

# Manning & Napier Advisory Advantage Company, LLC Form ADV Part 2A

March 30, 2012

## Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Manning & Napier Advisory Advantage Company, LLC. If you have any questions about the contents of this Brochure, please contact the Client Services Department at 585-325-6880 or 800-444-6885, or [info@manning-napier.com](mailto:info@manning-napier.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Manning & Napier Advisory Advantage Company, LLC 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 information about which you determine to hire or retain an Adviser.

Additional information about Manning & Napier Advisory Advantage Company, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Manning & Napier Advisory Advantage Company, LLC who are registered, or are required to be registered, as investment adviser representatives of Manning & Napier Advisory Advantage Company, LLC.

## Item 2 – Material Changes

There have been no material changes to this Brochure since our last annual amendment on March 31, 2011.

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## Item 4 - Advisory Business

Manning & Napier Advisory Advantage Company, LLC ("AAC" or the "Firm") is an SEC-registered investment advisor. AAC is the successor to Manning & Napier Advisory Advantage Corporation, which was incorporated in New York on August 29, 1989. Pursuant to a corporate restructuring, Manning & Napier Advisory Advantage Corporation transferred all of its assets and liabilities to AAC effective as of October 1, 2011.

Clients of AAC, in conjunction with the services provided by third parties (e.g. financial planners, attorneys, accountants, etc.) are provided with the full range of investment supervisory services, which includes, but is not limited to: (i) working with the client's financial advisor to assist in the establishment of appropriate investment objectives; (ii) making asset allocation decisions within the portfolio in accordance with set objectives; (iii) making day-to-day investment decisions for the portfolio; and (iv) providing materials necessary for monitoring results in an accurate and relevant manner.

Clients of AAC may impose investment restrictions that generally relate to asset mix, an individual security, or investment characteristics (e.g., debt rating, foreign investments, or social issues). Any investment restrictions placed on an account are agreed upon in advance with each client.

AAC hires Manning & Napier Advisors, LLC ("MNA") as its sub-advisor.

AAC does not currently participate in any wrap fee programs.

As of 12/31/2011, AAC manages \$2,423,299,197.78 on a discretionary basis.

## Item 5 - Fees and Compensation

AAC retains the right to negotiate the fee schedule. AAC may modify its fee schedule at its discretion upon at least thirty (30) days written notice to the client. For customized portfolios the fee may vary depending on the services provided. Clients will not be directly charged a fee by AAC on assets invested in the Manning & Napier Fund, Inc. Depending upon the client's fee schedule and billing tier, such fees will be offset by either a market value adjustment to or a fee credit against AAC's fee.

AAC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Any uninvested cash will be swept into a money market fund offered by the client's custodian, which has associated with it certain advisory fees and other costs. In addition to AAC's fees, clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in each fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to AAC's fees, and AAC shall not receive any portion of these commissions, fees and costs; provided, however, that in the case of investment advisory consulting services provided by AAC, AAC shall be reimbursed for certain expenses to the extent the client requires higher service levels.

Item 12 further describes the factors that AAC considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

**Fee Schedule:**

Unless otherwise noted, fees pro-rate for the period from the date that management of the account commences, the "Commencement Date", through the first billing date (03/31, 06/30, 09/30 or 12/31, whichever comes first) as stated in the client's investment management agreement, and shall be billed within sixty (60) days after the Commencement Date. Thereafter fees shall be billed within sixty (60) days after reaching each billing date. Prepayment of fees is for less than six (6) months. Payment of such fees and any additional charges shall be made directly to AAC out of account assets by the Custodian, upon written instruction from the client.

Fees shall be calculated upon the value of the account on the last calendar day of the month immediately preceding each three (3) month billing period, except for the first billing in which case the fees will be calculated based upon the value of the account on the Commencement Date. In addition to the above-stated fees, the client will incur other costs (to be paid from the account) for custodial fees, brokerage commissions and other client costs.

**OBJECTIVES-BASED STRATEGIES**

*For Growth Objectives:*

Growth Objectives include strategies invested in multiple asset classes (i.e. stocks, bonds) and primarily domestic based stock portfolios.

For accounts with a market value between \$250,000 and \$500,000, the annual fee schedule is:

1.25% of the first	\$250,000
1.00% of the market value in excess of	\$250,000

For accounts with a market value of \$500,000 or more, the annual fee schedule is:

0.85% of the first	\$2,000,000
0.60% of the market value in excess of	\$2,000,000

Minimum account size of	\$250,000
Minimum annual fee of	\$3,125

For Growth Objectives, the client's fee will be determined based upon the market value of the account on the billing date. However, a reduced fee schedule will only be available if the market value of the account equals \$500,000 or more on the billing date. (Note: Fixed Income Objectives, Core Non-US Equity Objective, Global Equity - Objective, Manning Yield Dividend-Focus Objective, and Global Equity Inflation-Focused Strategy do not offer a reduced fee schedule at this time).

*For Global Tactical Allocation Portfolio ("GTAP") Separate Accounts:*

The Global Tactical Allocation Portfolio ("GTAP") takes a top-down active asset allocation approach to investment management. Exposure to multiple asset classes (i.e., stocks and bonds) is achieved through the utilization of externally managed, publicly-traded, exchange-traded funds or similar securities that fill clearly defined roles. The equity allocation range of GTAP is 30% - 80% and will adjust based on market and economic factors.

Fees due to AAC for performing investment supervisory services shall be paid at the annual rates indicated below based upon the total asset value of the portfolio.

For accounts between \$250,000 and \$500,000, the annual fee schedule is:

0.60% of market value for accounts below	\$500,000
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For accounts at \$500,000 or more, the annual fee schedule is

0.45% of the first	\$2,000,000
0.35% of the remainder over	\$2,000,000

Minimum account size of	\$250,000
Minimum annual fee of	\$1,500

In addition to the above stated fees, the client will incur other costs (to be paid from the account) for custodial fees, exchange-traded fund expense ratios, brokerage commissions, and other client costs.

For Global Tactical Allocation Portfolio Separate Accounts, the client will be based upon the market value of the account on the billing date. However, the reduced fee schedule will only be available if the market value of the account equals \$500,000 or more on the billing date.

