

Item 1 – Cover Page

Piedmont Investment Advisors, LLC

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April 17, 2012

This Brochure provides information about the qualifications and business practices of Piedmont Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (919) 688-8600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Piedmont Investment Advisors, 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 that you use to determine to hire or retain an Adviser.

Additional information about Piedmont Investment Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV,” which amends the disclosure document that we provide to clients as required by SEC Rules.

Pursuant to these SEC rules, as part of our annual updating amendment, we are obligated to summarize material changes to our Brochure since our last annual update, filed on March 30, 2011. During 2011, Piedmont experienced the following material changes: a change in ownership; the retirement of a portfolio manager and co-founder of Piedmont Investment Advisors, LLC; and the consequent closing of two products.

Since the beginning of 2012, Piedmont’s CFO and former CCO has left the firm. Ellen Sarah Ronnenberg (Sarah) has assumed the position of Chief Compliance Officer as of April 13, 2012.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to current SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Dina Falzon, Director of Investor Services, at (919) 688-8600 or dfalzon@piedmontinvestment.com.

Additional information about Piedmont Investment Advisors, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Piedmont Investment Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Piedmont Investment Advisor, LLC.

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Item 4 – Advisory Business

Piedmont Investment Advisors, LLC (Piedmont or the “Adviser”) was organized as a North Carolina Limited Liability Company on August 1, 2000. The business of the firm is asset management. It was created with a mission of operating a substantial investment management organization known for generating alpha on a consistent basis. Piedmont began managing tax-exempt funds in October 2000. The firm was registered as an Investment Adviser with the Securities and Exchange Commission on October 16, 2000. Piedmont had approximately \$3.441 billion in assets under management and 46 client accounts as of 12/31/11. Of that amount, \$3.339 billion was managed on a discretionary basis and approximately \$102 million on a non-discretionary basis.

On February 28, 2007, CalPERS, through their Manager Development Program II, purchased a 21.09% minority stake in Piedmont. As a result of this transaction, Piedmont employees’ ownership increased to 68.36%, and North Carolina Mutual Life Insurance Company, our early strategic partner, reduced its shares to 10.55%. Piedmont completed a buyback of North Carolina Mutual’s interest on November 30, 2010, thus increasing Piedmont’s employees’ ownership level to 76% and CalPERS’ ownership level to 24%. On April 28, 2011, Rosemont Partners II, L.P., a private equity fund of Rosemont Investment Partners, LLC, acquired a 30% interest in Piedmont. As a result of this transaction, the CalPERS position was redeemed, and the Piedmont employees’ position now stands at 70%.

In April 2011, Dawn Alston Paige, a founding partner of Piedmont and portfolio manager of our small-cap (Value Opportunity) product decided to retire from Piedmont effective 6/30/11. As a consequence, Piedmont elected to close both the Value Opportunity and also the all-cap (Strategic Horizon) products as of 6/30/2011, reducing the assets under management by approximately \$183 million at that time, as well as the number of accounts by 17.

Since the beginning of 2012, Piedmont’s Chief Financial Officer (CFO) and former Chief Compliance Officer (CCO) left Piedmont’s employment. The responsibilities of the CFO have been consolidated with Marion White, CPA and Controller. Sarah Ronnenberg assumed the position of CCO on April 13, 2012.

Piedmont offers equity and fixed income investment strategies. In all cases, Piedmont’s goal is to generate a return on each client’s portfolio that exceeds that of the underlying benchmark. Clients typically provide Piedmont with performance objectives, guidelines, and restrictions, as well as any brokerage requirements, and Piedmont invests the client’s assets within an appropriate strategy accordingly. In addition to offering its equity and fixed income strategies through separate accounts, Piedmont also offers a mutual fund and is available on one wrap fee platform.

