

Form ADV Part 2A Brochure

April 29, 2011

This brochure provides information about the qualifications and business practices of RCM Asia Pacific Limited ("RCM AP"). If you have any questions about the contents of this brochure, please contact us at Tel: +852 2238 8888. 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.

Additional information about RCM AP also is available on the SEC's website at www.adviserinfo.sec.gov.

RCM AP is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training.

ITEM 2: SUMMARY OF MATERIAL CHANGE

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure, dated 29 April, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

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ITEM 4. ADVISORY BUSINESS

RCM AP is a company established in 2006 as part of a legal restructuring by Allianz Global Investors of its group companies in Asia Pacific to acquire certain clients and assets of Allianz Global Investors Hong Kong Limited, an affiliate.

As of 31 December 2010, RCM AP had USD 12.8 billion in discretionary assets under management and USD 0.6 billion in non-discretionary assets under management.

RCM AP's primary business is providing investment management and investment advisory services to institutions and collective investment vehicles (including mutual funds). The elements of such services may include one or more of the following:

1. Assisting the client in the development and subsequent modification of appropriate investment objectives, guidelines, and restrictions;
2. Determining an appropriate investment strategy, consistent with the investment objectives, guidelines, and restrictions established by the client, and reviewing and modifying such strategy through meetings and consultations with the client or its agents from time to time;
3. Implementing the investment strategy through purchase and sale of securities and/or other financial instruments, the exercise of options, warrants, and subscription rights, and the investment and re-investment of cash balances for the client's account;
4. Providing information and instructions to the custodian (or trustee) of the client's account so that transactions for the account are settled in an accurate and timely manner, and reconciling its records with those of the custodian (or trustee) on a periodic basis;
5. Monitoring the individual instruments held in the account so that the individual instruments and the overall portfolio remain consistent with the investment strategy for the account as well as the client's investment objectives, guidelines, and restrictions;
6. Valuing securities and other financial instruments held in the portfolio;
7. Evaluating proxy statements and proposed corporate actions, providing advice related to proxy voting and voting proxies;
8. Furnishing reports to the client on a periodic basis concerning account activity and performance; and
9. Providing non-discretionary investment advisory services.

RCM AP does not provide all of the services listed above to all clients. RCM AP offers investment management and investment advisory services for equity, fixed income, and balanced accounts. In most instances, client accounts are managed on a fully discretionary basis, subject to that client's investment objectives, guidelines and restrictions.

RCM AP is a wholly owned subsidiary of Allianz Global Investors Asia Pacific GmbH ("AGI AP"). Through various intermediary subsidiaries, AGI AP is a subsidiary of Allianz Global Investors AG ("AGI"). AGI acts as a holding company for the asset management business of Allianz SE, in turn, is owned by Allianz SE. Allianz SE's principal offices are located in Munich, Germany, and it acts as a reinsurance company and a holding company for the Allianz Group. The Allianz Group is one of the world's leading financial service providers, offering insurance and asset management products and services through property-casualty insurance, life and health insurance, and financial services business segments. Allianz SE engages in

financial services operations through its subsidiaries with over 151,000 employees in about 70 countries around the world.

RCM AP also provides investment advisory and/or administration services to certain affiliates.

RCM AP cannot guarantee or assure you that your investment objective(s) will be achieved. RCM AP does not guarantee the future performance of any client's account or any specific level of performance, the success of any investment decision or strategy that RCM AP may use, or the success of its overall management of any account. The investment decisions RCM AP makes for client accounts are subject to various market, currency, economic, political and business risks, and the risk that investment decisions will not always be profitable. Many of these risks are discussed in Item 8 below, which you should review carefully before deciding to engage our services.

ITEM 5. FEES AND COMPENSATION

RCM AP is typically compensated for its services on the basis of fees calculated as a percentage of assets under management based on the methods described below, although alternative fee arrangements (including, as one example, performance fees) may be agreed upon in appropriate circumstances:

1. **Advance.** The fee for each three-month period is the amount obtained by multiplying the market value of cash and securities in the portfolio as of the close of business on the date preceding the first day of each three-month period by one-fourth of the applicable annual fee rate(s).
2. **Arrears.** The fee for each three-month period is the amount obtained by multiplying the market value of cash and securities in the portfolio (including amounts accrued) as of the close of business on the last day of each three-month period by one-fourth of the applicable annual fee rate(s).
3. **Average Month-End Assets—Arrears.** The fee for each three-month period is the amount obtained by computing the average market value of cash and securities in the portfolio (including amounts accrued) as of the close of business on the last day of each month of the three-month period and multiplying the resultant average market value by one-fourth of the applicable annual fee rate(s).

If a client elects payment of fees under the advance method of calculation, in the event of termination, any management fees paid in advance will be prorated as of the date of termination and the unearned portion thereof will be returned to the client.

Other methods of calculation also may be available, where appropriate or upon a client's request.

RCM AP's fees ordinarily are calculated by RCM AP, based on RCM AP's valuation of the assets in the client's portfolio. RCM AP and the client may agree that fees should be calculated based upon the custodian's valuation of the assets in the client's portfolio.

The standard fee schedule that applies to RCM AP's institutional clients in the United States is as follows:

Regional Asian Equity accounts

up to USD \$20 million	0.75% annually
from USD \$20 million to \$40 million	0.65% annually
from USD \$40 million to \$60 million	0.60% annually
from USD \$60 million to \$100 million	0.55% annually
from USD \$100 million to \$350 million	0.50% annually

above USD \$350 million	0.45% annually
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Single country accounts

up to USD \$50 million	0.75% annually
from USD \$50 million to \$100 million	0.65% annually
above USD \$100 million	0.55% annually

Different fee schedules may be available for accounts with higher amounts of assets under management.

Other fee schedules are available for particular types of clients (e.g. investment companies, nuclear decommissioning trusts, insurance companies, collective investment trusts, offshore accounts, foreign accounts, sub-advisory relationships and eleemosynary accounts), and for specialized types of portfolios (e.g. accounts that invest in both U.S. and foreign securities, accounts that invest primarily in securities and issuers in particular industries or regions, accounts that invest solely in short duration securities).

It is RCM AP's general policy to charge fees to clients in accordance with the fee schedule in effect at the time the client first entered into an investment management or investment advisory relationship with RCM AP. However, in certain circumstances, fees may be subject to negotiation, and fees may be modified for particular clients. The reasons for such modifications may include, without limitation, the type of product provided, the complexity and level of service provided, the number of different accounts and the total assets under management for that client and related clients, the particular type of client, constraints imposed by substantial potential capital gains, required attendance at client meetings, other services provided by the adviser, other administrative services provided, or other circumstances or factors that RCM AP deems relevant. A different fee schedule may apply if an account receives services that are more limited than full discretionary investment management, or if an account has specialized investment objectives, guidelines and restrictions. Certain accounts of persons affiliated with RCM AP may be managed without fees or at reduced fees. RCM AP may amend its fee schedule at any time.

When RCM AP and/or certain of its affiliates manage multiple accounts for a particular client, or for a related group of clients, fee calculation may be based on the total assets under management or a relationship fee discount may be available. Assets invested in investment companies generally are not considered for these purposes, although consideration of such assets in fee calculations may occur in special circumstances deemed appropriate by RCM AP. If only non-advisory services are provided, and if the account is related to other accounts, RCM AP may perform the non-advisory services as an accommodation.

Holdings in a client's account may include securities of investment companies or other collective investment vehicles advised by RCM AP. A separate management fee may be charged by such investment companies or collective investment vehicles. The fees charged with respect to such vehicles are disclosed in their relevant governing or offering documents. (See also response to Item 11 below).

In addition, and to the extent permitted by law, RCM AP may enter into performance-related fee arrangements, provided that all applicable regulatory requirements are met, including those relating to the qualification of clients to pay performance-related fees. See Item 6 for a discussion of how we manage potential conflicts of interest arising from performance-related fees.

Besides RCM AP's fees, a client will also pay fees and expenses of other service providers, including custodians, brokers, and other third parties. For example, to the extent that a client's assets are invested in a cash investment fund of the client's trustee or custodian, the client should be aware that the trustee or custodian may also charge management or transactional fees with respect to such assets. Fees and expenses also include custodial fees, sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions, including commissions. If a client is invested in a pooled investment vehicle, that vehicle or fund will charge internal management fees and other expenses, as disclosed in the fund's prospectus or offering

memorandum. Although these charges, fees and commissions are in addition to RCM AP's fee, they are paid to other parties, and we do not receive any portion of these amounts, except when invested in an investment company or collective investment vehicle managed/advised by RCM AP.

Item 12 below describes the factors that RCM AP considers when selecting or recommending broker-dealers for client transactions, including the use of client commissions to acquire research and brokerage services. The client's account, and not us, will pay the commissions charged by broker-dealers.

Before providing services to clients, RCM AP generally will enter into a written client agreement with the client. The client agreement sets forth the specific manner for charging advisory fees. RCM AP typically receives advisory fees on a monthly or quarterly basis, but the term may vary by client. Investment management and investment advisory contracts between RCM AP and its clients generally are terminable at any time by either party by written notice, which ordinarily is deemed to be effective upon receipt or at the time specified in the notice. In the event of termination, advisory fees will be pro rated over the period during which investment management or investment advisory services were provided. Upon termination of any account, any earned, unpaid fees will be due and payable.

Clients may choose to be billed directly for fees, or may authorize RCM AP to directly deduct fees from their account. If RCM AP can deduct fees directly from the client's account, the client's custodian should send a quarterly statement directly to the client, showing transactions in the account, including RCM AP fees. RCM AP will receive paper or electronic copies of the custodian's statements. We urge you to carefully review these statements, where applicable, and compare the official custodial records to any account statements we may send to you.

Neither RCM AP or its supervised persons accept compensation for the sale of securities or other investment products.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted in Item 5, to the extent permitted by law, RCM AP may enter into performance-related fee arrangements, provided that all applicable regulatory requirements are met. RCM AP may manage accounts that pay a performance-related fee alongside accounts that pay asset-based fees. Performance-related fee arrangements vary depending on the particular client's needs and individual circumstances. Performance-related fees may create an incentive for RCM AP to make investments that are riskier or more speculative than would be the case in the absence of a performance-related fee arrangement. They may also create an incentive for us to favor certain accounts over others. In addition, under certain circumstances, RCM AP may receive compensation under a performance-related fee arrangement that is larger than it otherwise might receive under asset-based fee arrangements.

