costs. As a result, these laws may adversely impact the ability of the issuers of Residential Mortgage Securities to realize income on the mortgage loans, thereby resulting in a reduction in the income that holders of interests in Residential Mortgage Securities will receive.

Prepayment Risk. In addition to the increased pressure upon residential mortgage loan investors and servicers to engage in loss mitigation activities, the Federal government is pressing for refinancing of certain loans mortgage-backed securities, and this

encouragement may affect prepayment rates for mortgage loans in MBS. A variety of plans have been proposed with respect to government-related securities for Fannie Mae and Freddie Mac as well as new programs for FHA-insured loans. To the extent these and other economic stabilization or stimulus efforts are successful in increasing prepayment speeds for residential mortgage loans, such as those in Residential Mortgage Securities held by a client, returns to the client may be adversely affected, particularly for investments that seek to capture excess return from slower than expected prepayments on those loans.

Commercial Mortgage-Backed Securities. Commercial mortgage-backed securities, or CMBS, are bonds that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, CMBS are subject to all the risks of the underlying mortgage loans. In a rising interest rate environment, the value of CMBS may be adversely affected when payments on underlying mortgages do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longer-term instrument. The value of CMBS may also change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities markets as a whole. In addition, CMBS are subject to the credit risk associated with the performance of the underlying mortgage properties. In certain instances, third-party guarantees or other forms of credit support can reduce the credit risk. CMBS are also subject to several risks created through the securitization process. Subordinate CMBS are paid interest only to the extent that there are funds available to make payments. To the extent the collateral pool includes a large percentage of delinquent loans, there is a risk that interest payments on subordinate CMBS will not be fully paid. Subordinate CMBS are also subject to greater credit risk than those CMBS that are more highly rated.

U.S. Government Securities. U.S. government securities include direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States (e.g., certificates of the Government National Mortgage Association) or by the right of the issuer to borrow from the U.S. Treasury, the discretionary authority of the U.S. Treasury to lend to the issuer, or the U.S. Treasury's commitment to support the issuer's net worth through preferred stock purchases (e.g., Fannie Mae or Freddie Mac securities). Neither the U.S. government nor any of its agencies or instrumentalities guarantees the market value of the securities they issue. Therefore, the market values of such securities can be expected to fluctuate in response to changes in interest rates.

Fannie Mae and Freddie Mac are government-sponsored corporations that were, until recently, entirely owned by private stockholders, but were subject to general regulation by the U.S. Secretary of Housing and Urban Development. Fannie Mae and Freddie Mac purchase residential mortgages from a list of approved seller/servicers that include state and federally chartered savings and loan associations, mutual savings banks, commercial

banks, credit unions, and mortgage bankers. Pass-through securities issued by Fannie Mae, and Participation Certificates issued by Freddie Mac, are guaranteed as to payment of principal and interest by Fannie Mae and Freddie Mac, respectively, but are not backed by the full faith and credit of the U.S. government.

In 2008, due to concerns about the adequate capitalization of Fannie Mae and Freddie Mac, the U.S. Congress gave the U.S. Treasury Department temporary authority to lend Fannie Mae and Freddie Mac emergency funds and to purchase the companies' stock, and then the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac in conservatorship. While the Treasury Department is committed to offset negative equity at Fannie Mae and Freddie Mac through its preferred stock purchases through 2012, no assurance can be given that the Treasury Department will ensure that Fannie Mae and Freddie Mac will remain successful in meeting their obligations with respect to the debt and mortgage-backed securities they issue beyond that date. In addition, the future of Fannie Mae and Freddie Mac is in serious question, as the U.S. government reportedly is considering multiple options for those entities, ranging on a spectrum from nationalization, privatization or abolishment.