In April 2009, Piedmont contracted with the U.S. Department of the Treasury (“Treasury”) to provide certain investment advisory services relating to the Capital Purchase Program. In the opinion of the

Adviser, the services provided to the U.S. Department of Treasury by Piedmont fall outside of the definition of “investment supervisory services”.

Item 5 – Fees and Compensation

Piedmont generally bills its clients based upon assets under management. On occasion, Piedmont will agree to perform investment advisory services for a client in exchange for a performance-based fee pursuant to Rule 205-3 of the Investment Advisers Act of 1940. Fees based on the amount of assets under management are outlined below and are expressed in basis points (1% is equal to 100 basis points). Fees are charged to clients on a quarterly basis.

Product	First \$50M	Next \$50M	Over \$100M	Minimum Institutional Account Size
Strategic Core	65 BP	50 BP	40 BP	\$25 million
Market Plus	35 BP	30 BP	25 BP	\$25 million
Yield Advantage Products	35 BP	25 BP	20 BP	\$20 million

Product	First \$25M	Next \$25M	Next \$25M	Over \$75M	Minimum Institutional Account Size
Optimized Midcap Core	50 BP	40 BP	30 BP	20 BP	\$25 million
Optimized Large Cap Value	40 BP	30 BP	20 BP	15 BP	\$25 million

The fees and institutional account minimums set forth in the schedules above are negotiable. No compensation will be due prior to the rendering of service. After the end of each quarter, clients will be invoiced in arrears for services rendered during the quarter just ended. Clients may either remit compensation directly to Piedmont, or alternatively, clients may instruct their custodian to compensate Piedmont for its services from the assets contained in the account.

Piedmont provides the Treasury with certain investment advisory services relating to the assets acquired by the Treasury pursuant to the Capital Purchase Program. The Treasury pays Piedmont a fixed dollar amount for each financial institution for which Piedmont provides the Treasury with advisory services.

Item 12 further describes the factors that Piedmont considers in selecting or recommending broker-dealers for client transactions.

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

As a general firm practice, Piedmont does not offer a performance-based fee. In some cases, at a client’s specific request, Piedmont has entered into performance fee arrangements. Such fees are subject to individualized negotiation with the client. Piedmont 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 there under, including the exemption set forth in Rule 205-3. In measuring a client's assets for the calculation of performance-based fees, Piedmont shall include realized and unrealized capital gains and losses. It has been suggested that performance-based fee arrangements may create an incentive for Piedmont to recommend investments that 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. Piedmont has designed and implemented procedures to ensure that all clients are treated fairly and equally and to prevent conflicts potentially arising from performance-based fees from influencing the allocation of investment opportunities among clients.

In those limited cases that a client does have a performance-based fee, they are not treated differently than other clients. Piedmont uses a model portfolio management approach in which all accounts are mirrored to a selected model, creating substantially equal treatment in terms of investment strategy and investment opportunity. Piedmont's trading allocation policy is designed to ensure to the best of its ability that the allocation of trades among its client accounts is done in a manner that is fair and equitable to all clients. When consistent with client objectives, orders are aggregated if possible. If a block trade is filled in different lots with the same broker, where possible, Piedmont will arrange for these trades to be average priced to ensure that all the accounts executed at one broker receive the same price.

Item 7 – Types of Clients

Piedmont provides portfolio management services to corporate pension and profit-sharing plans, public pension plans, Taft-Hartley plans, foundations, endowments, municipalities, individuals, and a registered mutual fund.

Please refer to Item 5 for Piedmont's minimum account requirements.

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

Equity Investment Philosophy and Process

Piedmont's equity investment philosophy focuses on striking an appropriate balance between risk and return in managing client portfolios. The primary elements of our philosophy include –

- Quantification of major sources of risk
- Active management of all potential sources of excess return
- Emphasis on security selection using quantitative and fundamental tools

- Diversification as a means of reducing common factor risk without reducing expected returns

Piedmont executes this philosophy through an integrated, whole market approach, enabling us to understand market dynamics, identify market inefficiencies, and quantify and manage risk.