RCM AP has written compliance policies and procedures designed to mitigate or manage these conflicts of interest, including policies and procedures to seek fair and equitable allocation of investment opportunities (including IPOs) and trades (see Item 12 below) among all client accounts. Senior investment personnel review weekly performance differences on all of RCM AP's client accounts, which would include, those that pay performance related fees, where applicable, and those that do not, and review the report for, among other things, potential performance differences between these accounts. The reviews would be part of the way RCM AP would manage potential conflicts that could create incentives for its investment personnel to favor one account over another. There is no guarantee that any such policies or procedures will cover every situation in which a conflict of interest arises.

ITEM 7. TYPES OF CLIENTS

RCM AP may provide investment management and investment advisory services to, among others, investment companies, pension and profit-sharing plans, financial institutions, foundations, corporations, individuals, insurance companies, partnerships, other business entities, trusts, collective investment vehicles, estates, charitable organizations, managed accounts, governmental entities, quasi-governmental entities, and supranational entities. Some of these entities receive RCM AP's services on a sub-advisory basis.

RCM AP generally requires a \$50 million minimum in assets for the establishment of an institutional investment management or investment advisory account, although exceptions may be made if circumstances warrant on a case-by-case basis. Accounts also may be opened at smaller asset levels if growth is expected within a reasonable time frame, if a relationship exists between that account and an existing account, if an account will be invested solely in a collective investment scheme, if the account is one of several accounts referred to RCM AP by the same person or entity, or for other reasons RCM AP deems appropriate.

In addition, clients are generally required to enter into a written investment management or investment advisory agreement prior to the establishment of the client's account.

RCM AP will not enter into an investment management or investment advisory relationship with any prospective client whose investment objectives, guidelines, and restrictions are deemed to be incompatible with RCM AP's basic investment philosophy or strategies, or if the prospective client's investment objectives, guidelines, and restrictions are deemed to be unduly restrictive.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

RCM AP provides investment management and investment advisory services relating to a broad range of investment strategies and financial instruments. While we offer investment management and investment advisory services concerning other types of strategies based outside the United States, our most significant investment strategy offered to US-based accounts involves investing in the equity securities and equity-related instruments of companies in Asia Pacific. This strategy and the risks associated with it are discussed below. You should note that investing in securities involves risk of loss that you should be prepared to bear.

METHODS OF ANALYSIS

With respect to research for RCM AP's equity investments, RCM AP relies on the comprehensive research provided by the RCM Equity Platform, which is coordinated by its affiliate, RCM Capital Management LLC, San Francisco, and uses the local centers of in Frankfurt, London, San Francisco, Hong Kong, and Tokyo depending on the area of the required research. In general, RCM AP seeks for its clients the most favorable returns available on a risk-adjusted basis.

The RCM Equity Platform's security analysis methods vary by type of mandate, and are dependent upon each individual account's investment objectives, guidelines and restrictions. The RCM Equity Platform maintains research staff that monitor a broad universe of stocks for comparative purposes (the "Research Department"). It makes use of contacts at several levels within companies, and, where appropriate, with a company's competitors, end-users and suppliers. The Research Department's analysts follow a global universe of companies to determine whether they are good candidates for investment, and communicate recommended action on either the buy or the sell side to the appropriate portfolio management team. RCM Equity Platform may also receive proprietary research from, and provide proprietary research (including Grassrootssm Research Reports described below) to its investment management affiliates.

Substantial emphasis is placed on the Research Department's own fundamental research. However, the RCM Equity Platform also uses outside research in two ways. First, the opinions of a broad group of industry and company specialists are considered to supplement the analysis of RCM Equity Platform's research staff. As described in Item 12, this research information may be provided by brokers who execute portfolio transactions for RCM AP's clients. Second, "street" opinions and estimates on stocks, groups and economic data are monitored.

In addition to its fundamental traditional research activities, the RCM Equity Platform utilizes research produced by Grassrootssm Research, an operating group within RCM. Grassrootssm Research augments our own traditional research methods by seeking to verify (or disprove) market information pertaining to various companies and/or industries and by identifying and analyzing marketplace trends. The RCM Equity Platform believes that Grassrootssm Research provides a valuable complement to its traditional research methodology.

The RCM Equity Platform maintains staff in its Grassrootssm Research unit. There are also freelance journalists and field force personnel located throughout the world, including Eastern and Western Europe, Asia, Australia, Latin America, as well as the United States who collect data and other information through interviews conducted with consumers, suppliers, service providers, trade sources, polls, government agencies, etc. The journalists prepare research reports which the Grassrootssm employees then edit and finalize. The freelance journalist and field force personnel typically work as independent contractors for, and are compensated by, broker-dealers who provide research services to RCM Equity Platform in exchange for commissions generated by RCM AP's clients. (See Item 12 for a discussion of RCM AP's soft dollar practices.)

The RCM Equity Platform may also periodically use the research services of doctors representing medical specialties likely to be affected by medical, technological and economic developments in medicine, health care and related areas. These doctors serve as independent contractors for a broker-dealer, which compensates them for the services they provide.

The RCM Equity Platform also maintains a quantitative analytics department who contributes to the overall investment efforts of the firm. Their main focus is to provide risk and performance analyses of portfolios to assist in future investment decisions.

RCM AP emphasizes a team approach to asset management. The team(s) takes advantage of all the global resources within RCM to select securities. The objective is to develop for each client a diversified, yet concentrated portfolio of high quality growth companies selling at reasonable prices. RCM AP may also, from time to time, invest in cyclical and semi-cyclical companies.

New purchase ideas are primarily generated by RCM Equity Platform, Grassrootssm, and the portfolio management teams (domestic and international). External research is also used to generate ideas.

Before purchase, all companies are evaluated for their growth and quality characteristics. All stocks are evaluated on their valuation characteristics. RCM AP seeks to invest in companies that offer long-term sustainable growth in earnings, revenues, and/or cash flow, have strong management and financial statements, and offer good relative and absolute risk-adjusted return characteristics.

Companies are sold if RCM AP believes that their growth or quality has been impaired, or when it believes that the risk-adjusted return characteristics are no longer attractive.

The portfolio management teams construct the portfolios in line with specific client investment objectives, guidelines and restrictions. The portfolio managers make stock selection and industry decisions with significant input from the analyst teams. The resulting portfolios are diversified, yet concentrated, and are composed of issuers that RCM AP believes are high quality growth companies offering above average risk-adjusted return prospects.

In addition to the stock selection processes described above, each of RCM AP's portfolio management teams receive macroeconomic input from RCM's Global Policy Council ("GPC"). The GPC is comprised of senior investment professionals and analysts located around the globe at the offices of certain Allianz Advisory Affiliates (See Item 10 for a description of Allianz Advisory Affiliates). The GPC reviews macro economic scenarios for all the major regions of the world and presents analyses on the dynamic processes that drive stocks, bonds and other markets. Based on these analyses, the GPC forecasts the short, intermediate and long term outlook for all major markets and their respective sub-markets. The GPC investment strategies to determine allocations across broad asset classes and global markets and reflect sector, theme and style priorities.

TYPES OF INVESTMENTS

RCM AP offers investment management and investment advisory services with respect to a broad range of equity instruments and a more limited range of fixed-income instruments. Some of these instruments include, but are not limited to, listed equities; American Depositary Receipts (ADRs); International Depositary Receipts; Global Depositary Receipts (GDRs); American Depositary Shares; Swedish Depositary Receipt (SDR); preference shares; convertible preference shares; convertible bonds; Real Estate Investment Trusts (REITs); CHESS Depositary Interest (CDI) in Australia; Dutch CVA (certificaten van aandelen); Thai Non-Depositary Receipt (NVDR); stapled securities; listed closed-ended investment company equities; other exchange traded and over-the-counter securities; foreign securities; privately placed securities in public or private entities, securities that are eligible for resale pursuant to SEC Rule 144 A; commercial paper; securities issued by governments and municipalities; currency exchange transactions; index futures, purchase and sale of options contracts with respect to interest rates, securities, and financial indexes; forward currency contracts and swap and related cap, floor and collar transactions with respect to interest rates; and other derivative instruments. Particular clients may receive investment management or investment advisory services with respect to one or more of the foregoing categories of instruments.

RCM AP may also buy or sell, among other things interest rate futures contracts, options on interest rate futures contracts, and options on fixed income securities for the purpose of hedging against changes in the value of securities positions due to anticipated changes in interest rates; engage in foreign currency exchange transactions by means of buying or selling foreign currencies on a spot basis, entering into foreign currency forward contracts, and buying and selling foreign currency options, foreign currency futures, and RCM AP may enter into foreign currency exchange transactions, for the purpose of hedging against foreign currency exchange risk; and RCM AP may enter into foreign currency forward contracts and buy and sell foreign currency forward contracts and buy and sell foreign currencies or foreign currency options for purposes of increasing exposure to a particular foreign currency or to shift exposure to foreign currency fluctuations from one country to another. RCM AP may enter into swap agreements for purposes of attempting to obtain a particular investment return at a lower cost than a direct investment in an instrument; and purchase and sell securities on a when-issued or delayed delivery basis, sell securities short, enter into forward commitments to purchase securities and lend securities to brokers, dealers and other financial institutions to earn income.

INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR

General. The value of a client account changes with the value of its investments. Many factors can affect those values. A client's account may be subject to additional risks other than those described below because the types of investments in your account can change over time. There is no guarantee that RCM AP will be able to achieve your investment objective. It is possible to lose money by investing.

Common Stocks and Other Equity Securities Common stock represents an ownership interest in a company. Common stock may take the form of shares in a corporation, membership interests in a limited

liability company, limited partnership interests, or other forms of ownership interests. The value of a company's stock may fall as a result of factors directly relating to that company, such as decisions made by its management or lower demand for the company's products or services. A stock's value may also fall because of factors affecting not just the company, but also companies in the same industry or sector, or in a number of different industries or sectors, such as increases in production costs. The value of a company's stock may also be affected by changes in financial markets that are relatively unrelated to the company or its industry, such as changes in interest rates or currency exchange rates or adverse circumstances involving the credit markets. In addition, a company's stock generally pays dividends only after the company invests in its own business and makes required payments to holders of its bonds, other debt and preferred stock. For this reason, the value of a company's stock will usually react more strongly than its bonds, other debt and preferred stock to actual or perceived changes in the company's financial condition or prospects.