Asset-Backed Securities. Asset-backed securities are subject to credit risks associated with the performance of the underlying assets. Asset-backed notes generally are issued pursuant to indentures, and pass-through certificates generally are issued pursuant to pooling and servicing agreements. A separate servicing agreement typically is executed in connection with asset-backed notes (such servicing agreements, indentures and pooling and servicing agreements are commonly referred to as the "Asset-Backed Agreements"). The Asset-Backed Agreements provide for the appointment of a trustee and the segregation of the transferred pool of assets from the other assets of the transferor. Such segregation generally is only required to the extent necessary to perfect the interest of the trustee in the assets against claims of unsecured creditors of the transferor of the assets. Where so required by the Uniform Commercial Code (the "UCC") (for instance, home equity loan notes), certain of the documents evidencing the underlying receivables are delivered to the possession of the trustee or other custodian for the holders of the asset-backed securities. In the case of most assets, either no documents evidence the receivables (for instance, credit card receivables) or documents exist, but the UCC does not require their possession to perfect a transfer (for instance, automobile installment sales contracts). In these cases, the transferor segregates the assets only on its own books and records, such as by marking its computer files, and perfects the trustee's interest by filing a financing statement under the UCC. This method of segregation and perfection presents the risk that the trustee's interest in the assets could be lost as a result of negligence or fraud, such that the trustee and the asset-backed security holders become unsecured creditors of the transferor of the assets.

Municipal Securities. Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative

changes, or the rights of municipal security holders. Because many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation, and utilities, conditions in those sectors can affect the overall municipal market. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market, and market conditions may directly impact the liquidity and valuation of municipal securities. Many municipalities have been adversely impacted by financial and economic conditions over the last several years.

Junk Bonds. A client may permit Dwight to invest in fixed-income securities of below investment grade quality (commonly referred to as “high yield” or “junk bonds”), or securities that at the time purchased were investment grade may later be downgraded. Below investment grade securities are predominantly speculative because of the credit risk of their issuers. While offering a greater potential opportunity for capital appreciation and higher yields, below investment grade securities entail greater potential price volatility and may be less liquid than higher-rated securities. Issuers of below investment grade quality securities are more likely to default on their payments of interest and principal owed to a client, and such defaults will reduce the client’s account value and income distributions. The prices of these lower quality securities are more sensitive to negative developments than higher rated securities.

Adverse business conditions, such as a decline in the issuer’s revenues or an economic downturn, generally lead to a higher non-payment rate. In addition, such a security may lose significant value before a default occurs as the market adjusts to expected higher non-payment rates.

Non-U.S. Securities. Dwight may invest a client’s assets in and trade a portion of their assets in U.S. dollar denominated non-U.S. securities, which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulation of U.S. and foreign issuers and markets. These risks may include:

- Political or social instability, the seizure by foreign governments of client assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Non-U.S. securities markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting

standards, and there may be less public information about their operations.

Currency. Dwight may invest client assets in securities that are not denominated in U.S. dollars. As a result, a client is subject to the risk that those currencies will decline in value relative to the value of the U.S. dollar. In addition to changes in the value of clients' portfolio investments resulting from currency fluctuations, a client may incur costs in connection with conversions between various currencies. When Dwight invests in securities that are not denominated in U.S. dollars, it may also enter into transactions designed to hedge related currency risk.

Short-Term Corporate Obligations. These notes permit daily changes in the amounts borrowed. Because these obligations are direct lending arrangements between the lender and borrower, it is not contemplated that such instruments generally will be traded, and there generally is no established secondary market for these obligations, although they are redeemable at face value, plus accrued interest, at any time. Accordingly, where these obligations are not secured by letters of credit or other credit support arrangements, the right to redeem is dependent on the ability of the borrower to pay principal and interest on demand. Such obligations frequently are not rated by credit rating agencies.

Money Market Securities. Money market securities are high-quality, short-term obligations. Money market securities may be structured to be, or may employ a trust or other form so that they are, eligible investments for money market funds. For example, put features can be used to modify the maturity of a security or interest rate adjustment features can be used to enhance price stability. If a structure fails to function as intended, adverse tax or investment consequences may result. Neither the Internal Revenue Service nor any other regulatory authority has ruled definitively on certain legal issues presented by certain structured securities. Future tax or other regulatory determinations could adversely affect the value, liquidity, or tax treatment of the income received from these securities.