*For Strategic Income Objective*

The Strategic Income portfolios are a blend of both qualitative and quantitative investment analysis that invest in a mix of stocks and bonds. The strategy is available in both a Conservative and Moderate allocation, each with a focus on income-producing securities (e.g., dividend-paying and high free cash flow stocks, real estate securities, investment grade, below investment grade and high yield bonds).

### *Conservative Strategy*

For accounts under \$20,000,000, the annual fee schedule is:

.60% of the market value

Minimum account size of	\$2,000,000
Minimum annual fee of	\$12,000

For accounts over \$20,000,000, the annual fee schedule is:

.55% of the market value

### *Moderate Strategy*

For accounts under \$20,000,000, the annual fee schedule is:

.65% of the market value

Minimum account size of	\$2,000,000
Minimum annual fee of	\$13,000

For accounts over \$20,000,000, the annual fee schedule is:

.60% of the market value

## FIXED INCOME STRATEGIES

### *For Fixed Income Objectives:*

Includes specialized management of fixed income portfolios for which the client has assumed the responsibility for asset allocation. The annual fee schedule is as follows:

#### Fixed Income Liquidity (0-1 year maturity)

0.25% of the market value between	\$500,000 - \$4,999,999
0.20% of the market value between	\$5,000,000 - \$9,999,999
0.15% of the market value at or above	\$10,000,000 or more

Minimum account size	\$2,000,000
Minimum annual fee	\$6,000.00

#### Short-Term Fixed Income (0-5 year maturity)

0.30% of the market value between	\$500,000 - \$4,999,999
0.25% of the market value between	\$5,000,000 - \$9,999,999
0.20% of the market value at or above	\$10,000,000

Minimum account size	\$2,000,000
Minimum annual fee	\$7,000.00

#### Intermediate-Term Fixed Income (0-10 year maturity)

0.35% of the market value between	\$500,000 - \$4,999,999
0.30% of the market value between	\$5,000,000 - \$9,999,999
0.25% of the market value at or above	\$10,000,000

Minimum account size	\$2,000,000
Minimum annual fee	\$9,000.00

Aggregate Fixed Income (0-30 year maturity)

0.40% of the market value between	\$500,000 - \$4,999,999
0.35% of the market value between	\$5,000,000 - \$9,999,999
0.30% of the market value at or above	\$10,000,000

Minimum account size	\$2,000,000
Minimum annual fee	\$10,000.00

Treasury Inflation Protected Securities

0.25% of	market value
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Minimum account size of	\$2,000,000
Minimum annual fee of	\$5,000

Corporate Fixed Income

0.50% of the first	\$5,000,000
0.45% of the market value in excess of	\$5,000,000
0.40% of the market value in excess of	\$10,000,000

Minimum account size of	\$2,000,000
Minimum annual fee of	\$10,000

AAC offers individually managed municipal securities portfolios for taxable clients with the same fee structure as the Fixed Income accounts referenced above.

For accounts in Municipal Bond Objectives, the Minimum Account Size is \$1,000,000

EQUITY STRATEGIES

*For Core Non-US Equity Objectives:*

The Core Non-US Equity Objective aims to capture investment opportunities in equity markets outside of the United States.

For accounts with under \$25,000,000, the annual fee schedule is:

1.00% of the first	\$2,000,000
0.75% of market value in excess of	\$2,000,000

Minimum account size of	\$5,000,000
Minimum annual fee of	\$42,500

For accounts over \$25,000,000, the annual fee schedule is\*:

0.75% of the first	\$50,000,000
0.65% of market value in excess of	\$50,000,000

\*For any billing period at which the market value of the account is below \$25,000,000, a surcharge will be applied at an annual rate of \$5,000 in addition to the above stated schedule.



*For the Manning Yield<sup>®</sup> Dividend-Focus Objective:*

The Manning Yield Dividend-Focus Objective will consist of mid-to-large capitalization stocks with above average dividend yields, strong cash flow yields and stable financial characteristics that meet MNA's screening criteria. Holdings are weighted on the basis of their relative market capitalization.

For accounts below \$2,000,000, the annual fee schedule is:

0.55% of the market value

For accounts between \$2,000,000 and \$10,000,000, the annual fee schedule is:

0.45% of the market value

For accounts over \$10,000,000, the annual fee schedule is:

0.35% of the market value

Minimum account size of	\$1,000,000
Minimum annual fee of	\$5,500

*For Global Quality Plus Portfolio*

The Global Quality Plus Portfolio will consist of mid-to-large capitalization stocks with favorable dividend yields, strong cash flow yields and stable financial characteristics that meet MNA's quantitative and qualitative screening criteria. MNA will typically direct the portfolio to be fully invested in equities with only modest cash or money market positions at all times. These equity investments may be chosen from a broad range of domestic and international markets.

For accounts below \$2,000,000, the annual fee schedule is:

.60% of the market value

For accounts between \$2,000,000 and \$10,000,000, the annual fee schedule is:

.50% of the market value

For accounts over \$10,000,000, the annual fee schedule is:

.40% of the market value

Minimum account size of	\$1,000,000
Minimum annual fee of	\$6,000

*For the Small Cap Equity Objective:*

The Small Cap Equity objective aims to maximize returns over the long term through consistent participation in "small market capitalization" stocks and other equity instruments.

For accounts between \$1,000,000 and \$5,000,000, the annual fee schedule is:

0.85% of the first	\$2,000,000
0.60% of the market value in excess of	\$2,000,000

For accounts at \$5,000,000 or more, the annual fee schedule is:

0.60% of market value over	\$5,000,000
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Minimum account size of	\$1,000,000
Minimum annual fee of	\$8,500

For Small Cap Equity Separate Accounts, the client will be billed based upon the market value of the account on the billing date. However, the reduced fee schedule will only be available if the market value of the account equals \$5,000,000 or more on the billing date.

*For Global Equity Objective:*

The Global Equity Objective aims to maximize returns over the long term through consistent participation in both U.S. and non-U.S. equities and other equity instruments.

The annual fee schedule is:

1.00% of the first	\$2,000,000
0.75% of market value in excess of	\$2,000,000

Minimum account size of	\$1,000,000
Minimum annual fee of	\$10,000

*For Global Equity Inflation-Focused Strategy:*

The Global Equity Inflation-Focused strategy aims to capture investment opportunities in equity markets by actively managing inflation risk based upon the nature of inflation in the current environment.