Stocks of smaller companies may be more vulnerable to adverse developments than those of larger companies. Stocks of companies that we believe are fast-growing may trade at a higher multiple of current earnings than other stocks. The value of these stocks may be more sensitive to changes in current or expected earnings than the values of other stocks. Seeking earnings growth may result in significant investments in sectors that may be subject to greater volatility than other sectors of the economy.

Companies that we believe are undergoing positive change and whose stock we believe is undervalued by the market may have experienced adverse business developments or may be subject to special risks that have caused their stocks to be out of favor. If our assessment of a company's earnings growth or other prospects is wrong, or if our judgment of how other investors will value the company is wrong, then the price of the company's stock may fall or may not approach the value that we have placed on it. Different types of equity securities provide different voting and dividend rights and priority in the event of the bankruptcy and/ or insolvency of the issuer. In addition to common stocks, equity securities include, without limitation, preferred stocks, convertible securities and warrants. Equity securities other than common stocks are subject to many of the same risks as common stocks, although possibly to different degrees. We may invest in, and gain exposure to, common stocks and other equity securities through purchasing depositary receipts.

Equity-related instruments are securities and other instruments, including derivatives such as equity-linked securities, whose investment results are intended to correspond generally to the performance of one or more specified equity securities or of a specified equity index or analogous "basket" of equity securities. To the extent that an account invests in equity-related instruments whose return corresponds to the performance of a non-U.S. securities index or one or more non-U.S. equity securities, investing in these equity-related instruments will involve risks similar to the risks of investing in non-U.S. securities. In addition, a client's account bears the risk that the issuer of an equity-related instrument may default on its obligations under the instrument. Equity-related instruments are often used for many of the same purposes as, and share many of the same risks with, other derivative instruments such as swap agreements, participation notes and zero-strike warrants and options, as discussed below. Equity-related instruments may be considered illiquid.

Risk of Interest Rate Changes To the extent that a client's account invests in interest-bearing securities, it is exposed to interest-rate risk. If market interest rates rise, the value of the interest-bearing assets held by the client's account may decline substantially. This applies to an even greater degree if a client's account also holds interest-bearing securities with a longer time to maturity and a lower nominal interest rate.

Currency Risk If a client's account holds assets denominated in foreign currencies, it is exposed to a currency risk if foreign currency positions have not been hedged or if there is any change in the relevant exchange control regulations. Any devaluation of the foreign currency against the base currency of the client's account would cause the value of the assets denominated in the foreign currency to fall.

Creditworthiness Risk The creditworthiness (solvency and willingness to pay) of the issuer of a security or money-market instrument held by a client's account may subsequently fall. This usually leads to drops in the price of the security which surpass those caused by general market fluctuations.

Company-Specific Risk The price development of the securities and money-market instruments held by a client's account is also dependent on company-specific factors, for example, the issuer's business situation. If the company-specific factors deteriorate, the price of the respective security may drop significantly and for an extended period of time, possibly even without regard to an otherwise generally positive market trend.

Risk of Settlement Default The issuer of a security held by a client's account or the debtor of a claim belonging to a client's account may become insolvent. This could cause those assets of the client's account becoming economically worthless.

Counterparty Risk A client's account may enter into transactions on over-the-counter (OTC) markets, which will expose the client's account to the credit of its counterparty. In the event of a bankruptcy or insolvency of a counterparty, the client's account could experience delays in liquidating the position which may result in significant losses. There is also a possibility that the above agreements are terminated due, for instance, to bankruptcy, supervening illegality or change in the relevant tax or accounting laws.

Country and Region Risk If a client's account focuses its investments on certain countries or regions, this also reduces the effect of risk diversification. Consequently, the client's account is particularly dependent on the development of individual or interdependent countries and regions, or of companies based and/or operating in those countries or regions.

Concentration Risk If a client's account focuses its investments on certain markets (in terms of geographical location, eg., Asian markets, or level of development, eg., emerging markets) or types of investment, such concentration does not allow the same scope of diversification of risks as investments made across different markets as would be possible if investments were not as concentrated. Consequently, the performance of a client's account is particularly dependent on the development of individual or related markets or of companies included in those markets.

General Market Risk To the extent that a client's account invests in securities or other assets, it is exposed to various general trends and tendencies in the markets, especially in the securities markets, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in prices that affect the entire market. Securities from top-rated issuers are subject to essentially the same general market risk as other securities and assets.

Political and social risks Political changes, social instability and unfavourable diplomatic developments, such as war, could, in some countries, result in the imposition of additional governmental restrictions including expropriation of assets, confiscatory taxes or the nationalisation of investments.

Liquidity Risk Even relatively small orders for purchases or sales of illiquid securities (securities that cannot be sold readily) in particular can lead to significant price changes. If an asset is not liquid, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to decrease significantly.

Custodial Risk Custodial risk is the risk arising from the possibility that, to the detriment of the client's account, the client's account, could be denied access, in whole or in part, to investments held in custody in case of bankruptcy, negligence, wilful misconduct or fraudulent activity on the part of the custodian or subcustodian.

Emerging Markets Risks Investing in emerging markets means investing in countries not classified by

the World Bank as “high gross national income per capita” (i.e. not “developed”). Investments in these countries are subject to greater liquidity risk and general market risk. Additionally, increased risks may arise in connection with the settlement of transactions in securities in these countries, as it may not be possible to deliver securities directly when payment is made in such countries. In addition, the legal and regulatory environment, as well as the accounting, auditing and reporting standards in these countries may offer less protection for investors than that afforded by developed countries. Differing disposal methods for acquired assets in such countries may also result in increased custodial risk. Political risk may also be more pronounced as emerging markets tend to face more political uncertainties than developed markets.

Performance Risk It cannot be guaranteed that the investment objectives of a client’s account or the investment performance desired by the client will be achieved. The net asset value of the client account may also fluctuate, and in particular, may fall, causing a client to incur losses. Clients assume the risk of receiving a lesser amount than they originally invested. No guarantees are issued regarding the investment outcome for a client’s account.

Inflation Risk Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of income made on an investment in a client’s account as well as the intrinsic value of the investment. Different currencies are subject to different levels of inflation risk.

Risk of Changes in Underlying Conditions

Over time, the underlying conditions (e.g. economic, legal or tax) within which an investment is made may change. This could have a negative effect on the investment and on the treatment of the investment by the client.

Derivative risk

A client’s account may use derivatives, in particular financial futures contracts, financial option contracts warrants and/or currency forward contracts for hedging or investment purposes. Derivatives are financial contracts whose value is derived from, the value of an underlying asset, reference rate or index. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks associated with more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives:

(i) General Risk

Derivatives are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the increased risk and the ability to forecast correctly the relative price, interest rate or currency rate movements correctly.

(ii) Risk Associated with Margin Requirement

Investments in derivatives may require the deposit of an initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the client’s account investments, as the case may be, may be liquidated with a resulting loss.

(iii) Loss of Potential Positive Return of Hedged Asset

While the use of derivative instruments to hedge a client's assets reduces the economic risk inherent in its asset to the greatest extent possible, there is a possible risk that a client account will no longer be able to participate in a positive development of the hedged asset.

(iv) Leveraging risk

Because many derivatives have a leveraging component, adverse change in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. When an account uses derivatives for leverage, investments will tend to be more volatile, resulting in larger or losses in response to market changes. Leveraging risk may be especially applicable to accounts that may write uncovered (or "naked") options.

(v) Basis risk

Basis risk is the risk that the value of a derivative instrument does not react in parallel with the value of the underlying security.

(vi) Other Risks

Another risk in using derivatives includes the risk of differing valuations of the derivatives arising out of different permitted valuation methods. Many derivatives, in particular OTC derivatives, are complex and often valued subjectively. The valuation may only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value of the client's portfolio.

Furthermore, derivatives do not always perfectly or even closely track the value of the securities, interest rates, exchange rates or indices they are designed to track. Consequently, a client's account use of derivative techniques may not always be an effective means to achieve the client's account investment objective.

Country and Transfer Risks Economic or political instability in countries in which a client account is invested may lead to a situation in which a client account does not receive part or all of the monies owed to it in spite of the solvency of the issuer of the respective security or other assets. Currency or transfer restrictions or other legal changes, for example, may be significant in this regard.

Industry Risk If a client account focuses its investments on certain industries, this may reduce risk diversification. Consequently, the client account is particularly dependent both on the general development and the development of corporate profits of individual industries or industries that influence each other.

Key Personnel Risk Funds and strategies that achieve very positive results in a certain period of time may owe the success to the aptitude of the key portfolio manager(s) and thus to the correct decisions of their management. However, staffing may change. New decision makers may have less success in managing assets.

Specific Risks of Market Neutral Long/Short Equity Strategy A market neutral long/short equity strategy involves entering into long positions on equity-oriented securities while simultaneously reducing or entirely eliminating market risk via opposing short positions. This is normally done by opening long and short positions to an approximately equal extent.

The success of a market neutral long/short equity strategy depends primarily on the selection of equity-oriented securities as well as on the degree of accuracy in forecasting the future performance of the equity markets. If the prices of the securities held as long positions in the portfolio rise, the client account participates in this performance, while it takes a loss if these prices fall. If the prices of the securities held as short positions in the portfolio fall, the client account participates in this performance, while it takes a loss if these prices rise; the risk of loss is essentially unlimited.

The fact that in a pure market neutral long/short equity strategy, long and short positions are entered into to an approximately equal extent is intended to limit the overall potential for losses on investments made using a market neutral long/short equity strategy. However, depending on how the market does, the prices of the long and short positions could perform differently and losses in both positions could result. If one of the two positions is larger than the other, the larger position is subject to the risk described in the previous paragraph without the potential of the risk being mitigated by an offsetting position.