Integrated, Whole Market Approach

Piedmont's approach uses macroeconomic, quantitative, and fundamental data to analyze market dynamics and identify investment opportunities. Piedmont employs a top-down/macro assessment to obtain an overall view of the investment landscape, which allows us to characterize the sources and price of risk in the equity and debt markets. That view is complemented and supported by rigorous quantitative analysis and bottom-up fundamental analysis, the core drivers of stock selection and portfolio management.

Identification and Exploitation of Market Inefficiencies

Piedmont's modeling tools allow us to quantify value, quality, and momentum characteristics that are associated with each specific stock. Our quantitative analysis also incorporates other data metrics, such as earnings revisions, cash flow, and management's stock transactions. This allows us to narrow the investable universe of stocks. Opportunities thus identified are further screened using both fundamental and quantitative analysis to identify individual stocks with attractive valuation characteristics and underappreciated opportunities to improve revenue, margin, and profitability.

Quantification and Management of Risk

Continuous and meticulous risk management is another tenet of our investment philosophy. Our goal is to strike an appropriate balance between risk and return in managing clients' portfolios. We seek to understand and quantify both common factor and security specific risks and then actively manage all potential sources of excess return.

Security Selection

Our whole market approach begins with the formulation of a macro outlook. The objective of our macro research is to develop an understanding of macroeconomic issues that allows us to characterize the sources and price of risk in the equity and debt markets. Our macro outlook provides a backdrop and context for our quantitative analysis and fundamental research, which is the primary tool used to select stocks and to construct and manage the portfolio.

Quantitative Tools

Piedmont utilizes several proprietary, internally-developed, quantitative stock-screening models. Our multi-factor cross-sectional and industry group models provide systematic tools that allow us to filter the investable universe of stocks and identify those with the greatest potential for excess return or "alpha". The factors utilized are metrics that reflect and measure fundamental drivers of growth, value,

and profitability and have also been shown to be consistent and predictive drivers of long-term excess returns. Additionally, there is a dynamic component in some of our cross-sectional models, where the weightings of the factors are adjusted monthly, ensuring that stocks found attractive by the models reflect changing company fundamentals, as well as changes in systematic and unsystematic risk inherent the equity markets.

Industry Reviews

Thorough industry reviews are conducted per a schedule whereby every industry in the product's benchmark is subject to periodic, in-depth analysis and review. In the reviews, we look at the critical industry drivers in the context of the prevailing macro environment, changing competitive dynamics, pricing power, operating margin structure, and profitability prospects. This helps to quantify which companies are best positioned to outperform the industry, depending on their leverage to the business cycle, market share gain potential, and margin expansion.

Fundamental Research and Valuation

Rigorous fundamental research and valuation work is also completed to indentify individual stocks and quantify the potential range of prices we believe these stocks can reasonably achieve over the next 12-18 months. Metrics such as Price-to-Earnings, Price-to-Sales, Price-to-Book, Price-to-Cash Flow and Enterprise-Value-to-EBITDA ratios are used to calculate the upside and downside valuation ranges. Our analysis also includes sensitivity analysis to validate consensus earnings growth estimates in order to forecast target multiples and to test consensus assumptions. Finally, since much of a stock's price movement, especially in the short term, is influenced by how results vary from consensus estimates, we also evaluate research and estimates from leading Wall Street analysts. We engage in discussions with the analysts both to understand their conclusions and price targets and also to test our internally generated assumptions on revenue, earnings growth, margins, and other factors used to establish our price targets.