The annual fee schedule is:

0.85% of the first	\$2,000,000
0.60% of market value in excess of	\$2,000,000

Minimum account size of	\$1,000,000
Minimum annual fee of	\$8,500

## MULTI-MANAGER STRATEGIES

*For the Integrated Advisors Portfolio (With External Mutual Funds):*

The Manning & Napier Integrated Advisors Portfolio (IAP) with External Mutual Funds consists of an active asset allocation philosophy built around a separately managed portfolio of stocks and bonds (managed by Manning & Napier Advisors, LLC ("MNA") , and an affiliate of AAC) and an array of selected unaffiliated mutual funds in clearly defined roles, and includes comprehensive monitoring services. Custodial services are provided by Exeter Trust Company (an affiliate New Hampshire chartered Trust Company).

Fees due AAC for performing such services shall be paid every three (3) months at the annual rates indicated below based upon the total asset value of the portfolio:

<u>Tier I: Accounts below</u>	\$2,000,000	0.75%
<u>Tier II: Accounts between</u>	\$2,000,000 - \$5,000,000	0.65%

<u>Tier III: Accounts over</u>	\$5,000,000	0.60%
Minimum account size of	\$300,000	
Minimum annual fee of	\$3,750	

For the Integrated Advisors Portfolio (With External Mutual Funds), clients will be billed at the Tier I, Tier II or Tier III fee schedule based upon the market value of the account on the billing date. However, the Tier II fee schedule will only be available if the market value of the account equals \$2,000,000 to \$5,000,000 on the billing date. The Tier III fee schedule will only be available if the market value of the account equals \$5,000,000 or more on the billing date. Any 12b-1 fees from the underlying mutual funds paid to the custodian from mutual fund assets are passed on to the client's account.

*For the Integrated Advisors Portfolio (With External Sub-Advisers):*

The Manning & Napier Integrated Advisors Portfolio (IAP) with External Sub-advisers consists of an active asset allocation philosophy built around a separately managed portfolio of stocks and bonds (managed by Manning & Napier), and an array of selected external sub-advisers in clearly defined roles, and includes comprehensive monitoring services. Custodial services are provided by Fidelity Institutional Wealth Services.

Fees due AAC for performing such services shall be paid every three (3) months at the annual rates indicated below based upon the total asset value of the portfolio:

<u>Tier I: Accounts up to</u>	\$3,000,000	0.66%
<u>Tier II: Accounts between</u>	\$3,000,001 - \$5,000,000	0.63%
<u>Tier III: Accounts between</u>	\$5,000,001 and \$10,000,000	0.58%
<u>Tier IV: Accounts over</u>	\$10,000,000	0.53%

Minimum Account Size of	\$1,000,000
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Fees due to the current external sub-advisers shall be paid every three (3) months at the annual rates indicated below based upon the average daily balance of the individual sub-adviser's portfolio over the preceding three months.

Core Fixed Income Manager	0.25%
Municipal Fixed Income Manager	0.35%
Core (Large Cap) Stock Manager	0.50%
International Stock Manager	0.50%
Small Cap Stock Manager	0.75%

The sub-advisers' fees are applied pro rata to the portion of the total portfolio under their discretion. For example, if the Core Fixed Income Manager manages 20% of the client's portfolio, the 0.25% sub-adviser fee will only be applied to this portion of the total account.

For certain IAP accounts that fall below the account minimum, MNA retains the right to charge a higher fee as negotiated with the client. In addition to the above stated fees, the

client will incur other costs (to be paid from the account) for custodial fees, brokerage commissions, and other client costs.

For the Integrated Advisors Portfolio (With External Sub-Advisers), clients will be billed at the Tier I, Tier II, Tier III or Tier IV fee schedule based upon the market value of the account on the billing date. However, the Tier II fee schedule will only be available if the market value of the account equals \$3,000,000 to \$5,000,000 on the billing date. The Tier III fee schedule will only be available if the market value of the account equals \$5,000,000 to \$10,000,000 on the billing date. The Tier IV fee schedule will only be available if the market value of the account is in excess of \$10,000,000 on the billing date.

The fees due AAC for performing investment supervisory and monitoring services shall be paid every three (3) months at the annual rates indicated for each listed fee schedule, based upon the total asset value of the portfolio. The fees due the sub-advisers for performing investment management services shall be paid every three (3) months at the annual rates indicated, based upon the average daily balance of each sub adviser's portfolio over the preceding three (3) months. Each portfolio will be carefully analyzed and reviewed in relation to client objectives. Any uninvested cash will be swept into a money market fund offered by the client's custodian, which has associated with it certain advisory fees and other costs.

For fees due AAC, the initial fee, which may be for a period of time less than three (3) months, will be based upon the asset value of the total portfolio as of the last business day of the inception month. Subsequent fees will be based upon the asset value of the portfolio as of the last calendar day of the month immediately preceding each three-month period.

For fees due the sub-advisers, the initial fee, which may be for a period of time less than three (3) months, will be based upon the average daily balance of the individual sub-adviser's portfolio from the inception date through the last business day of the inception month. Subsequent fees will be based upon the average daily balance of the individual sub-adviser's portfolio over the three (3) months immediately preceding each three month billing period.

## OTHER PRODUCT OFFERINGS

**Special Reports:** AAC may provide special reports (e.g., objectives setting, asset and sector allocation, statistical measurement, historical market studies, risk measurement) and advise clients for a negotiated fee.

**Additional Fees:** Whenever the demands of the client for direct communication with professional investment staff of AAC exceeds sixty (60) minutes in any one calendar year, additional service charges may be imposed upon the client at a rate of \$150 per hour. There may also be additional charges for extra performance reports, if any, in excess of one per year.

If the Personal Financial Advisor ("PFA") charges fees under the Personal Financial Advisory Agreement of less than 0.15% for Growth Objectives, Core Non-US Equity, Global Equity – Growth Objectives, the Integrated Advisors Portfolio (With External Mutual Funds), the Integrated Advisors Portfolio (With External Sub-Advisers), Manning Yield Dividend-Focus Objective, Global Quality Plus Portfolio, Small Cap Equity Objective, Global Tactical Allocation Portfolio Separate Accounts or Global Equity Inflation-Focused Strategy AAC reserves the right to increase its fees up to the amount by which the PFA's fees are less than 0.15% to compensate the Firm for additional client service needs.