IPO Risk. Client accounts may purchase securities in initial public offerings (“IPOs”). These securities are subject to many of the same risks as investing in companies with smaller market capitalizations and often to a heightened degree. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile. At any particular time or from time to time, an account may not be able to invest in securities issued in IPOs, or invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to the account. See Item 12 below for a discussion of our policies concerning IPOs and secondary offerings. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Similarly, as the number of portfolios to which IPO securities are allocated increases, the number of securities issued to the account may decrease. The investment performance of an account during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the account is able to do so. In addition, as an account increases in size, the impact of IPOs on its performance will generally decrease.

Management Risk. Client accounts may be subject to management risk because they are actively managed investment portfolios. We will apply investment techniques and risk analyses in making investment decisions for an account, but there can be no guarantee that these will produce the desired results. An account is also subject to the risk that deficiencies in our internal systems or controls or those of another service provider will cause losses for the account or hinder operations. For example, trading delays or errors (both human and systemic) could prevent the account from purchasing a security expected to appreciate in value. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to us in connection with managing the account and may also adversely affect the ability of an account to achieve its investment objective.

Non-U.S. Investment Risk. Where an account invests primarily in foreign (non-U.S.) securities, it may experience more rapid and extreme changes in value than portfolios that invest exclusively in securities of U.S. issuers or securities that trade exclusively in U.S. markets. The securities markets of many non-U.S. countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of non-U.S. securities are often not subject to the same degree of regulation as U.S. issuers. Reporting, accounting and auditing standards of non-U.S. countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, market disruption, political changes, security suspensions or diplomatic developments could adversely affect an account’s investments in a non-U.S. country. In the event of nationalization, expropriation or other confiscation, an account could lose its entire investment in non-U.S. securities. To the extent that an account invests a significant portion of its assets in a particular currency or geographic area, the account will generally have more exposure to regional economic risks, including weather emergencies and natural disasters, associated with non-U.S. investments. For example, if an account invests a substantial amount in particular countries, the account may be subject to increased risks due to political, economic, social or regulatory events in those countries. Adverse developments in

certain regions can also adversely affect securities of other countries whose economies appear to be unrelated. In addition, an account's investments in non-U.S. securities may be subject to withholding and other taxes imposed by countries outside the U.S., which could reduce the return on an investment.

Other Fund Risks. To the extent a client account invests primarily in mutual funds or other investment vehicles, the risks associated with the account will be closely related to the risks associated with the securities and other investments held by the mutual fund or investment vehicle, which will be described in the fund's or vehicle's prospectus or offering document. The ability of a client account to achieve its investment objective will depend upon the ability of the funds or other vehicles to achieve their investment objectives. The value of a client's account, when investing in funds or vehicles, will fluctuate in response to changes in the net asset values of the funds or vehicles in which it invests. The extent to which the investment performance and risks associated with a client account correlate to those of a particular fund or vehicle will depend upon the extent to which the account's assets are allocated from time to time for investment in a fund or vehicle, which will vary.

Smaller Company Risk. The general risks associated with investing in equity securities and liquidity risk are particularly pronounced for securities of companies with smaller market capitalizations. These companies may have limited product lines, markets or financial resources or they may depend on a few key employees. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and their values may fluctuate more sharply than other securities. They may also trade in the over-the-counter market or on a regional exchange, or may otherwise have limited liquidity. Companies with medium-sized market capitalizations also have substantial exposure to these risks.

Turnover Risk. As mentioned above, RCM AP seeks to invest in companies that offer long-term sustainable growth in earnings, revenues, and/or cash flow, have strong management and financial statements, and offer good relative and absolute risk-adjusted return characteristics, therefore it is not RCM AP's general practice to engage in frequent trading for a client's portfolio. Nonetheless a client should be aware that higher portfolio turnover involves correspondingly greater expenses to the account, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. These sales may also result in realization of taxable capital gains, including short-term capital gains, and may adversely impact the account's after-tax returns. The trading costs and tax effects associated with portfolio turnover may adversely affect an account's performance.

The foregoing is only a summary of certain risks of investing in the securities and instruments that RCM AP uses. Specialized mandates may have particular risks not described above and a client should have a full understanding of the risks applicable to its account before engaging RCM AP's services.

ITEM 9. DISCIPLINARY INFORMATION

This item requires RCM AP to disclose any legal or disciplinary events material to a client's or prospective client's evaluation of its business or the integrity of its management. RCM AP has no information to report for this item.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

RCM AP is indirectly related, through common ownership, to the following SEC-registered broker-dealers: Allianz Global Investors Distributors LLC and PIMCO Investments LLC.

RCM AP is also related, through common ownership or otherwise, to the following SEC-registered investment advisers: Allianz Global Investors Advisory GmbH, Allianz Global Investors Capital LLC, Allianz Global Investors Fund Management LLC, Allianz Global Investors Managed Accounts LLC, Allianz Global Investors Solutions LLC, Caywood-Scholl Capital Management LLC, NFJ Investment Group LLC,

Pacific Investment Management Company LLC, RCM Capital Management LLC, and Pallas Investment Partners, L.P.

In addition, RCM AP is related through common ownership or otherwise to a number of foreign investment advisers including: ADIG Fondsvertrieb AG, Allianz Global Investors Europe GmbH, and Allianz Treuhand GmbH, each a Munich-based investment adviser regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht; Allianz Global Investors Advisory GmbH, and Allianz Global Investors Kapitalanlagegesellschaft mbH, each a Frankfurt-based investment adviser regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht; Allianz Global Investors Capital Limited, Allianz Global Investors (UK) Ltd., RCM (UK) Ltd., and PIMCO Europe Ltd., each a London-based investment adviser regulated by the Financial Services Authority; Allianz Global Investors France S.A., a Paris-based investment adviser regulated by the Autorité des Marchés Financiers; Allianz Global Investors Ireland Ltd., and PIMCO Global Advisors (Ireland) Limited, each a Dublin-based investment adviser regulated by the Irish Financial Services Regulatory Authority; Allianz Global Investors Luxembourg S.A., PIMCO Luxembourg S.A., PIMCO Luxembourg III S.A., and PIMCO Luxembourg IV S.A., each a Luxembourg-based investment adviser regulated by the Commission de Surveillance du Secteur Financier; Allianz Global Investors Italia SGR S.p.A., a Milan-based investment adviser regulated by the Commissione Nazionale per le Società e la Borsa; Allianz Global Investors Hong Kong Ltd., and PIMCO Asia Limited, each a Hong Kong-based investment adviser regulated by the Hong Kong Securities and Futures Commission; RCM Japan Co. Ltd., and PIMCO Japan Ltd., each a Tokyo-based investment adviser regulated by the Japanese Financial Services Authority; Allianz Global Investors Korea Ltd., a Seoul-based investment adviser regulated by the Korea Financial Services Commission of South Korea; Allianz Global Investors Singapore Ltd., and PIMCO Asia Pte Ltd., each a Singapore-based investment adviser regulated by the Monetary Authority of Singapore; Allianz Global Investors Taiwan Ltd., a Taipei-based investment adviser regulated by the Taiwan Securities and Futures Bureau; RCM Capital Management PTY Ltd., and PIMCO Australia Pty Ltd., each a Sydney-based investment adviser regulated by the Australian Securities and Investments Commission; Allianz Global Investors Nominee Services Ltd., a Grand Cayman (Cayman Islands)-based investment adviser regulated by the Cayman Islands Monetary Authority; and PIMCO Canada Corp., a Toronto, Canada based investment adviser regulated by the Ontario Securities Commission.

Allianz and all of its direct and indirect subsidiaries (other than RCM AP), including those listed above, are referred to herein as the “Allianz Affiliates.” The Allianz Affiliates may be registered as investment advisers and/or broker-dealers with the SEC or other foreign regulatory authorities. RCM AP may act as investment adviser to one or more Allianz Affiliates on either a discretionary or non-discretionary basis, and may serve as a sub-adviser for accounts or clients for which one or more Allianz Affiliates serve as investment manager or investment adviser. RCM AP also may share employees with or provide other services to the Allianz Affiliates. Similarly, RCM AP may receive services, including but not limited to investment advisory services, from certain Allianz Affiliates. RCM AP coordinates its activities with certain other Allianz investment management businesses. These businesses include Allianz Global Investors Kapitalanlagegesellschaft mbH, RCM (UK) Ltd., RCM Japan Co. Ltd., and RCM Capital Management PTY Ltd. (collectively, the “Allianz Advisory Affiliates”). Each of the Allianz Advisory Affiliates is directly or indirectly a wholly-owned subsidiary of AGI.

RCM AP is also related to the following entities:

Allianz Funds Multi-Strategy Trust (“Allianz Trust”)

RCM AP is the sub-adviser to certain series of the Allianz Funds Multi-Strategy Trust, an open-end management company. Allianz Global Investors Fund Management LLC (“AGIFM”) serves as investment adviser and administrator to the Allianz Trust. Under the terms of an agreement with RCM Capital Management LLC dated June 4, 2010 RCM AP serves as portfolio manager to the following series: Allianz RCM China Equity Fund, a non-diversified fund which invests primarily in equity and equity-related securities of Chinese companies.

RCM Commingled Funds LLC

RCM AP is the investment manager of the following series of RCM Commingled Funds LLC, a Delaware limited liability company: RCM Little Dragons Fund. The series in the fund are privately offered and are exempt from registration under the Securities Act of 1933 and the Investment Company Act of 1940.

The Allianz Advisory Affiliates share proprietary research and information developed by each of those entities. RCM AP and the Allianz Advisory Affiliates may attempt to make a good faith allocation of the costs incurred in creating such research, and to apportion such costs among the offices receiving access to such research. Alternatively, some or all of the cost of such research may be borne exclusively by the affiliate creating the research. RCM AP also may provide research services to nonaffiliated investment advisors.

In addition, RCM AP acquires investment information and research services from broker-dealers, including information used in reports prepared by RCM's Grassrootssm Research group. (See response to Item 12 below.) One or more of the Allianz Advisory Affiliates also may acquire similar research information from broker-dealers. RCM AP and the Allianz Advisory Affiliates expect to share such research, and will use any such shared research for the benefit of their clients.