We use the following investment criteria to determine the initial attractiveness of fundamentals:

- Improving business outlook such as accelerating revenues and earnings;
- Rising return on invested capital demonstrating competent management;
- Positive earnings estimate revisions as the market re-evaluates the company; and
- Valuation that is at a discount relative to improving fundamentals

Should the stock's fundamentals prove compelling based on the above, we subsequently conduct further fundamental analysis to assess the company's positioning relative to:

- Cyclical conditions;
- Competitive environment;
- Brand franchise; and
- Technological advantage

We analyze each company's financial structure, business outlook, and leverage to our macroeconomic thesis. We look for companies with clear evidence of improving fundamentals, such as accelerating sales and expanding margins. We look for positive earnings revisions and an improving competitive

environment. Companies with insider buying are also attractive when combined with improving fundamentals. Finally, we listen to quarterly conference calls held by the management of companies that we own or have under review. This enables us to track whether company fundamentals are progressing as expected. We always work to select stocks that have improving fundamentals relative to their peers. We look for companies that have sound financial profiles and improving valuations relative to their fundamentals. We invest in those companies whose fundamentals are most levered to our market outlook.

Portfolio Construction

Sector, industry, and security weightings are determined during our portfolio construction process. In constructing portfolios, we seek to control style, market, and stock-specific risk. Style is controlled by including both growth and value stocks in the portfolio, thereby neutralizing this source of volatility of returns. Market risk is managed within a macroeconomic framework while constructing the portfolio. Our team holds weekly meetings to review portfolio positioning and holdings within the portfolio. Stock-specific risk is controlled through diversification across economic sectors. When the stock market's fundamentals are deteriorating, we seek to position our portfolios defensively or shorten the equity duration of the portfolio versus the benchmark. When the stock market's fundamentals are improving, our portfolios assume more economic risk.

Industry and security weights are determined both through our industry analysis and review process, as well as quantitative optimization algorithms. We examine key drivers of each industry and analyze prevailing trends. We also evaluate the strength and weakness of key players in each industry. All of these inputs, as well as timeliness, determine the rationale behind overweighting or underweighting particular industries.

Sell Discipline

Our sell discipline is an integral part of our portfolio construction process. It serves to move money out of stocks and groups that have appreciated beyond fair value and to invest it in more attractively priced stocks, where consensus estimates are on an improving trajectory. Secondly, it also serves to take money out of companies whose fundamentals have begun to deteriorate and to put it into stocks with better fundamental trends. We use our sell discipline to move our portfolio constantly towards more attractive issues and characteristics on a highly systematic and quantitative basis.

Risk Control

Portfolio risk control is critically important to our investment process. Our approach to risk management is to be aware that more than stock specific risk can be diversified away. We classify risk into three main categories: stock specific; the common factors, style and capitalization; and market risk. We believe that superior stock selection provides the best opportunity for repeated outperformance and can be achieved by the implementation of a rigorous investment process.

In constructing portfolios, we seek to control style, market and stock specific risk. We constantly monitor the composition of portfolio risk and ensure that stock specific risk is greater than aggregate common factor risk. Style is controlled by including both growth and value stocks in the portfolio thereby neutralizing this source of volatility of returns.

We use the Northfield US Fundamental Risk Model to manage and monitor risk in our portfolios. This system allows us to use information about excess return volatility to evaluate portfolio risk, to decompose portfolio risk according to common factor exposures, and to evaluate how much of a portfolio's excess return in a given period was due to each common factor exposure and how much was due to stock selection.

Both the quantitative and fundamental research and analyses results are used by Piedmont's Strategic Core product. Piedmont's Market Plus, Optimized Large Cap Value, and Optimized Midcap Core products rely only on Piedmont's quantitative modeling and analyses.

Fixed Income Investment Philosophy and Process

Piedmont Investment Advisors' fixed income investment philosophy entails constructing customized, yield-advantaged portfolios with the reasoned expectation of outperformance over a full market cycle. Our yield-advantaged style seeks to dampen performance volatility by encompassing moderate duration shifts, strategically overweighting spread sectors, and being opportunistic along the yield curve. These objectives are synthesized and implemented within the context of a quantitative backdrop. Active management by Piedmont connotes a constant assessment of relative value, that is, whether expected returns are commensurate with the level of risk taken.