If the PFA charges fees under the Personal Financial Advisory Agreement of less than 0.10% for Fixed Income Objectives, AAC reserves the right to increase its fees up to the amount by which the PFA's fees are less than 0.10% for the Intermediate-Term and Aggregate Maturity Fixed Income Objectives and 0.05% for Short-Term and Liquidity Investment Objectives, to compensate the Firm for additional client service needs.

For accounts that are brought in under a solicitation arrangement, the fee schedule for those accounts may be as much as .15% higher depending on the investment objective. Such fees are subject to negotiation.

AAC clients are required to pay their fees as agreed upon by the executed investment management agreement. Generally, agreements require that management fees be paid in advance. A client may terminate an agreement by providing AAC with written notice, and any unearned fees are refunded on a pro-rata basis. AAC shall be paid through the date of termination. The refund of fees would be determined from the date of termination through the end of the period paid in advance.

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

AAC may enter into performance fee arrangements in situations where it is an appropriate option for a sophisticated or high-net-worth client and such fees are subject to individualized negotiation with each client. AAC will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (The Advisers Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, AAC shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for AAC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. AAC has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## Item 7 - Types of Clients

AAC generally provides investment advice to individuals, including high net worth individuals, banking or thrift institutions, investment companies (including mutual funds), pension and profit sharing plans, trusts, estates, charitable organizations, corporations or other businesses not already listed, and state or municipal government entities. AAC acts as the sub-advisor to certain unaffiliated advisors.

The minimum account size for most separately managed accounts is \$250,000, but certain investment strategies may have a higher minimum requirement.

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

For individually managed accounts, AAC has delegated all security selection and asset allocation functions to MNA. The following information relates to MNA's methods of analysis and investment strategies.

The foundation of MNA's investment approach is a combination of top-down and bottom-up analysis. Portfolios are built based upon a fundamental, bottom-up stock selection process, dependent on client objectives. Specific investments are chosen based upon price/value relationships, reflecting client objectives. Ranges for asset classes are established based on the client's investment objectives and the Senior Research Group's assessment of current risk levels among asset classes. Security selection and asset class targets are not forced into preset time horizons, but rather are reviewed on a continual basis as prevailing economic and market conditions change.

Investment strategies are applied within a "group" structure consisting of: (i) the Senior Research Group, which is primarily responsible for identifying and anticipating broad, macroeconomic and interest rate trends, setting asset allocation policy and reviewing equity selections; (ii) Overview Groups, which are primarily responsible for macro research including both domestic and foreign markets, as well as contributing to thematic security selection; (iii) Sector Groups which are divided into broad sector groups and primarily responsible for industry/company analysis and equity selection.

MNA primarily employs a fundamental approach to equity valuations with the primary focus centering on three distinct market segments: (i) well-positioned companies in industries characterized by shifts in prevailing supply/demand relationships; (ii) those firms whose strategic business profile consistently provides an above average return on investment and whose stock price does not reflect such consistency; and (iii) firms with stable cash flows or asset values combined, but with a stock price at a significant discount to our estimates of a transactional or leveraged buy-out value. MNA employs these strategies with respect to both individual equity selections made directly in its clients' advisory accounts and equity sector investments made through commingled funds advised by MNA.

MNA will make portfolio decisions based strictly on investment considerations and not on a client's particular tax situation; but will, however, follow specific client-directed, tax-

oriented directives within a portfolio. Tax-oriented transactions may have an adverse impact on portfolio performance.

MNA's fixed income decisions are primarily based on fundamental analysis of macroeconomics and interest rate trends. MNA's fixed income strategy relies on various indicators developed at MNA to forecast the long-term direction of interest rates. Fixed income security selection has generally emphasized high-quality securities with a total return objective, although adjustments in security quality may be made in response to specific client objectives or opportunities identified in market yields.

Within an Integrated Advisors Portfolio, MNA's Client Analytics Group is responsible for evaluating and recommending specialty asset class managers using either external sub-advisers or external mutual funds. The manager evaluation and monitoring process is based on three basic evaluation criteria: overall consistency with portfolio objectives, experience and stability of the manager/management process, and value-added returns over full market cycles. The management of the Portfolio utilizes the investment strategies of MNA described above combined with the manager selection and monitoring process of MNA's Client Analytics Group for evaluating third party managers.

The Manning Yield Dividend-Focus Objective and Global Quality Plus Objectives are quantitatively screened equity products. To meet the criteria for inclusion in each Objective, equity securities must pass multiple proprietary screens, including those for market capitalization, dividend yield, free cash flow yield, and stable financial characteristics. The Manning Yield Dividend-Focus Objective is rebalanced annually. At such time, MNA may use its discretion to attempt to minimize commission costs and realized capital gains. For this Objective, the investment approach consists of applying MNA's quantitative screens to a broad universe of equity securities to narrow the portfolio down to only those securities meeting all of the screening criteria. The Global Quality Plus Objective is subject to additional fundamental analysis by MNA's sector analysts.

The asset allocation decisions of Global Tactical Allocation Portfolio and G.O.A.L target date funds are determined by a top-down active approach to investment management. Ongoing asset allocation decisions are made based on various macroeconomic market and economic indicators. The Quantitative Strategies Group then uses the macroeconomic and market valuation data to determine an appropriate stock/bond allocation as well as to identify low/high risk areas within the equity and fixed income markets and over/under-weight those areas (e.g., large cap v. small cap, long bond v. short bond, domestic v. international). Asset allocation ranges are established for the various portfolios based upon investor time horizon and objectives. The stock/bond mix and sub-asset class allocation decisions are adjusted to the current market and economic environment. Asset allocation decisions are made on a top-down basis via qualitative and quantitative analysis of market and economic indicators. Exchange-traded funds are used as the basis to achieve the prescribed asset allocation.

MNA buys and sells securities in conformity with each investment strategy's objective. As a result, MNA may engage in activity that is consistent in the accounts with similar investment strategies, but contrary across different investment strategies (including investment strategies that are used with MNA's proprietary accounts). For instance, MNA may purchase securities for one objective while selling the same securities for a



different objective. Likewise, the position sizes and price targets of the same securities will vary between objectives.

Investing in securities involves risk of loss that clients should be prepared to bear.