To the extent permissible under all appropriate laws, including federal securities and banking laws, RCM AP may, from time to time, execute brokerage transactions through, or have investment advisory relationships with, any of the Allianz Affiliates. RCM AP will not execute brokerage transactions through any of the Allianz Affiliates without the consent of the clients involved in such transactions. In addition, RCM AP and the Allianz Affiliates do not act as principal in connection with transactions for RCM clients. The Allianz Affiliates also may provide custodial services to certain of RCM AP's clients.

In rendering investment advisory services to its clients, including U.S. registered investment companies, RCM AP may use the resources of some of the Allianz Advisory Affiliates ("Participating RCM Affiliates") to provide portfolio management, research and trading services to RCM AP clients. Under Collaboration Agreements, each of the Participating RCM Affiliates and any of their employees who provide services to clients of RCM AP are considered "associated persons" of RCM AP as that term is defined in the Investment Advisers Act of 1940, as amended ("Advisers Act"). The Participating RCM Affiliates have agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services they provide for any RCM AP clients. The principal investment professionals who provide services to RCM AP are as follows:

Koji Nakatsuka is a Portfolio Manager at RCM Japan, based in Tokyo. Mr. Nakatsuka joined RCM in 2005 and specializes in Japanese small and mid-cap company portfolios. He provides input regarding Japan stock selection for the Allianz RCM Global Small Cap fund. Prior to joining RCM, Mr. Nakatsuka managed a Mid/Small Cap Investment Trust (called "Issun Boushi") for Goldman Sachs Asset Management for two years. At Schroder Investment Management Japan, he worked as Equity Analyst for Mid/Small Caps for 2 years. He earned his BA in Law at Sophia University.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CODE OF ETHICS

RCM AP has adopted a Code of Ethics ("Code"). RCM AP's officers, employees, and associated persons (collectively, "Employees") are required to follow the Code, which sets out standards of conduct and helps

RCM AP detect and prevent potential conflicts of interest. The Code covers personal securities transactions of all Employees and their family members (as defined in the Code), which includes most persons sharing the same household as the Employee. Although the Code permits employees to trade in securities for their own accounts, Employees are required to follow the Code, which contains pre-clearance procedures, reporting requirements, and other provisions that restrict trading by Employees. In some circumstances, Employees may trade in securities for their own accounts that are recommended to and/or purchased by our Clients. In these circumstances, there is a possibility that the Employee may benefit from market activity within a Client account.

Employee trading is monitored for compliance with the Code. Any Employee who violates the Code may be subject to remedial actions, including, but not limited to: profit disgorgement, censure, demotion, suspension, or dismissal. Employees are also required to promptly report any violation of the Code of which they become aware. The Code is available upon request. Employees are required to annually certify compliance with the Code.

RCM AP will provide clients and prospective clients with a copy of the Code upon request. To receive a copy of our Code of Ethics, please contact your relationship manager.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

If permitted by a particular client's investment objectives, guidelines, and restrictions, and applicable law and regulations, RCM AP may recommend that a client purchase, or use its discretion to effect a client purchase of securities offered in either a public or private underwriting where an Allianz Affiliate is acting in the capacity of a manager, underwriter, or placement agent.

Consistent with its duty to seek best execution, RCM AP may from time to time effect securities transactions for its client accounts through an Allianz Affiliate acting as broker or agent. (See also response to Item 12.)

RCM AP provides services to a number of different clients and accounts. We may give advice and take action with respect to any client or accounts that may differ from action taken on behalf of other clients or accounts. RCM AP is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling, any security that our employees may buy or sell for their own account or for the accounts of any other client. RCM AP manages conflicts with our employees investing for their accounts by requiring that any transaction be made in compliance with our Code of Ethics, as discussed above.

Because RCM AP manages more than one account, potential conflicts of interest may arise related to the amount of time individuals devote to managing particular accounts. RCM AP may also have an incentive to favor accounts in the allocation of investment opportunities or otherwise treat preferentially those accounts that pay us a performance-related fee, or a higher fee level or greater fees overall. RCM AP has adopted procedures for allocation of portfolio transactions and investment opportunities across multiple client accounts on a fair and equitable basis over time. See Item 6 above and Item 12 below.

Potential conflicts of interest may also arise in connection with an employee's knowledge and the timing of transactions, investment opportunities, broker selection, portfolio holdings and investments. Some employees who have access to the size and timing of transactions may have information concerning the market impact of transactions. Employees may be in a position to use this information to their possible advantage or to the possible detriment of our other client accounts. An investment opportunity may also be suitable for multiple accounts we manage, but not in sufficient quantities for all accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by multiple accounts. We manage these potential conflicts with employee transactions by requiring that any transaction be made in compliance with our Code of Ethics, and potential conflicts between client accounts through our procedures for aggregating and allocating portfolio transactions and investment opportunities discussed in Item 12 below.

The Allianz Affiliates provide a variety of investment banking, commercial banking, brokerage and other services to a broad range of clients, including issuers of securities that RCM AP may recommend for purchase or sale by clients. In the course of providing these services, the Allianz Affiliates may come into possession of material, non-public information. However, such material, non-public information ordinarily will not be disclosed to RCM AP or its employees. The Allianz Affiliates have installed procedures intended to prevent the sharing of confidential information concerning issuers by its investment banking, commercial banking, brokerage, investment management and other operations. Such confidential information, if obtained, will not be used as a factor in making investment decisions for the portfolios of RCM AP's clients.

RCM AP believes that the nature and range of clients to whom the Allianz Affiliates render investment banking, commercial banking, brokerage and other services is such that it would be inadvisable to exclude these companies from a client's portfolio solely on the basis of their relationship with the Allianz Affiliates. Accordingly, except to the extent prohibited by law, RCM AP will not, as a matter of policy, refrain from initiating purchases or sales of any security as to which the Allianz Affiliates provide investment banking, commercial banking, brokerage or other services, or as to which the Allianz Affiliates possess material, non-public information. As a result, subject to each client's investment objectives, guidelines and restrictions, it is likely that client holdings will, from time to time, include the securities of issuers for whom the Allianz Affiliates provide investment banking, commercial banking, brokerage and other services. RCM AP also may purchase or sell for one or more client portfolios the securities of companies in which an Allianz Affiliate makes a market, or in which RCM, AP the Allianz Affiliates, or any of their employees have positions.

To meet applicable regulatory requirements or internal policies, there may be periods during which RCM AP may not be permitted to recommend or effect certain types of transactions in the securities of companies for which an Allianz Affiliate is performing investment banking, commercial banking, brokerage or other services. This may result in RCM AP being unable to recommend or effect transactions at a time when it might otherwise be advisable to do so.

All of the transactions described above involve the potential for conflict of interest between RCM AP or the Allianz Affiliates and clients of RCM AP. The Investment Advisors Act of 1940, the Investment Company Act of 1940, and ERISA impose certain requirements designed to decrease the possibility of conflict of interest between an investment adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of certain conditions. In other cases, transactions may be prohibited. RCM AP seeks to ensure that potential or actual conflicts of interest are appropriately resolved, taking into consideration the overriding best interests of the client.

PERSONAL TRADING

RCM AP permits its employees to engage in personal securities transactions, and to purchase and sell securities that may be held by or may be suitable for investment by client accounts. Personal securities transactions may raise potential conflicts of interest with the interests of RCM AP clients. Accordingly, RCM AP has adopted a Code of Ethics which is designed to mitigate conflicts of interest and the potential appearance of impropriety in an employee's personal actions. The Code of Ethics requires, among other things, advance approval of certain purchases or sales of securities by its employees. The Code of Ethics does not require advance approval for investment in certain highly liquid securities issued by the U.S. Government or certain foreign governments, bankers' acceptances, bank certificates of deposit, commercial paper, shares of registered open-end investment companies, and certain other types of investment vehicles.

In order to ensure compliance with the pre-trading authorization requirement, each RCM AP employee is required to instruct each broker-dealer with whom he or she maintains an account to send directly to RCM AP a duplicate copy of all transaction confirmations generated by that broker-dealer for that

employee's account. These confirmations or other relevant records are then cross-checked against the pre-trading authorization forms submitted by that employee.

RCM AP's Code of Ethics restricts the purchase and sale by its personnel (and certain entities in which such personnel may have a beneficial interest) for their own accounts of securities which have been or are being considered for purchase for client accounts. Except under certain limited circumstances, personnel are not to engage in a transaction in the same security while an order for a client's account is pending or within a certain period of time before and after execution of the transaction in that security on behalf of the client. The applicable time period will vary, depending on the employee's job responsibilities. Administration of the Code of Ethics is overseen by RCM AP's Management Committee, which has the power to impose sanctions and to grant exceptions in appropriate circumstances.

RCM AP performs investment management and investment advisory services for various clients, many of whom may have differing investment objectives, guidelines, and restrictions. As a result, RCM AP may give advice and take action in the performance of its duties for a particular client that may differ from the advice given, or the timing or nature of action taken, with respect to other clients. Frequently, a particular security may be bought or sold for only one or a small number of clients, or in different amounts and at different times for more than one but less than all clients. In some cases, RCM AP may cause one or more accounts to buy or sell a security from or to a broker-dealer, and soon thereafter may engage in the opposite transaction for one or more other accounts from that or another broker-dealer. This practice may result in certain accounts receiving less favorable prices. RCM AP has adopted procedures that it believes are reasonably designed to obtain the most favorable price and execution for the transactions by each account.

RCM AP may, from time to time, buy or sell securities for its own investment account, and RCM AP's employees may do so. Likewise, the Allianz Affiliates may buy and sell securities for their own accounts, may underwrite securities, and may act as a market maker with respect to certain securities. RCM AP does not prohibit any of its employees from purchasing or selling for their own accounts securities that may be recommended to or held by RCM AP's clients, and RCM AP's employees may in fact own, purchase, and sell securities that are recommended to or held by RCM AP's clients, subject to the requirements in the Code of Ethics. Similarly, the Allianz Affiliates may purchase, hold, or sell securities that are recommended for purchase or sale in RCM AP client accounts. The Allianz Affiliates, with the exception of Caywood-Scholl and Pallas and their employees, are not subject to the RCM AP Code of Ethics, and therefore may be purchasing or selling a security at the same time that RCM AP is purchasing or selling that security on behalf of one or more clients.