Cash Positions. A portion of a client's assets may, from time to time, be maintained in cash or cash-equivalent investments. Although such a practice may assist in the preservation of capital, the assumption of cash positions may also impact overall investment return. Cash investment practices of a client may be expected, therefore, to affect total investment performance of that client's account. A portion of a client's account may be invested in a short term investment fund established by the client's custodian or trustee or in a mutual fund, for cash management or liquidity purposes. These funds may have as a goal stability of principal value. The client's account will be impacted by the investment performance and investment strategies engaged in by these funds, and the client will be bear potential risk of loss associated with these funds.

Derivatives. Certain clients may permit Dwight to trade in derivatives. Derivatives are financial contracts whose values depend on, or are derived from, the value of an underlying asset, reference rate or index. A client may use derivatives for any number of purposes including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate or currency risk. Dwight's use of derivative instruments for a client involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as interest rate risk, market risk and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If a client invests in a derivative instrument, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that a client will engage in these transactions to reduce exposure to other risks when that would be beneficial. Finally, the assets of a client may be pledged as collateral in swap and other derivatives transactions. Thus, if the client defaults on such an obligation, the counterparty may be entitled to some or all of the assets of that client as a result of the default.

Futures Contracts and Options on Futures Contracts. In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations. The counterparty for futures contracts and options on futures contracts traded in the United States and on most foreign futures exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the non-performance by one of its members and, as such, should significantly reduce this credit risk. In cases where the clearinghouse is not backed by the clearing members (*i.e.*, some foreign exchanges), it is normally backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearing member or clearinghouse will be able to meet its obligations.

In addition, under the Commodity Exchange Act, futures commission merchants are required to maintain customers' assets on a segregated basis. If a client engages in futures and options contract trading and the futures commission merchants with whom that client maintains accounts fail to so segregate that client's assets or are not required to do so, the client will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. Even where customers' funds are properly segregated, the client might be able to recover only a *pro rata* share of its property pursuant to a distribution of a bankrupt futures commission merchant's assets.

Futures Cash Flow. Futures contracts gains and losses are marked-to-market daily for purposes of determining margin requirements. Option positions generally are not, although short option positions will require additional margin if the market moves

against the position. Due to these differences in margin treatment between futures and options, there may be periods in which positions on both sides must be closed down prematurely due to short-term cash flow needs. Were this to occur during an adverse move in the spread or straddle relationships, a substantial loss could occur.

Under certain circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract or an option on a futures contract can vary from the previous day's settlement price; once that limit is reached, no trades may be made that day at a price beyond the limit. Daily price limits do not limit potential losses because prices could move to the daily limit for several consecutive days with little or no trading, thereby preventing liquidation of unfavorable positions.

Option Transactions. Dwight may purchase and sell options on futures contracts and other instruments for the account of certain clients. The purchase or sale of an option involves the payment or receipt of a premium payment and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying instrument in excess of the premium payment received.

Forward Contract Trading. Dwight may trade forward contracts for the account of certain clients. Forward contracts are not traded on exchanges and are executed directly through forward contract dealers or arranged by brokers. There is no limitation on the daily price moves of forward contracts, and a dealer is not required to continue to make the markets in such contracts. There have been periods during which forward contract dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread, between the bid and asked price. Arrangements to trade forward contracts may therefore experience liquidity problems. A client will be subject to the risk of credit failure or the inability of or refusal of forward contract dealers to perform with respect to its forward contracts.

Repurchase Agreements. A client may permit Dwight to enter into repurchase agreements with respect to its portfolio. In a repurchase agreement, a client buys a financial instrument and simultaneously agrees to sell it back to the seller on a later date. Repurchase agreements could involve risks in the event of a default or insolvency of the other party to the agreement, including possible delays or restrictions upon a client's ability to dispose of the underlying financial instrument.

Liquidity in Financial Markets. The financial markets in the United States and elsewhere have in the past and may in the future experience a variety of difficulties and changed economic conditions. These difficulties and changes may lead to reduced liquidity in

equity, credit and fixed-income markets, which would in turn adversely affect many issuers worldwide as well as a client's account. This reduced liquidity also may result in more difficulty in obtaining financing by issuers. In addition, these conditions could lead to reduced demand for the securities in which a client invests, which may in turn decrease the value of that client's assets. Because the securities held by a client are marked to market and fluctuate in value based on supply and demand, reduced liquidity in the markets for certain securities could depress the value of a client's assets to less than their intrinsic value.