MNA's strategies invest primarily in stocks and bonds, including both U.S. and non-U.S. issuers, and various market caps. Although asset allocation may vary between MNA's significant investment strategies, the risks remain the same, and include the following:

*Market Risk* – Stock and bond markets rise and fall daily. As with any investment whose performance is tied to these markets, the value of clients' investments will fluctuate, which means that clients could lose money on their investments.

*Equity Risk* – The prices of equity securities rise and fall daily. The price movements may result from factors affecting individual companies, industries or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer and decline in response. In addition, the equity market tends to move in cycles which may cause stock prices to fall over short or extended periods of time.

*Small- and Mid-Cap Risk* – Small- and mid-cap companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, small- and mid-cap companies may have limited product lines, markets and financial resources, and may depend upon a relatively small management group. The securities of smaller companies are often traded in the over-the-counter market and, even if listed on a national securities exchange, the trading market (i.e., the volume of trades on any given day) for such securities may be less active than larger companies listed on that exchange. Consequently, the securities of these companies may be less liquid, may have limited market stability, and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies. As a result, the prices of the smaller companies owned by clients may be volatile.

*Foreign Securities Risk* – A client's investments in securities of foreign issuers involve certain risks that are greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions, or changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges). In certain countries, legal remedies available to investors may be more limited than those available with respect to investments in the United States. The securities of some foreign companies may be less liquid and, at times, more volatile than securities of comparable U.S. companies. Clients may also experience more rapid or extreme changes in value than individuals who invest solely in securities of U.S. companies because the securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. There also is the risk that the cost of buying, selling, and holding foreign securities, including brokerage, tax, and custody costs, may be higher than those involved in domestic transactions. During any period when foreign securities underperform other types of investments – U.S. securities, for instance – the performance of a client's investments may lag these investments.



*Emerging Market Risk* – Clients may be exposed to risks associated with investments in emerging market countries. Emerging market countries are countries that the World Bank or the United Nations considers to be emerging or developing. Emerging markets may be more likely to experience political turmoil or rapid changes in market or economic conditions than more developed countries. Emerging market countries often have less uniformity in accounting and reporting requirements and unreliable securities valuation. It is sometimes difficult to obtain and enforce court judgments in such countries and there is often greater potential for nationalization and/or expropriation of assets by the government of an emerging market country. In addition, the financial stability of issuers (including governments) in emerging market countries may be more precarious than in other countries. As a result, there will tend to be an increased risk of price volatility associated with a client's investments in emerging market countries, which may be magnified by currency fluctuations relative to the U.S. dollar.

*Currency Risk* – Because MNA's strategies may include the investment in securities denominated in, and/or receiving revenues in, foreign currencies, they will be subject to currency risk. This is the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency hedged. In either event, the dollar value of an investment would be adversely affected. Currencies in non-U.S. countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention by U.S. or foreign governments, central banks or supranational agencies, such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad.

*Interest Rate Risk* – Each client's investments in fixed income securities are subject to the risk that interest rates rise and fall over time. As with any investment whose yield reflects current interest rates, a client's yields will change over time. During periods when interest rates are low, the client's yields (and total returns) also may be low.

*Credit Risk* – Each client's investments in fixed income securities are subject to the risk that a decline in the credit quality of a portfolio investment could cause the client's returns to fall. The client could lose money if the issuer or guarantor of a portfolio investment fails to make timely principal or interest payments or otherwise honor its obligations. Below investment-grade bonds (junk bonds) involve greater risks of default or downgrade and are more volatile than investment-grade bonds. Below investment-grade bonds also involve greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer's creditworthiness. In addition, issuers of below investment-grade bonds may be more susceptible than other issuers to economic downturns. Such bonds are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the bonds.

*Prepayment and Extension Risk* – Each client's investments in fixed income securities are subject to the risk that the bonds may be paid off earlier or later than expected. Either situation could cause the client to hold securities paying lower-than-market rates of interest, which could hurt the client's yields. In addition, rising interest rates tend to extend the duration of certain fixed income securities, making them more sensitive to

changes in interest rates. As a result, in a period of rising interest rates, the client's account may exhibit additional volatility. This is known as extension risk. When interest rates decline, borrowers may pay off their fixed income securities sooner than expected. This can reduce the returns of a client's portfolio because money may have to be reinvested at the lower prevailing interest rate. This is known as prepayment risk.

*Liquidity Risk* – Liquidity risk exists when particular investments are difficult to purchase or sell. The market for certain investments may become illiquid due to specific adverse changes in the conditions of a particular issuer or under adverse market or economic conditions independent of the issuer. A client's investments in illiquid securities may reduce the returns of the client's total investments because the illiquid securities may not be sold at an advantageous time or price. Further, transactions in illiquid securities may entail transaction costs that are higher than those transactions in liquid securities.

*Derivative Risk* – For certain investment objectives, MNA may invest in derivatives. Derivative securities present, to varying degrees, market risk that the performance of the underlying assets, interest rates or indices will decline; credit risk that the dealer or other counterparty to the transaction will fail to pay its obligations; volatility and leveraging risk that, if interest rates change adversely, the value of the derivative security will decline more than the assets, rates or indices on which it is based; liquidity risk that MNA will be unable to sell a derivative security when it wants to because of lack of market depth or market disruption; pricing risk that the value of a derivative security will not correlate exactly to the value of the underlying assets, rates or indices on which it is based; and operations risk that loss will occur as a result of inadequate systems and controls, human error or otherwise. Some derivative securities are more complex than others, and for those instruments that have been developed recently, data are lacking regarding their actual performance over complete market cycles.

## Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AAC or the integrity of AAC's management. AAC has no information applicable to this Item.

## Item 10 - Other Financial Industry Activities and Affiliations

Certain of AAC's management persons may be a registered representative of our affiliated limited purpose broker-dealer, MNA Investor Services, Inc.

MNA Investor Services, Inc. is an affiliated limited-purpose broker-dealer that acts as the distributor for the Manning & Napier Fund, Inc.

MNA is the investment advisor to the Manning & Napier Fund, Inc., an investment company incorporated in the State of Maryland and for which a registration statement is on file with the Securities and Exchange Commission. Shares of the Manning & Napier Fund, Inc. are offered directly to investors and to clients and employees of MNA, AAC,

and Exeter Advisors, LLC (“EXA”)<sup>1</sup>. The officers of the Manning & Napier Fund, Inc. are associated persons of AAC.