The Allianz Affiliates also have adopted procedures designed to mitigate conflicts of interest and the potential appearance of impropriety in employee personal trading. The nature and timing of actions taken by one or more of RCM AP's employees or by one or more of the Allianz Affiliates, either for their own accounts or for the accounts of clients, may differ from the nature and timing of actions taken by RCM AP for client accounts. Because the Code of Ethics places restrictions on when employees can trade certain securities, the price received by an RCM AP's client in a securities transaction will most likely be different than the price received by RCM AP's employees.

ITEM 12. BROKERAGE PRACTICES

Most clients give RCM AP full discretionary authority over assets under management, subject to any limitations or prohibitions that may be imposed by each client in its investment objectives, guidelines, and restrictions, or in instructions otherwise provided to RCM AP by the client or, in the case of sub-advisory accounts, the client's principal advisor. For accounts over which RCM AP has full discretionary authority, RCM AP has the power to determine (without consultation with the client) which securities are bought and sold, when such purchases and sales are made, and the total amount of such purchases and sales.

Except in those instances where a client wishes to retain discretion over broker selection and commission rate, RCM AP accepts full discretionary authority to determine the broker to be used and the commission paid, with the objective of attaining the best available price and most favorable execution (“best execution”) for each transaction. Some trades are made on a net basis where the client buys securities directly from a dealer, or sells them directly to a dealer. This is typical for certain equity securities traded in the over-the-counter market, and for most debt securities. In these transactions, there is no direct commission charged, but the dealer receives a “spread” which is the equivalent of a commission for engaging in the transaction.

From time to time, RCM AP may accept accounts for which it does not have full discretionary authority. For example, RCM AP may recommend purchases and sales of securities for such accounts, subject to the client’s approval, or RCM AP may provide only reporting and performance measurement services. If RCM AP makes a recommendation that is accepted by a non-discretionary client, that client may choose to execute the transaction itself, without RCM AP’s assistance. In that event, the non-discretionary client may seek to purchase or sell securities at the same time as RCM AP seeks to execute a purchase or sale of the same securities for its discretionary clients, to the potential disadvantage of both. Alternatively, the client may request RCM AP as an accommodation to place orders for the purchase or sale of the securities recommended and RCM AP may either be given the right to determine the executing broker-dealer or the client may direct that these transactions be effected through specified broker-dealers. As a result, the timing of the non-discretionary client’s transaction and price received may differ from that of RCM AP’s other clients because their transactions are typically executed after the transactions for fully discretionary accounts.

In addition, from time to time, RCM AP may accept private client accounts for which a broker-dealer serves as custodian. In these cases, the client may agree with the broker-dealer that some or all transactions for that account must be executed through that broker-dealer. In these circumstances, even though RCM AP has discretionary authority over the account, its authority to select the broker-dealer through whom transactions will be executed may be limited. As a result, RCM AP may not be in a position to ensure best execution of transactions for that client.

In selecting a broker or dealer for each specific transaction, RCM AP uses its best judgment to choose the broker or dealer most capable of providing the services necessary to obtain the best execution of that transaction. In seeking the best execution of each transaction, RCM AP evaluates a wide range of criteria, including any or all of the following:

- the broker’s commission rate
- promptness, reliability and quality of executions
- trading expertise
- positioning and distribution capabilities
- back office efficiency
- ability to handle difficult trades
- knowledge of other buyers and sellers
- ability to provide us with market-related information
- confidentiality
- capital strength and financial stability
- prior performance and responsiveness in serving us and our clients

RCM AP may also consider other factors affecting the overall benefit received by the client(s) in the transaction. RCM AP does not adhere to any rigid formula in seeking best execution.

When circumstances relating to a proposed transaction indicate, in RCM AP’s judgment, that a particular broker or dealer is in a position to obtain the best execution, the order is placed with that broker or dealer. This may or may not be a broker or dealer that has provided investment information and research

services to RCM AP. Subject to the requirement of seeking best execution, RCM AP may, in circumstances in which two or more brokers or dealers are in a position to offer comparable price and execution, give preference to a broker or dealer that has provided investment information and research services to RCM AP. In so doing, subject to applicable laws and regulations, RCM AP may effect securities transactions which cause a client to pay an amount of commission in excess of the amount of commission another broker would have charged. In selecting such broker or dealer, RCM AP will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services and research and investment information received, viewed in terms of either the specific transaction or RCM AP's overall responsibility to the accounts for which it exercises investment discretion. RCM AP regularly evaluates all commissions paid in order to ensure that the commission represents reasonable compensation for the brokerage and research services provided by such brokers.

Receiving research and brokerage services in exchange for soft dollars creates potential conflicts of interest for RCM AP, since RCM AP would otherwise have to produce the services, or pay for them from its own resources, allowing RCM AP to potentially reduce its costs. RCM AP may have an incentive to direct client trades to broker-dealers who provide these services to it. Sometimes, broker-dealers require a specific level of client commissions to provide research or brokerage services that RCM AP wants, and RCM AP may have an incentive to execute more trades through them, rather than through other broker-dealers that do not provide the services but who would otherwise provide comparable execution for a given trade. The services benefit RCM AP by allowing it, at no additional cost, (1) to supplement its own research, analysis and execution activities, (2) to receive the views and information of individuals and research staffs of other securities firms; (3) to gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors; and (4) to gain access to execution services of third-parties.

Under a safe harbor from the Securities Exchange Act of 1934, an investment adviser may cause clients to pay more than the execution-only commission rate in order to acquire certain research and brokerage services with the soft dollars generated by its client account transactions. RCM AP does enter into arrangements with brokers to acquire proprietary research, and the execution services of such brokers. RCM AP also has commission sharing arrangements to acquire the research and other services of third-party brokers and service providers. The above arrangements are sometimes referred to as soft dollar agreements or arrangements, and are always subject to RCM AP's fiduciary duty to act in its clients' best interest and to its obligation to achieve best execution of client transactions.

Any product and service RCM AP receives with soft dollars must where required fall within the safe harbor, and must provide lawful and appropriate assistance in carrying out its investment decision-making responsibilities. In some cases, RCM AP's affiliates have also entered into commission sharing arrangements whereby they have arrangements with a broker and the broker has arrangements with another party to provide them research, which (as noted above) is typically shared with RCM AP, effectively allowing RCM AP, subject to its best execution responsibilities, to obtain research from other parties.

RCM AP uses investment information and research services that it receives from broker-dealers to evaluate securities and to formulate investment recommendations for both discretionary and non-discretionary clients. Such information and services are used by RCM AP as part of its investment process to enhance portfolio return and to reduce trading costs, and are helpful to RCM AP in serving its clients. Among other things, RCM AP may receive research reports, oral advice, and data from brokers or dealers regarding particular companies, industries, or general market or economic conditions. Such investment information and research services also may include, among other things, information concerning regulatory developments and other developments that could affect the value of companies in which RCM AP has invested or may consider investing; attendance at meetings with corporate management personnel, industry experts, economists, government personnel, academicians and other financial analysts and journalists; consultation with scientific and technical experts concerning the viability and market potential of an issuer's products and services; accounting and tax law interpretations;

comparative issuer performance and evaluation and technical measurement services; subscription to publications that provide investment-related information; economic advice; execution or research measurement services; and software to assist RCM initiate and execute orders; market-related and survey data concerning the products and services of an issuer and its competitors or concerning a particular industry that are used in reports prepared by RCM's Grassrootssm Research group to enhance RCM AP's ability to analyze an issuer's financial condition and prospects; information from doctors concerning medical, technological and economic developments in medicine, health care, and related areas; and other services provided by recognized experts on investment matters of particular interest to RCM AP. In addition, services may include the use of or be delivered by computer systems whose hardware and/or software components may be provided to RCM AP as part of the services. Although RCM AP may not typically receive eligible brokerage services from brokers with soft dollars, RCM AP may do so if the product or service provides lawful and appropriate assistance to RCM AP in effecting securities transactions, in performing services incidental to the execution or otherwise as permitted by SEC rules and interpretations.

The investment information and research services that RCM AP receives from brokers or dealers is used by RCM AP's research analysts and portfolio managers to formulate recommendations for the purchase or sale of securities. These recommendations, as well as RCM AP's analysis and the investment information and research services used to formulate recommendations, may be made available to the Allianz Advisory Affiliates and all of RCM AP's clients (including non-US clients of RCM AP and the Allianz Advisory Affiliates) and is used by RCM AP in servicing all of its clients, and it is recognized that a particular account may be charged a commission paid to a broker or dealer who supplied research services not utilized by such account. In addition, non-discretionary clients for whom RCM AP does not place brokerage orders ordinarily will benefit from such investment information, even though such information was generated through commissions paid by other clients. This may also be true for clients who require RCM AP to direct all or a significant portion of their trades to one of a small number of broker-dealers. Private clients for whom a broker-dealer acts as custodian also will benefit from such research information, even though RCM AP may not receive investment information in connection with transactions executed for such private clients through that broker-dealer. However, RCM AP expects that each account will be benefited overall by such practice because each is receiving the benefit of research services and the execution of such transactions not otherwise available to it.

RCM AP has not made and will not make commitments to place orders with any particular broker or dealer or group of brokers or dealers, other than pursuant to client direction. Semi-annually, RCM AP projects the target percentage of commission dollars it expects to allocate to the brokers it uses over the course of the next period, pursuant to an internal allocation procedure that entails the vote of all portfolio managers and analysts as to the quality of research and investment information received from various brokers or dealers. No absolute dollar amounts are required to be met, and in no case will an order be placed if the broker or dealer is not able to provide best execution of a particular transaction. However, RCM AP does endeavor to direct sufficient orders to such brokers or dealers to ensure the continued receipt of research services that RCM AP believes are useful. A substantial portion of brokerage commissions are paid to brokers and dealers who supply investment information and research services to RCM AP.

In many cases, portfolio transactions may be executed in an aggregated transaction that includes concurrent authorizations to purchase or sell the same security for numerous accounts served by RCM AP, some of which accounts may have similar investment objectives. In addition, RCM AP will aggregate trades for certain proprietary accounts with trades for RCM AP clients, and RCM AP may coordinate the execution of transactions for its clients with execution for transactions for the clients of the Allianz Advisory Affiliates, as more fully described below.