Our bias is typically an overweight in the spread sectors. We construct well-diversified portfolios to give our clients the broad benefit of owning these sectors while remaining mindful of not unduly exposing the portfolio to any one issue. Conversely, security selection is emphasized, but within the context of its overall risk versus expected return. Our philosophy for the spread sectors parallel each other in that we consistently seek relative value. This incremental yield/value bias is attained by underweighting Treasuries. We maintain, however, the ability to match and exceed the Treasury weighting, depending on our relative value call. We perform bottom-up analysis on the corporate market, which is supplemented with research from our equity research team. The fixed income portfolio manager evaluates this fundamental equity analysis in the context of the portfolio, market, and the firm's overall macro thesis. Our mortgage-backed securities philosophy differs in that we look to make an over/underweight call on the sector, then deviate away from the index composition (either on coupon, vintage, or other factors), based on our yield curve view and prepayment assumptions.

Piedmont Equity and Fixed Income Product Offerings

Piedmont's Strategic Core product is a large cap equity product with a focused portfolio that typically has 30-40 holdings and offers high excess return potential. It utilizes both fundamental and quantitative research efforts and is benchmarked against the S&P 500 and Russell 1000 indices. Tracking error target range is from 4% to 8%. It is targeted to return-seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Market Plus product is a low tracking error, large cap core product driven by our quantitative models. The portfolio typically holds 150-175 stocks and tracking error target range is from 1% to 2%. This product offers controlled risk and excess return potential and is an attractive alternative to passive index funds.

Piedmont's Optimized Large Cap Value product is a large cap value product driven by our quantitative models. The portfolio typically holds 75-100 stocks and tracking error target range is from 3% to 4%. It is benchmarked against the Russell 1000 Value index. It is targeted to return-seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Optimized Midcap Core product is a mid cap core product driven by our quantitative models. The portfolio typically holds 100 -125 stocks and tracking error target range is from 3% to 4%. It is benchmarked against the Russell Midcap index. It is targeted to return-seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Yield Advantage and Long Duration products are core fixed income vehicles featuring both actively managed and low volatility portfolios with duration ranging from approximately 90% to 110% of the prospective index. Emphasis is placed on generating excess returns by achieving a yield advantage versus the benchmark. Customized portfolios are constructed and monitored using a top-down, whole market framework.

Investing in equity and fixed income securities involves risk of principal and the potential for losses that clients should be prepared to bear.

Item 9 – Disciplinary Information

Piedmont has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Piedmont is affiliated with Rosemont Investment Partners, LLC, which holds a 30% ownership position through its Rosemont Partners II, L.P. private equity fund.

Piedmont also acts as the investment adviser to the Corverus Strategic Equity Fund, an open-end registered investment company. In order to manage the administration of this fund, Piedmont has contracted with BNY Mellon Investment Servicing for distribution and shareholder services and fund operations. BNY Mellon Distributors Inc. acts as the fund's principal underwriter, and BNY Mellon acts as the fund's custodian. Piedmont has one registered representative. She is registered through BNY Mellon Distributors Inc., the registered broker/dealer for the Corverus Strategic Equity Fund. Certain employees of Piedmont own shares of the Corverus Strategic Equity Fund.