All security selection, asset allocation, trading decisions and/or sub-advisor selection for IAP accounts regarding the management of client accounts have been delegated to a related investment advisor, MNA, a federally registered investment advisor, as Sub-Advisor. AAC may act as the sub-advisor to designated client accounts of unaffiliated firms.

An affiliate, Exeter Trust Company (a New Hampshire chartered trust company), in conjunction with State Street Bank and Trust (the sub-custodian that provides all safekeeping and clearing arrangements), provides custodial and trust services to certain of AAC’s clients under separate agreement. AAC’s Sub-Advisor, MNA, under separate agreement, may provide investment advisory services to Exeter Trust Company for its fiduciary clients, including discretionary trusts, investment agency or collective investment trusts.

MNA Investor Services, Inc. is registered as an insurance agency in the state of New York. Exeter Insurance Agency, Inc., a wholly owned subsidiary of AAC, is an Ohio corporation. Manning & Napier Benefits, LLC, a New York state limited liability company, is a registered insurance broker in multiple states and the District of Columbia.

AAC may market products or services offered by an affiliated company.

## Item 11 - Code of Ethics

AAC maintains a Code of Ethics (the “Code”) that provides guidance to its employees for carrying out their responsibilities on behalf of AAC and observing the highest standards of ethical conduct. Adherence to this Code is a condition of each employee’s employment.

Activities covered under the Code include: conflicting activities, prohibited activities, compliance with laws, rules, regulations and policies, research reports, and investment recommendations and actions.

Each Access Person of AAC as defined under Rule 204A-1 of the Investment Advisers Act of 1940, must provide an initial and annual holdings report to the Advisors’ Chief Compliance Officer (“CCO”) or a Review Officer. All covered transactions must be reported to the CCO or a Review Officer by receipt of a confirmation or monthly statement either by MNA’s Compliance Department, or their third party vendor hired for monitoring personal trading. All Access Persons must obtain approval before acquiring any securities offered in connection with an Initial Public Offering or Limited Offering.

AAC recommends securities in which AAC or related person(s) may have a direct or indirect position or interest provided that such interest complies with the laws under which AAC is regulated.

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<sup>1</sup> Exeter Advisors, LLC constitutes the DBA files with the State of New York for Exeter Advisors I, LLC

Employees of AAC or related person(s) may own a security that is owned by AAC's clients. AAC attempts to ensure that the personal securities transactions of its employees do not operate adversely to client interests.

AAC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which AAC has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which AAC, its affiliates and/or clients, directly or indirectly, have a position of interest. AAC's employees and persons associated with AAC are required to follow MNA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MNA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for AAC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of AAC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between AAC and its clients.

AAC may trade on behalf of proprietary accounts (including proprietary accounts that are managed with a model investment portfolio) in the same security or in options related to securities held in client accounts either on an aggregated basis when consistent with AAC's block order allocation practices, or after block trading has been completed. In certain instances, AAC may trade in proprietary accounts prior to or during block trading for client accounts related to various options positions held in the proprietary accounts or to meet strategy asset mix and/or net long-short exposure management objectives.

The CCO will at least annually, and on an as-needed basis, evaluate the Code. A copy of the Code is available upon request by a client or prospect.

## Item 12 - Brokerage Practices

To remove the incentive for unauthorized trading and speculation in client accounts, traders are not compensated for profits generated, since investment directives are issued from outside the trading area and then merely implemented by the traders. In addition, the compensation program for individuals recommending securities purchases are based on the returns of the particular security recommended, rather than on the performance of any individual account.

MNA may pay broker-dealers who supply the Firm with research or brokerage services higher commissions than those obtainable from other broker-dealers who do not supply it with research or brokerage services.

AAC delegates the selection of which brokers to use to MNA. When MNA uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, AAC and MNA benefit because we would otherwise have to produce or pay for the research, products or services, or we would have to forego the use of such research, products or services in our investment decision-making process. Where more than one broker-dealer is believed to be capable of providing the best execution with respect to a particular transaction, AAC and MNA may have an incentive to select a broker-dealer which furnishes research or brokerage services.

However, MNA will not select an executing broker on the basis of research, brokerage services or other services unless such selection is otherwise consistent with best available price and most favorable execution.

Where AAC, and MNA as Sub-Advisor, receive both administrative benefits and research and brokerage services from the services provided by brokers, it makes a good faith allocation between the administrative benefits and the research and brokerage services, and will pay for any administrative benefits itself. In making good faith allocations of those costs, a conflict of interest may exist in AAC's or MNA's allocation of those services between those that primarily benefit the Firm and those that primarily benefit its clients.

Research or brokerage services furnished by broker-dealers may be used in servicing any or all of the clients of the Firm and may be used in connection with accounts other than those that pay commissions to the broker-dealer providing the research or brokerage services.

Examples of research or brokerage services that AAC, MNA or related persons may acquire with client brokerage commissions (or markups or markdowns) include research reports on companies, industries, and securities, economic and financial data, financial publications, research-oriented computer software and services, verbal communications with analysts, and trade execution and settlement related computer programs. AAC and MNA, as Sub-Advisor, have deemed that all of the research and brokerage services acquired with client brokerage commissions (or markups or markdowns) qualify for the safe harbor in section 28(e) of the Securities and Exchange Act of 1934. Examples of products or services that do not qualify for the safe harbor include operational overhead expenses, telephone lines, office equipment and furniture, business supplies, salaries, rent, utilities, computer hardware, etc.

The Research Department of MNA will review the quality of research and brokerage services provided by a broker-dealer on at least a semi-annual basis. The Trading Department of MNA will be informed as to which broker-dealers have provided research assistance or brokerage services.

It is MNA's practice to make broker-dealer selection decisions independently and without regard for client referrals. In selecting a broker-dealer, MNA may upon occasion use brokers that refer business, but such business referrals are not a factor in broker selection and such selection occurs only when it is consistent with MNA's obligation to pursue best execution.

AAC and MNA prefer to select the broker-dealers who will execute portfolio transactions and generally the client leaves that selection to the Firm. Clients may direct the use of a particular non-affiliated broker-dealer to execute portfolio transactions.