RCM AP believes that, aggregation of transactions may enable it, on average and over time, to obtain enhanced execution and lower brokerage commissions (although there is no certainty that such

objectives will be achieved). Coordination of transactions among the clients of RCM AP and the Allianz Advisory Affiliates may have similar results.

As a result, RCM AP coordinates transactions for its clients on a regional basis with certain Allianz Advisory Affiliates and through an Allianz Advisory Affiliate Executing Office (“Executing Office”). This practice helps to minimize the possibility that clients of RCM AP and those of Allianz Advisory Affiliates (with whom research is shared) would compete in the marketplace by executing transactions in the same security during the same day.

Trading centers for some of the Allianz Advisory Affiliates, including RCM AP, have been established as follows:

<u>Executing Offices</u>	<u>Trading Region</u>
Hong Kong	Asia (including Japan)
Frankfurt	Europe (including the U.K.)
San Francisco	North and South America

When RCM AP or an Allianz Advisory Affiliate executes an order for a security that trades in a Trading Region noted above, the order is routed to the applicable Executing Office. The Executing Office generally will aggregate that order for execution along with any other order(s) it may have received for the same security from another Allianz Advisory Affiliate or any other AGI affiliate on behalf of which an Allianz Advisory Affiliate provides trading services.

One of RCM AP’s objectives in aggregating trades for its clients with each other and with clients of the Allianz Advisory Affiliates is to attempt to ensure that all clients are treated in a fair and equitable manner over time. To help achieve this objective, RCM AP has adopted written procedures for the aggregation of orders of advisory clients (the “Aggregation Procedures”). The Aggregation Procedures are designed to comply with all applicable legal and regulatory requirements. The Aggregation Procedures provide the procedures under which orders for one client account may be aggregated with other client accounts, including accounts that may be partially or entirely proprietary. In general, the Aggregation Procedures require all aggregated orders to be allocated to client accounts prior to the execution of the order. In certain circumstances, deviations from the original allocation instructions may occur after a trade has been executed to the extent that one or more clients are not advantaged or disadvantaged systematically. Although RCM AP uses its best efforts to ensure that all clients are treated fairly and equitably over time, there can be no assurance (and the Aggregation Procedures do not require) that any particular investment will be proportionally allocated among clients, or that the allocation process will achieve the same results for each client. Aggregated orders generally will be averaged as to price, with transaction costs shared *pro rata* based on each client’s participation in the transaction.

Although executing portfolio transactions in an aggregated transaction potentially could be either advantageous or detrimental to any one or more particular account, aggregated transactions will be effected only when RCM AP believes that to do so will be in the best interest of the affected accounts, and RCM AP has no obligation to aggregate orders into larger transactions.

In addition to the Aggregation Procedures, RCM AP has also adopted procedures intended to ensure that the allocation of shares received in an initial public offering (“IPO”) is done in a manner that is fair and equitable to all clients over time. Under these procedures, which apply to IPOs and secondary placement allocations, all clients whose investment profiles permit the holding of the stock must be offered the opportunity to participate. Where there is interest from multiple clients, RCM AP will pre-allocate orders based on the interest from portfolio managers of eligible accounts, and its procedures are designed to ensure that all relevant portfolio managers have been consulted concerning the potential opportunity. If RCM AP does not receive the full amount of its order in an IPO or secondary offering (known as a partial fill), orders will be allocated *pro rata* relative to the initial application, but rounding may apply in some instances. Clients that would not have received a material holding may not participate in the final

allocation. A non-material holding may be determined in accordance with its “small lots” policies. Under these policies, if RCM AP receives an allocation in an IPO or secondary offering that has been significantly scaled back (generally 10% or 20% or less of its aggregate subscription, or the portfolio position would be less than 10 basis points, depending on where the account is managed), a client may not participate in that allocation. Any allocation not taken up by a client will be re-allocated to other participating clients. Depending on the circumstances, where a number of portfolios remain eligible to participate, selection of remaining accounts to participate will be based on either rotational or *pro rata* principles. Compliance personnel will periodically review allocations, and the application of the “small lots” policies to ensure proper allocations in accordance with these policies. Exceptions to these policies must be fully documented.

Because each client has its own investment guidelines, objectives, and restrictions, a particular security may be bought for one or more clients at a time when one or more clients are selling the same security. In such cases, when RCM AP believes it is appropriate and in accordance with applicable law and regulations, RCM AP may effect third party agency cross transactions between two or more accounts. RCM AP believes that such transactions may benefit both accounts by effecting a transfer of securities from one account to another at a greatly reduced cost.

RCM AP regularly purchases securities for client accounts that are not listed on a securities exchange but that are traded in the over-the-counter market, and may also purchase listed securities in the third market (over-the-counter trades of exchange-listed securities) or fourth market (direct trades of securities between institutional investors without intermediation of a broker-dealer). Where transactions are executed in the over-the-counter market or third market, RCM AP will seek to deal with the primary market-makers; but when necessary in order to obtain the best price and execution, it will utilize the services of others. In all cases, RCM AP will attempt to secure best execution.

RCM AP will also place orders with brokerage firms pursuant to direction received from investment management or investment advisory clients (“directed brokerage”). Directed brokerage is typically arranged by a client as a method whereby the brokerage commissions serve as compensation to the broker for goods and services provided directly to the client in an agreement negotiated between the client and the broker. Alternatively, the client may seek to negotiate a particular commission rate with that broker, or may use the direction of brokerage to accomplish unrelated objectives (e.g., the direction of brokerage to minority-owned brokerage firms, or to brokerage firms located in the same geographic area as the client). Clients that direct brokerage may ask RCM AP to ensure that they continue to receive best execution of each transaction, or they may negotiate commission rates themselves. In addition, with respect to clients that are ERISA plans, by law, any direction by the plan sponsor must be in the best interests of, and for the exclusive benefit of, the plan participants, in order to procure goods and services on behalf of the plan for which the plan otherwise would be obligated to pay.

When a client asks RCM AP to direct trades to a particular broker-dealer, RCM AP ordinarily will seek to fulfill that request, subject to seeking best execution of each transaction. However, RCM AP may not be in a position to negotiate commission rates or spreads, or to select brokers or dealers on the basis of best price and execution. Moreover, the client may lose the possible advantage which non-designating clients can derive from the aggregation of orders for several clients in a single transaction. In this regard, orders for clients who direct trades may be executed after the orders for other RCM AP clients have been completed. As a result, directed brokerage transactions may result in higher commissions, greater spreads, or less favorable net prices than would be the case if RCM AP were authorized to choose the brokers or dealers through which to execute transactions for the client's account. In addition, accounts that direct brokerage may not be able to participate in certain allocations of IPOs.

RCM AP ordinarily limits the amount of brokerage that any client may direct to a percentage of the total brokerage generated by that client, except as described above. RCM AP uses two methods to satisfy client requests for directed brokerage. First, RCM AP may execute the trade on behalf of that client with the broker-dealer selected by the client, which may or may not be the broker-dealer used by RCM AP for

other trades in the same security during that period. Alternatively, RCM AP may use a “step-out” trade mechanism. A “step-out” trade occurs when the executing broker-dealer agrees to “step out” a portion of a bunched execution, and that “stepped-out” portion is cleared through the client directed broker-dealer. The client is assessed a commission only by the broker-dealer who clears the transaction. The executing broker-dealer receives compensation in the form of commission from the portion of the bunched execution that was not “stepped-out” to other brokers. “Step-out” trades will be executed so as to conform to the rules of the applicable exchange on which the trade occurs.

The use of “step-out” trades can, in some circumstances, help ensure that clients that seek to direct brokerage are not disadvantaged by the inability to participate in aggregated executions. However, “step-out” trades are an accommodation by the executing broker-dealer, and “step-out” trades will not be available in all circumstances to satisfy requests for directed brokerage.

RCM AP does not enter into agreements with, or make commitments to, broker-dealers that would bind RCM AP to compensate broker-dealers directly or indirectly for client referrals. However, subject to applicable laws, regulations and any particular client restriction, when one or more broker-dealer is considered by RCM AP to be capable of providing best execution with respect to a particular portfolio transaction, RCM AP may select a broker-dealer in recognition of the broker-dealer’s past referral of the particular client for whom the transaction is being executed, or of other clients, or in recognition of possible future referrals from the broker-dealer. This may create a conflict of interest. In doing so, unless otherwise specifically disclosed to the client, RCM AP will not pay higher commissions, concessions, or mark-ups than would otherwise be obtainable from broker-dealers that do not provide client referrals to RCM AP.

Should a trading error occur in a client account that was caused by RCM AP, RCM AP will seek to place the client in the same position that it would have been in had the error not occurred. In resolving any possible trading error, RCM AP’s fundamental policy is that our clients’ interests always come first. Errors may occur either in the investment decision making process (e.g., a decision may be to purchase a security or an amount of a security that violates the client’s investment restrictions), in the trading process (e.g., a buy order may be executed as a sell, or a security other than that which the portfolio manager ordered may be purchased or sold) or in the processing of a trade (e.g., in settling or booking a trade).

ITEM 13. REVIEW OF ACCOUNTS

RCM AP uses a team approach to investment management. The Equity Management Group has overall responsibility for economic overview, sector allocation, investment strategy, portfolio structure, and security selection for our equity portfolios.

Each team within equity management group is responsible for the establishment and implementation of equity investment strategies for their respective clients, subject to client investment objectives, guidelines and restrictions. Portfolio managers are assigned to every account at RCM AP and, within the team frameworks:

- set the cash equivalents policy in equity accounts (when given discretion) determine industry exposure based on macro-conclusions (“top down”) and RCM AP research analysis and valuation (“bottom up”)
- establish strategy through industry weightings and by sector exposure
- select individual securities

The members of each team make individual stock selections for their respective portfolios in consultation with other members of the team and the appropriate research analyst. They implement the placement of securities into individual portfolios. They direct the voting and the re-voting (at appropriate intervals) on

securities held in the portfolios, a process which includes the team members and the research analyst following the particular security.

In the event a buy or sell decision by one team is different than another team's decision, the situation is flagged for discussion in order to enable the portfolio managers to evaluate the results of their investment strategies and to benefit from peer group contribution. Several reports analyzing differences in the composition of each portfolio under management are prepared on a daily basis, and are analyzed on a monthly basis, by equity investment management personnel.