Stable Value Contracts. Stable value strategies are subject to many of the risks described above as well as those risks related to Stable Value Contracts. Stable Value Contracts include GICs, wrap contracts, separate account contracts and other benefit responsive agreements. Stable Value Contracts are designed to permit benefit responsive plan participant withdrawals relating to activities such as investment option transfers, withdrawals on account of a participant's death, disability, retirement or other termination of employment, and in-service withdrawals in accordance with the plan to occur at book value on the terms set forth in each contract.

GICs are an obligation of the insurance company that has issued the contract, and as a result are subject to the issuer's credit risk. A wrap contract is an investment contract issued by an insurance company, bank or other financial institution, backed by a portfolio of bonds or other fixed income assets or instruments that are owned by the client. These covered assets underlying the wrap contract are maintained separate from the contract provider's general assets, usually by a trustee or a third-party custodian. As a general matter, credit risk exposure to a wrap contract provider is limited to any excess of the contract value of the contract over the market value of the assets underlying the contract. Separate account contracts are similar in structure to GICs, except that the underlying assets are accounted for in a separate account for the benefit of the separate account investors.

The obligations of providers of Stable Value Contracts are those of the providers and are not Dwight's obligations. There is no guarantee that Stable Value Contracts will continue to be valued at their contract value rather than market or fair value or that providers under Stable Value Contracts will fulfill their obligations. If the assets under a Stable Value Contract were revalued at their market value, this could cause a significant loss in value to a client account that held the contract.

Wrap and separate account contracts typically contain a formula for periodic reset of the contract crediting rate. The basic function of the crediting rate formula is to amortize (or "smooth") the gain or loss experience of the underlying portfolio over the duration of the contract. A contract's crediting rate provides a fixed return for a period of time until the next rate reset. Crediting rates for wrap contracts and separate account contracts are influenced by a number of factors including: (1) the current yield of the underlying assets in the contract, which may not reflect prevailing interest rates,

(2) the duration of the underlying assets covered by the contract, (3) whether the market value of the underlying assets increases or decreases, through investment performance, market conditions or otherwise, (4) the existing difference between the market value of the underlying assets and contract value and (5) the contract fees and wrapped contract expenses incurred. The management of these factors can affect the volatility of the portfolio's crediting rate. The use of the crediting rate formula and periodic reset schedule allow the portfolio's return to track interest rates over time on a lagged basis. A stable value account's yield is the aggregate of the yield of all investments held by the account.

Stable Value Contracts generally have terms that provide that contract withdrawals will not be paid by the provider at contract value (absent consent or waiver) but would be subject to a market value adjustment to the contract value for withdrawals associated with specified events or circumstances or when the provider determines that it could create a material adverse effect on their financial interests. While each contract's terms may differ, events or circumstances which may trigger a market value adjustment can typically include all or some of the following: (1) amendments to the plan documents or plan's administration; (2) additions of competing investment options or changes to the plan's competing investment option or equity wash provisions or restrictions; (3) manager change; (4) complete or partial termination of the plan or merger of the plan with another plan; (5) a withdrawal from the underlying assets resulting from an event initiated or directed by the plan sponsor ("employer initiated event") such as withdrawals due to the removal of a group of employees from coverage under the participating plan (such as a group layoff or early retirement incentive program), or the closing or sale of a subsidiary, employing unit or affiliate; (6) changes in law or regulation applicable to the plan or account; (7) the delivery of any communication to plan participants designed to influence a participant not to invest in the account; and (8) other events or circumstances provided for in the contract.

In addition, wrap contracts typically provide for an adjustment to contract value if a security that is part of the covered assets defaults or otherwise has its credit risk deteriorate or becomes "impaired" as defined in the contract. Separate account contracts can also include adjustments to contract value for impaired securities.