Item 11 – Code of Ethics

Piedmont is required to adopt a Code of Ethics (“Code”) pursuant to Rule 204A-1 of the Investment Advisers Act of 1940. The Code requires all “Access Persons” to obtain pre-clearance prior to purchasing or selling a “Covered Security” in their personal brokerage accounts. Piedmont deems all of its employees and independent contractors to be Access Persons. Pursuant to its Code, Piedmont has adopted a five-day blackout period for all employee personal trades, which means no employee may purchase or sell a Covered Security within five business days following the purchase or sale by Piedmont of the same security. Piedmont has also adopted a policy that requires all Access Persons to hold any securities purchased in their personal brokerage account for a period of one year. The Code requires employees to instruct each of their brokerage firms to forward copies of all account statements to Piedmont’s Compliance department. At the end of each calendar quarter, Piedmont performs a thorough audit of the personal trading of all associates in order to verify there have been no violations of the firm’s Code. Under Piedmont’s Code of Ethics, Associates of the firm are prohibited from participating in initial public offerings and private placements for their own personal accounts. Finally, Piedmont has implemented a number of informational barriers that significantly reduce the likelihood that an Associate will obtain or misuse material nonpublic information that may be in the firm’s possession.

Recently enacted regulations impose strict limitations on business relationships with government entities that have received contributions from an investment adviser or any of its employees (Rule 206(4)-5 of the Investment Advisor’s Act of 1940). Piedmont has therefore implemented a policy requiring pre-clearance of any contributions to political entities and officials.

Piedmont encourages all of its employees to make charitable contributions to organizations of their choice. Nevertheless, there may be situations in which an individual charitable contribution may create a conflict of interest for Piedmont. In situations where there is a reasonable likelihood that a conflict of interest exists, Piedmont will ask the individual to withhold the contribution.

Employees are required to certify quarterly that they have complied with all provisions of the firm’s personal securities transactions policy, political contributions policy, charitable contributions policy and gift policy. Piedmont may manage assets of individuals or institutions that may have a managerial or ownership interest in the company. To mitigate such conflicts of interest, as a practice, Piedmont uses a model portfolio management approach in which all accounts are mirrored to a selected model, creating substantially equal treatment in terms of investment strategy and investment opportunity. Piedmont’s trading allocation policy is designed to ensure to the best of its ability that the allocation of trades among its client accounts is done in a manner that is fair and equitable to all clients. When consistent with client objectives, orders are aggregated if possible. If a block trade is filled in different lots with the same broker, where possible, Piedmont will arrange for these trades to be average priced to ensure that all the accounts executed at one broker receive the same price.

Each client may obtain a complete copy of Piedmont’s Code of Ethics by contacting E. Sarah Ronnenberg, Chief Compliance Officer, at (919) 688-8600 or at sronnenberg@piedmontinvestment.com.

Item 12 – Brokerage Practices

Piedmont has a fiduciary duty under the Investment Advisers Act of 1940 to treat all client accounts fairly and equitably in the allocation and distribution of securities. There are, however, differences in client needs, investment criteria, investment objectives, account size, cash availability, and additional brokerage fees including custodial brokerage, institutional desk, and trade away fees, which prevent all client accounts from being treated equally in all circumstances.

Where possible, client orders in the same securities are aggregated or “bunched” for the purposes of gaining best execution. Piedmont is not required to bunch client orders and will not do so if this action works to the detriment of our clients. Aggregated orders must be averaged for price, and transaction costs must be shared pro rata.

Periodically, Piedmont will perform transactions for client (equity) accounts with broker/dealers that provide research services or investment decision making tools and have a demonstrable benefit to client accounts (collectively, “soft dollar items”). Soft dollar payments must be used only for bona fide research, trade execution, or market information services. Typically, soft dollar items are used to service all client accounts; however, a particular client account may not benefit to the full extent of the soft dollar items provided every time.

Negotiated commissions paid to broker/dealers supplying soft dollar items may not represent the lowest obtainable commission rate; although, the amount of these commissions must be reasonable in relation to the value of the brokerage and soft dollar items provided by the broker/dealer and are viewed in terms of either the particular transaction or the overall brokerage relationship. Piedmont acts in compliance with the provisions of Section 28(e) under the Securities Exchange Act of 1934 with respect to soft dollar items and other applicable laws in force from time to time.