When clients direct AAC to use a particular broker or brokerage firm for transactions (i.e., "direct trades"), the performance of their accounts may be adversely affected. The client who directs trades through a designated broker should understand that they may lose the possible advantage from aggregating orders for several clients as a single transaction (i.e., "block trading"). In addition, since transactions for directed accounts are executed after securities transactions for those of non-directed accounts, the security may have exceeded its limit price and therefore, MNA may terminate the trading file. In such situations, the client directed account may not receive any or all of its allocation of a particular security. The practice of executing client-directed trades after the block trade with respect to a particular security may have a negative effect on the performance of the client directed account.

In addition, client-directed trades may result in higher commissions being charged to a client than if the client had not directed AAC on which broker-dealer to use.

A client who designates use of a particular broker-dealer (including a client who directs use of a broker-dealer who will also serve as custodian) should consider whether, under that designation, commission expenses, execution, clearance and settlement capabilities (and whatever amount is regarded as allocated to custodian fees, if applicable) will be comparable to those otherwise obtainable. AAC, and MNA as Sub-Advisor, may not be able to purchase a security for an account when the client has directed the Firm to use a particular broker-dealer if the costs or procedures associated with the execution and/or settlement of such transaction are deemed prohibitive.

When AAC and MNA have full brokerage discretion, they can negotiate commissions based upon the size of the transaction, the size or nature of its client accounts (e.g., institutional) and/or based upon blocking the security trades of one client with trades for other clients.

For the Integrated Advisors Portfolio (with External Sub-Advisers), where trading decisions have been delegated to MNA, trades will be executed with Fidelity Institutional Wealth Services ("FIWS"), the sole custodian for this product. Trades may be executed with other brokers only if FIWS is unable to support the trading of a specific security.

MNA may combine orders for security transactions for several clients and submit the blocked order as one large transaction directly to a brokerage firm. MNA utilizes multiple blocks, the prioritization of which is randomized each trading day.

Block orders may include commingled investment funds including pooled funds for Canadian investors and Collective Investment Trust Funds, for which MNA provides investment advisory services, and Series of the Manning & Napier Fund, Inc. managed by MNA, containing the Firm and participating affiliates' employees' 401(k) and Profit Sharing Plans.



MNA may allocate shares of block trades to clients randomly or on a pro-rata basis. Both allocations methods are designed to ensure that clients receive fair and impartial participation in the blocks. With block trades, each client purchasing or selling securities in the transaction pays its proportionate share of the brokerage commission charged by the brokerage firm for effecting the blocked transaction. Due to the size of the blocked trades, MNA is able to obtain a discounted institutional block rate that typically is less than the amount that each client would pay if charged on a per trade basis.

In the event of a partially filled aggregated order, MNA may allocate securities first to the Core Bond Series and Core Plus Series and then randomly assign the order execution among other Manning & Napier Fund, Inc. accounts and separately managed accounts.

MNA may trade on behalf of proprietary accounts in the same security of other advisory clients either on an aggregated basis when consistent with MNA's block order allocation practices, or after block trading has been completed.

No limitation is generally imposed upon AAC or MNA with respect to the amount of securities that it may purchase or sell for AAC's clients. However, such limitations may be agreed upon in advance with a client. For client accounts with a market value of \$250,000 or below, MNA will not purchase securities listed on foreign exchanges. On a semi-annual basis, MNA will review such accounts to determine if they should be restricted or not from holding foreign assets based on the market value at that point. For those accounts with a market value of \$350,000 or greater MNA will begin to purchase foreign securities at such time.

For equities and most fixed income investments, traders exercise individual discretion in order to get the Advisor's clients the best possible execution on trades, but strict guidelines as to security, position size, and price are set by the analysts recommending the security. Proprietary and third-party reporting systems monitor implementation of trading programs across the account base.

For the Tax Exempt Series, High Yield Bond Series and Global Fixed Income Series, the trading function for the Series is separate from the trading function for other accounts. For these Series, the respective Series' Research Team identifies the securities to be purchased and a member of the team executes the trades. The team members do not execute trades in the types of securities held in the Series' portfolios for other accounts managed by the Sub-Advisor. Rather, when similar fixed income securities are to be purchased for such other accounts, traders exercise individual discretion in order to get the Sub-Advisor's clients the best possible execution on trades, but strict guidelines as to security, position size, and price are set by the analysts recommending the security.

Occasionally, MNA may purchase bonds in the secondary market to allocate to accounts that did not receive a complete allocation of the primary market issuance. In such cases, the purchase price of the secondary market bonds likely will be different than that of the initial issue.

MNA has several internal controls in place to prevent trade errors from occurring; however, in the course of managing client accounts, MNA or its affiliate may discover that a trade error has occurred. MNA's policy is to seek to identify and correct any trade

error(s) as promptly as possible without disadvantaging its client(s). MNA will be responsible for any loss resulting in a trade error they have made that has settled in a client custody account. If a trade error is discovered after the trade has settled in a client custody account, and the error results in a gain, the client will be allowed to retain the gain. If a trade error is discovered before the associated trade(s) has settled in a client custody account and the error results in a gain, the Firm may retain the resulting gain.

In the event that a trade error is caused by a third party and impacts a client account(s), the Firm will look to that third party to take such measures so that the client is placed in the same position as the client would have been had the error not occurred. If a trade error takes place by a third party and the error did not impact a client's account(s), and resulted in a gain, MNA may retain such gain.

### Item 13 - Review of Accounts

As part of the account opening process, accounts are reviewed to assess the general appropriateness of the statement of investment objectives selected by the client. The review is based upon the information provided by the client in the completed account application. The responsibility for preliminary reviews by AAC is assigned among multiple members of the Client Services Department. Should an account not meet the preliminary suitability review, the review will be escalated to senior Client Services staff members who may contact the client and/or their investment professional for additional information.

For Integrated Advisors Portfolio accounts, affiliate MNA's Client Analytics Group ("CAG") is also involved in the review of specialty asset class managers. On an annual basis, AAC contacts the client to remind the client of their current objective and to request information about any changes to the client's personal circumstances or financial needs. AAC's Client Service staff members perform these reviewing functions. Clerical aspects of account reviews (i.e., reconciliation, preparation of account performance reviews, etc.) are performed by the Sub-Advisor and includes a review of performance in light of the client's objective.