Wrap contracts also define certain termination events that permit the provider to terminate the contract at market value and the account will receive the market value of the covered assets as of the date of termination. Thus, if the market value of the covered assets is less than the contract value on the termination date, the contract does not require the issuer to pay any excess of contract value over market value. As a result, this type of termination will result in a market value adjustment. Issuer termination events vary by contract and typically may include some or all of the following: (1) the plan or its trust is fully or partially terminated or fails to be exempt from federal income taxation; (2) the plan merges with another plan; (3) if a security is sold or subject to a lien other than as permitted under the contract; (4) there is a material change in law,

regulation, ruling, or accounting requirement applicable to the plan or account; (5) the bankruptcy of the plan or plan sponsor; (6) the level of impaired securities as defined in the contract exceeds an agreed upon amount of the portfolio; and (7) other events or circumstances provided for in the contract. In addition, if the plan defaults in its contractual obligations or representations under the contract (including non-compliance with investment guidelines) and such default is not cured within any applicable cure period, then the contract may be terminated by the issuer and the account will receive the market value as of the date of termination.

The terms of stable value collective investment funds and their related Stable Value Contracts typically contain notice periods before plan sponsors may terminate their complete investment in the funds at book value, as opposed to market value. Notice periods may be twelve months or such other periods established by the fund sponsor. Plan participant withdrawals and other participant activities are generally permitted to continue during the notice period. These notice periods may limit plan sponsor flexibility to implement desired changes.

The market for Stable Value Contracts is not unlimited. There can be no assurance that sufficient Stable Value Contracts will be available in the future to replace or supplement existing contracts or, even if available, will be available on favorable financial terms. Stable Value Contract providers have increased fees and decreased the flexibility of terms they offer under contracts in the last several years, and may do so in the future. Future regulatory action could also impact the availability or terms of Stable Value Contracts.

Risks Relating to External Managers. For certain client mandates, Dwight retains external managers for all or part of the mandate or assists the client with such retention and/or oversight of the manager. Risks associated with external managers include those related to the investment strategies in which the external manager is engaged, operational and compliance risk and firm risk. External managers may provide Dwight with limited information with respect to their operations and performance, thereby limiting Dwight's ability to verify and monitor initially or on a continuing basis the assets in which the external manager is investing on behalf of clients and the investment strategies being employed. This may result in significant losses to a client based on investment strategies and positions employed by the external manager or other actions of which Dwight has limited or no knowledge.

Disciplinary Information

Dwight has no legal or disciplinary events that would be material to the evaluation of Dwight's advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

As described in “Advisory Business” above, Dwight is an indirect subsidiary of Old Mutual plc, and as such is part of a full-scale global financial services organization. As part of this organization, Dwight is responsible for providing investment advisory services to certain of its affiliates (“Affiliated Clients”) with respect to certain portfolios managed by them and has entered into other material relationships with affiliates.

One Affiliated Client is Old Mutual Asset Management Trust Company (“OMAMTC”), a trust company organized under Maryland law. OMAMTC has established and maintains certain commingled investment vehicles which are managed by Dwight (the “OMAMTC/Dwight Funds”). OMAMTC has retained Dwight to provide investment advisory services to OMAMTC with respect to the OMAMTC/Dwight Funds, subject to OMAMTC's oversight and ultimate management and control. Dwight has discretionary separate account relationships with many of the investors whose assets are invested in the OMAMTC/Dwight Funds. The assets invested in the OMAMTC/Dwight Funds represent a material portion of the assets with respect to which Dwight provides investment advisory services.

Under the terms of its advisory agreements with OMAMTC, OMAMTC establishes investment guidelines and parameters governing Dwight's investment advisory activities and has the authority to retain or terminate Dwight as adviser with respect to the OMAMTC/Dwight Funds. For its services to the OMAMTC Funds, OMAMTC is entitled to receive fees. As a result of the affiliation between Dwight and OMAMTC, Dwight may have an incentive to direct separate account client assets into the Dwight/OMAMTC Funds, for which OMAMTC, as its affiliate, and Dwight receives fees. In addition, OMAMTC may have a conflict of interest in its oversight of Dwight and the decision whether to continue to retain Dwight as adviser. To address these potential conflicts, OMAMTC and Dwight disclose the affiliation and the fees earned by OMAMTC and Dwight to investors in the OMAMTC/Dwight Funds. In addition, OMAMTC and Dwight, where required, obtain authorization to invest in the Dwight/OMAMTC Funds from an unaffiliated fiduciary that independently makes the decision to invest in the OMAMTC/Dwight Funds, based in part on disclosure of the fees paid to Dwight and to OMAMTC.