Piedmont maintains a list of approved broker/dealers. The Best Execution Committee is responsible for the selection and approval of broker/dealers to be incorporated and used. Minimum requirements for approval include a review of the broker/dealer’s financial information from their focus report and audited financial report, any regulatory issues, and an evaluation of the strength of the relationship established by our team with the broker/dealer. A list of approved broker/dealers and their financial details is maintained in accordance with the broker/dealer selection and approval process.

Should a client instruct a trader to use a specific broker/dealer, that broker/dealer must meet the minimum requirements used in the broker/dealer approval process (e.g., financial stability, best execution capability). Directed brokerage requests are accommodated with the understanding that if best execution is compromised, the request will be denied, and the trade will not be directed. Piedmont is not affiliated with a broker/dealer, and therefore does not enter into transactions with an affiliated broker/dealer.

Piedmont’s “Best Execution Committee” meets periodically to review the quality of executions received by Piedmont’s clients during the previous period. The Best Execution Committee oversees the firm’s

soft dollar budget and regularly verifies that the research and brokerage services received by Piedmont pursuant to Section 28(e) of the 1934 Act conform to the guidance promulgated by the Securities and Exchange Commission and other regulators. Piedmont's Best Execution Committee periodically reviews commissions paid on client transactions and then attempts to make a good faith determination on whether the client commissions paid were reasonable in relation to the brokerage and research services received by Piedmont. Trading effectiveness is measured by a third party provider, Global Trading Analytics (GTA), using a VWAP methodology. GTA provides quarterly reports of trading costs separated by broker, portfolio manager, product, trader, etc., which the Best Execution Committee also reviews.

Item 13 – Review of Accounts

Piedmont monitors compliance with a client's guidelines and investment objectives through the Client Account Review Committee. The Committee conducts a thorough account review on no less than an annual basis to ensure compliance with all guidelines and investment objectives. The portfolio manager of the strategy in which the client is invested signs off on the Client Account Review report.

Trading activities are monitored quarterly at the Best Execution Meeting. Overall compliance is monitored through periodic forensic tests conducted by the Compliance Area throughout the year for all functional areas of the firm.

Piedmont provides monthly and quarterly reports to its clients along with any requested special or customized reports. Monthly reports include a Summary of Transactions Report, Portfolio Holdings, and Performance Return information. Quarterly reports include a Quarterly Market Commentary, Transactions Report, Portfolio Holdings and Performance. Customized client reports include—but are not limited to—Dividend and Interest Reports, Analytical Reports, Brokerage Reports, Soft Dollar Reporting, and Realized Gains & Losses.

Item 14 – Client Referrals and Other Compensation

Piedmont has no information applicable to this Item.

Item 15 – Custody

Piedmont has no information applicable to this Item.

Item 16 – Investment Discretion

Piedmont 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. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. This discretionary authority is granted through the Investment Management Agreement between the client and Piedmont, and the discretion is limited to trading in a client's account.

When selecting securities and determining amounts, Piedmont observes the investment policies, limitations, and restrictions of the clients for which it advises. Client must provide their investment guidelines and restrictions in writing to Piedmont. For the Corverus Strategic Equity Fund, Piedmont'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.

Item 17 – Voting Client Securities

Piedmont currently subscribes to ISS Proxy Voting Services, which includes ISS' end-to-end voting service, as well as research & recommendations on the various issues subject to shareholder vote. These services are delivered via an electronic delivery platform.

Piedmont votes the shares that it manages according to ISS' 2012 U.S. Proxy Voting Guidelines. If a client has a custom voting policy, we vote in line with their policy.

Piedmont has a Proxy Committee that meets semi-annually to review proxies and provides a quarterly proxy report to those clients on whose behalf it votes proxies.

Clients may obtain a copy of Piedmont's complete proxy voting policies and procedures upon request by contacting Dina Falzon, Director of Investor Services at (919) 688-8600 or dfalzon@piedmontinvestment.com.

Item 18 – Financial Information

Piedmont 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.