Each account is reviewed on a regular basis. In addition, all securities held in client portfolios are monitored continuously in order to determine whether changes are warranted. (See response to Item 8 above.)

Investment decisions for equity, fixed income and balanced accounts are made both on the basis of a "top down" and a "bottom up" analysis. Top down analysis draws on the assessments of the Portfolio Management Teams concerning such areas as the political climate, economic conditions and forecasts, popularity and business cycle analysis in order to develop strategy. Bottom up, security oriented analysis draws on our research valuation screens to determine which sectors, industries, stocks or bonds offer the most attractive risk-adjusted returns.

For a more detailed discussion of RCM AP's methods of security analysis and investment strategies, see responses to Item 8 above.

The Compliance Department is responsible for the monitoring and policing of personal dealing including the misuse of insider information for the benefit of individual employees or to the detriment of individual funds/clients. It monitors employees' transactions according to internal rules. In addition, it takes measures to prevent money-laundering. The Compliance Department is also responsible for monitoring adherence to client guidelines and contractual or regulatory constraints. A portfolio administration system monitors client portfolios.

REPORTS TO CLIENTS

Confirmations of transactions are issued if requested by the client on the day following execution to the broker and the client's custodian bank. These advices contain a complete breakdown of each transaction including principal amount, commission, taxes, etc. Transactions, cash positions, and market values are reconciled with the records of the client's custodian or trustee, as the case may be, on at least a monthly basis. Any significant differences are reported to management and resolved in an appropriate manner. Reports which detail reconciling items are made available, upon request, to the client and the custodian.

RCM AP issues comprehensive quarterly reports along with computerized appraisals, transaction summaries and performance data. Appraisals, transaction summaries and performance data are also available monthly, at the client's request.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

RCM AP has arrangements where it receives some economic benefit from a non-client, such as a broker-dealer, in connection with giving advice to clients. RCM AP may also, from time to time, enter into arrangements with certain affiliates. See response to Item 10 above.

RCM AP may, from time to time, compensate solicitors with respect to solicitation activities in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940 (the "Advisers Act"). Consequently, persons introducing new client accounts to RCM AP may receive a portion of the management fee generated by the account. The portion of the fee paid and the length of time for which such fee is paid will

vary on a case-by-case basis. Such compensation arrangements will be disclosed to RCM AP clients at the time of solicitation or referral as required by applicable law and regulations.

ITEM 15. CUSTODY

RCM AP does not take physical possession of client funds or securities. RCM AP may be seen to have custody of some client's accounts solely because the client authorizes us to deduct our fees directly from its accounts otherwise held by a qualified custodian. Clients who request or permit the direct deduction of our fees from their accounts should receive statements, at least quarterly, directly from the broker-dealer, bank or other qualified custodian that holds or maintains the client's investment assets. In these cases, RCM AP urges clients to carefully review those statements, where applicable, and compare those official custodial records to the account statements RCM AP may send to clients.

ITEM 16. INVESTMENT DISCRETION

Most clients give RCM AP full discretionary authority over assets under management. Such may be subject to any limitations or prohibitions imposed by a client in its investment objectives, guidelines, and restrictions, or in instructions otherwise provided to us by the client or, for subadvisory accounts, by the client's principal advisor. Before RCM AP exercises discretionary authority or invest for an account, clients generally enter into a written client agreement with RCM AP. See also Item 4 above.

ITEM 17. VOTING CLIENT SECURITIES

Proxy Voting Policies and Procedures

RCM AP typically votes proxies as part of its discretionary authority to manage accounts, unless our client has explicitly reserved the authority for itself. In cases where we have voting authority, we intend to vote such proxies in a manner consistent with the best interest of our clients. Proxy voting proposals are voted with regard to enhancing shareholder wealth and voting power.

RCM AP has adopted written Proxy Voting Guidelines and Procedures that are reasonably designed to ensure that voting and consent rights are exercised in the best interest of our clients. With respect to proxies related to securities held by RCM AP's clients, RCM AP has retained the services of Institutional Shareholder Services Inc. ("ISS") to analyze voting, make recommendations based on RCM AP's Proxy Guidelines, and provide assistance in the administrative process of proxy voting. A Proxy Committee, consisting of investment and operations personnel, is responsible for establishing our proxy voting policies and procedures. The Proxy Guidelines summarize our position on various issues, including issues of corporate governance and corporate actions, and give general indication as to how we will vote shares on such issues. Occasionally, there may be instances when we may not vote proxies in strict adherence to the Proxy Guidelines. To the extent that the Proxy Guidelines do not cover potential voting issues or a case arises of a material conflict between our interest and those of a client with respect to proxy voting, our Proxy Committee will convene to discuss the issues. In evaluating issues, the Proxy Committee may consider information from many sources, including our portfolio management team, our analyst responsible for monitoring the stock of the company at issue, management of a company presenting a proposal, shareholder groups, and independent proxy research services. In situations where the Proxy Guidelines do not give clear guidance on an issue, an analyst or portfolio manager and/or the Proxy Committee will review the issue. In the event that either the analyst or portfolio manager wishes to override the Proxy Guidelines, the proposal will be presented to the Proxy Committee for a final decision. Deviation from the Proxy Guidelines will be documented and maintained and where necessary in accordance with Rule 204-2 under the Investment Advisers Act of 1940.

In accordance with the Proxy Guidelines, RCM AP may review various criteria associated with voting proxies and evaluate the expected benefit to our clients when making an overall determination on how or whether to vote a proxy. In addition, RCM AP may refrain from voting a proxy under certain circumstances. These circumstances may include, but are not limited to: 1) proxy statements and ballots being written in a foreign language, 2) untimely notice of a shareholder meeting, 3) requirements to vote proxies in person, 4) restrictions on foreigner's ability to exercise votes, 5) requirements to provide local agents with power of attorney to facilitate the voting instructions. Such proxies are voted on a best-efforts basis.

Proxy voting in certain countries requires "share blocking." To vote proxies in such countries, shareholders must deposit their shares shortly before the date of the meeting with a designated depository and the shares are then restricted from being sold until the meeting has taken place and the shares are returned to the shareholders' custodian banks. Absent compelling reasons, RCM AP believes the benefit to its clients of exercising voting rights does not outweigh the effects of not being able to sell the shares. Therefore, if share blocking is required RCM AP generally abstains from voting.

RCM AP will not be able to vote securities on loan under securities lending arrangements into which RCM's clients have entered. However, under rare circumstances, for voting issues that may have a significant impact on the investment, and if the client holds a sufficient number of shares to have a material impact on the vote, we may request that clients recall securities that are on loan if we determine that the benefit of voting outweighs the costs and lost revenue to the client and the administrative burden of retrieving the securities.

Conflicts of Interest

RCM AP may have conflicts of interest that can affect how we vote our clients' proxies. For example, RCM AP or an affiliate may manage a pension plan whose management is sponsoring a proxy proposal. In the example, failure to vote in favor of management may harm our or our affiliate's relationship with the company. Given the value of the relationship to us or our affiliate a material conflict of interest may exist in this example even in the absence of efforts by management to persuade us how to vote. The Proxy Guidelines are designed to prevent material conflicts of interest from affecting the manner in which we vote our clients' proxies.

In order to ensure that all material conflicts of interest are addressed appropriately while carrying out our obligation to vote proxies, the Proxy Committee is responsible for addressing how RCM AP resolves such material conflicts of interest with our clients.

To obtain a copy of the Proxy Guidelines or to obtain information on how your account's securities were voted, please contact your relationship manager.

Class Action Policy

RCM AP generally does not advise or take any action on behalf of its clients in any legal proceedings, including class actions. A client's decision whether to participate in a securities class action lawsuit may involve facts and legal judgments that are beyond the scope of RCM AP's management of the account and expertise as an investment adviser. RCM AP therefore encourages clients to rely on legal counsel for advice on whether or not to participate in class actions. RCM AP does not file proof of claim forms for its clients. However, upon request, RCM AP will provide relevant records and information in its possession that may be necessary or useful to the client or its custodian to file claim forms or other legal documents. In such cases it is the client's responsibility to (i) ensure that the custodian is capable of filing, and has the proper authorization to file, proofs of claim on the client's behalf and (ii) determine whether to file a request for exclusion from a particular class action settlement and take the necessary

steps to do so. RCM AP is not responsible for a client's or custodian's failure to file claim forms or to request exclusion

ITEM 18. FINANCIAL INFORMATION

RCM AP does not require or solicit prepayment of any fees in advance. RCM AP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy petition in the past.

ITEM 19. PRIVACY NOTICE

RCM Asia Pacific Limited Privacy Notice

To Our Customers:

We value our customers and appreciate the trust you have placed in us. We understand that as our customers, you provide us with certain personal information, the privacy of which you entrust us with protecting. This notice describes how we handle your personal information and the important steps we take to protect your privacy.

Information We Collect About You:

In order to provide you with the highest quality of service, we may collect and maintain certain personal information about you. The types and categories of information we may collect about you includes: Information we receive from you to open an account or provide investment advice to you (such as your name, address, telephone number, taxpayer identification number and certain financial information); Information about your transactions with us; Information that we generate to service your account (such as trade tickets and account statements).

Our Privacy Policies and Practices:

We do not disclose non-public personal information to non-affiliated third parties, except as allowed by applicable law or regulation. However, in order for us to effect transactions that you request or authorize or to make you aware of related financial products and services that we offer, we may disclose the information we collect, as described above, to companies that perform brokerage, administrative and or marketing services on our behalf, such as brokers, transfer agents, custodians and distributors. These companies will use this information only for the services for which we hired them, and are not permitted to use or share this information for any other purpose.

Access to your non-public personal information is restricted to those persons who need access to that information to provide products or services to you. We maintain strict physical, electronic and procedural safeguards to protect unauthorized use of this information. We take seriously our commitment to protect your privacy and adhere to the policies and practices outlined above to both current and former customers.

To guard your non-public personal information we have implemented confidentiality agreements for employees and consultants and information technology firewalls which protect the information that exists on RCM AP's databases from being improperly accessed by non-affiliated third parties.