Dwight serves as a subadviser to various registered mutual funds that are advised by its affiliate, Old Mutual Capital, Inc. The distributor for these mutual funds is Old Mutual Investment Partners (“OMIP”), a registered broker/dealer and an affiliate of Dwight. Certain Dwight employees are registered representatives of OMIP and assist in the marketing of the mutual funds. OMIP has established procedures for oversight of the activities of these individuals in the marketing of the mutual funds distributed by OMIP.

These affiliations and portfolio management responsibilities may create an incentive for Dwight to treat Affiliated Clients more favorably compared to unaffiliated client accounts. To address these potential conflicts of interest, Dwight has developed and follows allocation policies and procedures that are reasonably designed to ensure fair and consistent treatment of investment opportunities for all clients. See “Brokerage Practices” below for a further description of Dwight’s allocation policies

Dwight may allocate assets to or recommend clients retain external managers who are affiliated with insurance companies or other institutions who also issue Stable Value Contracts. This may create an incentive for Dwight to recommend investment advisers based on existing or potential business relationships with Stable Value Contract providers that could conflict with client interests including Dwight’s decision to retain or terminate an adviser whose affiliate may also provide Stable Value Contracts to Dwight clients. To address this potential conflict of interest, Dwight’s External Manager Oversight Committee follows procedures based on objective criteria for investment adviser selection and makes recommendations based on this information. In addition, Dwight’s credit research team is responsible for monitoring the financial strength, credit worthiness and other objective criteria for existing and potential Stable Value Contract providers and making recommendations to approve, hold or eliminate providers based on that criteria. The firm’s Investment Committee is responsible for oversight of the External Manager Oversight Committee processes.

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

Dwight has adopted a Code of Ethics, which sets forth general principles to guide the firm’s personnel in their daily conduct and sets forth their fiduciary duties to act in the best interests of Dwight’s clients. Dwight employees are expected to maintain the highest ethical standards, deal fairly with clients and each other, protect confidential information, seek guidance about ethical questions, act with integrity and conduct themselves in a professional manner to preserve and protect Dwight’s reputation. In addition, the Code sets forth Standards of Business Conduct, which cover various areas including the following:

- Prohibited Conduct
- Conflicts of Interest
- Insider Trading
- Personal Transactions in Securities
- Receipt or Acceptance of Gifts
- Political or Charitable Contributions
- Positions with Unaffiliated Companies

Under the Code of Ethics, Dwight employees and their family members are permitted to buy or sell securities for their personal accounts, subject to certain limits. Except for certain limited exceptions, all securities trades by employees and their family members require pre-clearance from a member of Dwight's compliance team. Employees are required to report their and their family members' personal securities holdings, with certain limited exceptions, on a periodic basis, as well as the names of all entities and brokerage accounts where securities accounts are maintained.

Because Dwight's Code of Ethics allows personnel or their family members, in certain circumstances, to transact in personal brokerage accounts, it is possible that those transactions may be in securities that are also being transacted in by Dwight for its clients or in mutual funds that are subadvised by Dwight or one or more of its affiliates. To address these situations, Dwight has developed monitoring procedures for personal securities trading that are reasonably designed to prevent conflicts of interests between Dwight and its clients.

A copy of the firm's Code of Ethics may be requested by contacting Daniel Whitcomb, Dwight's Chief Compliance Officer, at (802) 383-4143 or at dwhitcomb@dwright.com.

Brokerage Practices

Overview

Dwight principally buys and sells fixed income securities for client accounts through broker/dealers that make markets in the relevant securities or security types. Fixed income securities trades are typically executed on a net yield basis – the broker/dealers Dwight executes client trades through generally do not charge explicit commissions, commission equivalent or spreads.