At least quarterly, the Custodian will provide a written report to the client detailing all security transactions and the value of each security as of the ending date for that period. AAC provides the client with annual performance reports and quarterly updates on investment conditions and strategies. AAC will provide special reports (e.g., objectives setting, asset and sector allocation, statistical measurement, historical market studies, risk measurement) and advise clients for a negotiated fee.

### Item 14 - Client Referrals and Other Compensation

AAC's Sub-Advisor, MNA, may receive research or other products or services other than execution, known as soft-dollar benefits, from a broker-dealer or another third party in connection with client securities transactions. For a detailed discussion of soft dollar benefits, please refer to Item 12 (Brokerage Practices) of this ADV Part 2A.



AAC and its affiliates may also from time to time engage unaffiliated persons for the purpose of soliciting prospective clients and obtaining client referrals. Compensation and other arrangements for solicitation services are subject to negotiation between AAC or its affiliates and each solicitor. All such arrangements will be in accordance with applicable regulations under the Investment Advisers Act of 1940 with all appropriate disclosures.

If a client has been referred to AAC by a registered representative, and the client then directs the Firm to effect brokerage transactions through that registered representative and his brokerage firm, AAC may have a conflict of interest between its duty to the client to obtain the most favorable brokerage commission rates available under the circumstances and its desire to obtain future referrals from that registered representative.

### Item 15 – Custody

AAC believes, on the basis of reasonable investigation, that clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. AAC urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Additionally, as part of our standard procedure, MNA accepts the industry practice of custodial "standing instructions." Standing instructions is a practice employed by client custodians to automatically repatriate foreign payments (transaction types may include: income conversions, corporate actions, tax reclaims, dividend payments, interest postings, and residual balances) into the account's base currency (typically US Dollar). The client's custodian is responsible for executing FX transactions, including the timing and applicable rate of such execution, pursuant to its own internal processes. As clients generally have arrangements with their custodian regarding the execution of FX transactions, such arrangements may impact the fees and expenses charged to the client by the custodian. As such foreign-exchange transactions are effected with the client's custodian upon the client's instructions, MNA does not seek to obtain different FX rates from other sources. However, under certain qualifying circumstances, MNA may assume responsibility in writing for repatriating the certain foreign payments to a client in the client's base currency.

### Item 16 - Investment Discretion

AAC usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold, or to delegate such authority to an affiliate. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, AAC and its Sub-Advisor, MNA,

observe the investment policies, limitations and restrictions of the clients for which they advise. For registered investment companies, AAC and MNA's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to AAC in writing.

From time to time, AAC may receive notices of shareholder class action settlements with companies whose stock or bonds we have purchased for client accounts. AAC's authority to return election forms relating to class actions on behalf of clients is viewed as a power conferred under the advisory agreement. Clients may elect to withhold such authority from AAC by giving written notice or specifying such in their advisory agreement.

If the client has provided such authority to AAC, and the client was an active client at the time of filing, we assume responsibility of filing on the client's behalf. If the client has terminated their relationship with AAC at the time of filing, we will not file on their behalf.

Integrated Advisors Portfolio (IAP) sub-advisors do not file class action claims on behalf of IAP clients for those assets that the sub-advisors manage. Likewise, managers of exchange traded funds ("ETF") held within the Global Tactical Allocation Portfolio ("GTAP") do not file class action claims on behalf of the assets they manage for GTAP clients. AAC will continue to file class action claims for the assets that AAC manages. Clients retain the authority to file class actions for those securities that GTAP ETF managers or IAP sub-advisors manage.

## Item 17 - Voting Client Securities

All proxy voting decisions have been delegated to a related investment advisor, MNA. It is MNA's policy regarding proxies to: (1) discharge our duties prudently, in the interest of plans, plan fiduciaries, plan participants, beneficiaries, clients and shareholders (together "clients"); (2) act prudently in voting of proxies by considering those factors which would affect the value of client assets; (3) maintain accurate records as to voting of such proxies that will enable clients to periodically review voting procedures employed and actions taken in individual situations; (4) provide, upon request, a report of proxy activity for clients reflecting the activity of the portfolio requested; (5) by following our procedures for reconciling proxies, take reasonable steps under the particular circumstances to ensure that proxies for which we are responsible are received by us; (6) make available, upon request, this policy to all plan fiduciaries, clients, and shareholders; and (7) comply with all current and future applicable laws, rules, and regulation governing proxy voting.

There are potential conflicts of interest that may arise in connection with AAC, MNA or the Analyst responsible for voting a company's proxy. In recognizing such potential conflicts, the following controls have been put in place: (1) a written confirmation provided in the proxy folder that no conflict of interest exists with respect to each proxy vote to be completed by the analyst. If an analyst indicates an affirmative response to any conflicts, such Analyst shall be immediately removed from the responsibility of voting such proxy;

and (2) a Proxy Policy committee has been created to resolve any apparent or potential conflicts of interest. The Proxy Policy Committee may utilize the following to assist in seeking resolution (including, without limitation, those instances when the Advisor potentially has an institutional conflict): (1) voting in accordance with the guidance of an independent consultant or outside counsel; (2) designation of a senior employee or committee member to vote that has neither a relationship with the company nor knowledge of any relationship between the advisor or its affiliates with such company; (3) voting in proportion to other shareholders of the issuer; (4) voting in other ways that are consistent with the advisor and its affiliates' obligation to vote in clients' collective best interest.

For the Integrated Advisors Portfolio (With External Sub-Advisers), each external sub-adviser is responsible for voting proxies on behalf of AAC clients. Clients may obtain a copy of each sub-adviser's proxy policy upon request. For the Manning Yield Dividend-Focus Portfolio, responsibility for proxy voting is delegated to the ISS Group, an independent company that specializes in providing a variety of proxy-related services, and proxies are voted in accordance with ISS written proxy voting policies and procedures ("ISS Group, an MSCIBrand").

Clients may elect in writing to retain voting powers for the securities held in the account. They may not direct voting on a particular solicitation.

Clients may obtain a copy of MNA's complete proxy voting policies and procedures upon request. If a client would like to obtain a copy of their voting record for their holdings, they can direct a written request to their Account Representative.

## Item 18 - Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about AAC's financial condition. AAC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.