When placing orders for the execution of transactions, Dwight's primary objective is to obtain the most favorable price and best execution available for clients given the circumstances. In the selection of such broker/dealers, Dwight takes into consideration not only the available prices, but also certain other quantitative and qualitative factors. These typically include execution capabilities, financial responsibility, responsiveness, trading experience, reputation and integrity, back office and support facilities, access to underwritten offerings and secondary markets, reliability in executing trades, record keeping, current market conditions, and the flow of information from the broker/dealer, including idea and research generation. Research and other services provided by such broker/dealers are expected to enhance the general portfolio management capabilities of Dwight and the value of an ongoing relationship of Dwight with such broker/dealers, in each case without having to demonstrate that such factors are of a direct benefit to the particular account. This may create an incentive, real or perceived, for Dwight to enter into transactions with certain broker/dealers that may not represent the most

favorable overall execution given the circumstances. To address this potential conflict of interest, Dwight performs periodic reviews of broker/dealer performance and reviews of portfolio transactions.

Directed Brokerage

Clients may limit Dwight's discretionary authority in any or all of the situations described above. In particular, a client may direct Dwight to use a particular broker/dealer or broker/dealers to execute portfolio transactions for its account. Where the client so directs Dwight, Dwight may not be in a position where it can freely negotiate best price (or, if applicable, commission rates), or select broker/dealers on the basis of best price or execution. Additionally, transactions for a client that directs brokerage may not be combined or aggregated for execution purposes with orders for the same securities for other accounts managed by Dwight. As a result, directed brokerage transactions may result in higher commissions or less favorable net prices than would be the case if Dwight were empowered to select brokers and dealers to execute transactions for the client's account.

Brokerage for Client Referrals

Registered investment advisers are required to provide information regarding whether they consider, in selecting or recommending broker/dealers, whether they or a related person receives client referrals from a broker/dealer or other third-party. Dwight does not direct brokerage for the purpose of recognizing client referrals.

Aggregation and Allocation Policies

When appropriate and feasible (when circumstances allow for the most advantageous price and/or transaction for a purchase or sale of the same security for a number of client accounts at the same time), Dwight will aggregate orders for some or all of its accounts, including Affiliated Clients (see "Other Financial Industry Activities and Affiliations" for a description of Dwight's Affiliated Clients) and accounts in which it or its personnel or affiliates may have a beneficial interest.

Dwight's policy is to allocate purchase opportunities, including securities being offered in private placements or in initial public offerings and other investment opportunities that may have limited availability, and sale opportunities it identifies as being appropriate for particular client accounts, among its clients' accounts, including Affiliated Clients, on a fair and equitable basis over time. Because it is not possible to allocate every purchase or sale opportunity to every client for which the opportunity would be appropriate and desirable, particular clients may not participate in transactions that would be appropriate and desirable for those clients as a result of Dwight's decision to allocate those particular opportunities to other client accounts,

which may include Affiliated Clients. If less than an entire order is executed, generally each account (including Affiliated Clients) will receive its proportionate share subject to circumstances in which an account may have reached a limit and cannot further participate in the allocation. If a particular allocation would result in a de minimis allocation relative to the size of an account or its investment strategy, the allocation may be reallocated to other participating accounts. Another exception is that accounts in certain asset classes (e.g., cash, short-term, intermediate) and in certain other circumstances (participating accounts that have a dedicated specialized investment strategy) may be given a priority in the allocation process with respect to certain securities included in their investment mandate. Non-pro rata allocations for fixed income securities are based upon criteria for the selection of investments and a process for allocating securities with similar duration, credit quality and liquidity in the good faith judgment of Dwight so that fair and equitable allocation will occur over time.

When feasible, Dwight allocates trades prior to execution. When pre-execution allocation is not feasible, Dwight promptly allocates trades following established practices. Allocations generally are made at or about the time of execution and before the end of the trading day. Once trades are allocated, they may be reallocated only in unusual circumstances due to recognition of specific account restrictions.

As noted above, the market for Stable Value Contracts is not unlimited. Similar to other investments, Dwight seeks to allocate Stable Value Contract capacity on a fair and equitable basis over time

Review of Accounts

Each client account is reviewed on a periodic basis. Dwight's Client Portfolio Management Team is responsible for conducting client account reviews. The Client Portfolio Management Team for each client account generally consists of at least one Senior Client Portfolio Manager, who typically has responsibility for 10-25 client accounts. Client accounts are typically reviewed internally on a monthly, quarterly, and yearly basis. External reviews are conducted with clients at their request, but usually not less than annually. Reviews entail a detailed examination of overall account performance, diversification, duration, credit quality and investment activity for the period. Reports are typically in written form and typically available through client-dedicated web access. Examples of triggers for additional review of client accounts might include liquidity activity, maturity reinvestment, changes in portfolio credit quality, changes in benchmark indices, and changes in internal investment policy.

Client Referrals and Other Compensation

Dwight may pay referral fees to third parties equal to a percentage of Dwight's fees in accordance with a rule of the SEC (Rule 206(4)-3 under the Investment Advisers Act of

1940). If you have been solicited to engage Dwight by one of these parties, you will receive a written explanation of the compensation paid by Dwight and that the third party is paid to recommend Dwight to you. Any fees paid to third parties that solicit you are paid by Dwight out of the compensation to which Dwight is entitled. Clients do not incur additional fees as a result of these referral arrangements.

Custody

Dwight serves as the manager or adviser of certain commingled investment funds and Dwight's affiliate Old Mutual Asset Management Trust Company serves as managing member of certain commingled investment funds organized as limited liability companies. As such, Dwight is deemed to have custody of the assets of the commingled investment funds according to federal securities laws. Actual custody of the assets of these commingled investment funds are held at qualified custodians in the name of the funds. Investors in these commingled funds are provided audited financial statements within 120 days of each fiscal year end in compliance with the custody requirements under the Investment Advisers Act.

Investment Discretion

Dwight provides both discretionary and non-discretionary advice based on the unique needs of each of its clients. Dwight typically enters into a written advisory agreement with each separate account or commingled fund client which establishes Dwight's authority and responsibilities. Clients may impose limitations on Dwight's discretion through the advisory agreement, operating agreement or through the establishment of investment guidelines and restrictions. Investors in commingled investment vehicles managed by Dwight are subject to the investment guidelines or restrictions established by the funds. See "Advisory Business" above. For certain client mandates, Dwight retains external managers for all or part of the mandate or assists the client with such retention or oversight of the manager. A client may impose limitations on Dwight's ability to retain or terminate an external manager, pursuant to the terms of Dwight's agreement with the client. The terms of Stable Value Contracts impose investment restrictions on Dwight's management of separate accounts or commingled fund accounts or on external managers that are generally more restrictive than those imposed by clients or that would otherwise apply. These restrictions may serve to limit the scope or types of investments that Dwight might otherwise include within an account.

Voting Client Securities

As a fixed income manager, Dwight client accounts do not generally receive requests for proxy votes. Dwight has and will accept authority to vote client securities, as agreed to with each client. Dwight has adopted a proxy voting policy reasonably designed to ensure that Dwight votes proxies in the best interest of clients, and has established a Proxy Oversight Committee to consider each corporate proxy statement on a case-by-case basis.

Dwight's general proxy voting policy is to review each proxy statement on an individual basis. Voting decisions are based on an evaluation of what will serve the financial interests of the particular client. Economic and any other considerations will be evaluated. In general, it is Dwight's intention to vote on proposals introduced by company management in accordance with management's recommendations on the following types of management proposals: election of directors; approval of independent auditors; executive compensation plans; corporate structure and shareholder rights issues. Generally, Dwight will vote with management in opposition to shareholder resolutions that could negatively impact the company's ability to conduct business, and will support shareholder initiatives concerning the maximization of shareholder value. If Dwight determines that a conflict of interest exists with respect to a particular proxy matter, Dwight will disclose the conflict to the client(s) and will vote the proxy as directed by the client(s).

Dwight will provide a copy of its Proxy Voting Policy and Procedures upon request.

Dwight typically is responsible for voting proxies for mutual funds and commingled funds for which it serves as an adviser.

Financial Information

Dwight has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and has not been the subject of a bankruptcy proceeding.