

FORM ADV

Uniform Application for Investment Adviser Registration

PART 2: Firm Brochure

Item 1 Cover Page

Name and Address of Investment Adviser:

AETNA ASSET ADVISORS, LLC

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Date of Brochure: August 2012

This brochure (this "Brochure") provides information about the qualifications and business practices of Aetna Asset Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us by telephone at (860) 273-2200 or email at nixonhj@aetna.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

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

Item 2 Material Changes

This is the first amendment to the brochure filing by Aetna Asset Advisors, LLC (“**AAA**” or “**the Firm**”) and it is an “other-than-annual amendment”. The only change made to this Brochure as part of this first amendment is as follows:

Item 15 is revised with respect to the manner in which the Firm complies with the custody rule, i.e., by having a member of the PCAOB conduct a surprise examination of the relevant accounts.

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Item 4 **Advisory Business**

AAA is a Delaware limited liability company, which has been in business since February 2008, and has one office in Hartford, Connecticut. The Firm is a wholly owned subsidiary of Aetna Financial Holdings, LLC, a Delaware limited liability company, which is wholly owned by Aetna Inc., a Pennsylvania corporation whose shares are publicly traded on the New York Stock Exchange.

AAA provides investment advice, both discretionary and non-discretionary, with respect to purchases of investment-grade securities, particularly in the short-term investment-grade market sectors, such as commercial paper and U.S. Treasury, agency, and corporate obligations. As is discussed below, AAA acts as a sub-adviser with discretionary trading authority with respect to three pooled investment vehicles advised by UBS Realty Investors LLC ("**UBS**"), whose focus is the real estate sector. The Firm also provides non-discretionary investment advice regarding short-term investments with respect to an additional single-investor fund focusing on the real estate sector, which also is advised by UBS (collectively with the pooled investment vehicles, the "**UBS Funds**"). With respect to the non-discretionary advice, AAA causes the cash assets of the single-investor fund to be invested in one or more money market mutual funds, as directed by UBS in its sole discretion, while monitoring the status of such investments and periodically making recommendations to UBS about alternative short-term investments for such assets.¹

In addition, AAA provides discretionary advice regarding short-term investments with respect to a statutory separate account ("**Separate Account**") of Aetna Life Insurance Company ("**ALIC**"), one of its affiliates, whose participants include various corporate and government pension plans, including the defined benefit pension plan for employees of its indirect parent, Aetna Inc. The Firm also provides discretionary advice regarding short-term investments for certain proprietary accounts of its affiliates.

AAA does not offer or participate in wrap fee programs.

As of December 31, 2011, AAA had client assets under management of \$773,301,000 on a discretionary basis (including the above-mentioned Separate Account) and \$7,402,000 on a non-discretionary basis.

Item 5 **Fees and Compensation**

AAA's management fees for the UBS Funds are billed to and payable by the UBS Funds quarterly in arrears and are not deducted from the UBS Funds' accounts. AAA does not charge any fees to the Separate Account; however, its affiliate receives a management fee from the Account's participants. Because AAA's clients are all "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended, AAA has elected not to provide information on its fees in this Brochure.

¹ For these purposes, "**short-term investments**" means publicly-traded fixed-income assets having two years or less to maturity.

With respect to UBS Fund expenses, AAA has engaged the services of a market pricing firm to provide pricing for the portions of the UBS Funds' portfolios for which AAA is a subadviser. The cost of these services is borne by the UBS Funds, whose accounts at the custodian are debited their pro-rata share monthly in arrears with the approval of UBS. Details about additional expenses that the UBS Funds and their investors may incur are disclosed in the offering and organizational documents provided to underlying investors in the UBS Funds.

With respect to the Separate Account, AAA's affiliate, ALIC, passes certain expenses, such as auditing fees and investment expenses, through to the Separate Account participants pursuant to its agreements with them.

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

Neither AAA nor any of its supervised persons accepts performance-based fees for managing client accounts.

Item 7 Types of Clients

AAA's clients consist of the UBS Funds and the Separate Account. All of the Firm's clients meet the criteria for a "qualified purchaser" under Section 2(a)(51) of the Investment Company Act.

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

A. Strategy and Analysis

The principal objectives of AAA's strategy are to maximize short-term investment returns while preserving capital by limiting risk exposure and to maintain adequate liquidity to meet daily cash flow needs. The Firm's focus is on investment-grade, short-term fixed income securities such as commercial paper and U.S. Treasury, agency, and corporate obligations. AAA builds the portfolios from the bottom up and makes decisions based on its views of the attractiveness of individual securities. The foundation is fundamental credit analysis of individual sectors and securities. AAA monitors the portfolios' concentration by industry and measures credit exposure by quality rating and days to maturity on a daily basis. Credit quality diversification based on guideline limits is a key part of AAA's risk management process. AAA strives to recommend the purchase of securities with maturities of less than one year from date of purchase.

B. General Risks

All investing involves risks, including the risk of a permanent loss of capital. AAA does not guarantee the future performance of a UBS Fund or any specific level of performance, the success of any investment decision or strategy that AAA may use, or the success of the overall management of the account. Clients should understand that investment decisions made for their accounts by AAA are subject to various market,

economic, political and business risks, and that those investment decisions will not always be profitable.

AAA monitors the overall risk position of its clients' portfolios using a portfolio management system. This system is updated daily, providing AAA's traders with detailed ratings quality, sector and subsector weights, days to maturity and foreign holdings information, which is analyzed in the context of the clients' investment guidelines and strategy.

C. Risks of Short-Term Investments

Clients should be prepared to bear the risk of loss that accompanies investing in securities. A client can lose money on the investments held in its account, or the account can underperform the market, its benchmark, or other investments for any reason including:

Issuer risk: Securities held in a client's account may decline in value because of changes in the financial condition of, or other events affecting, the issuers of these securities.

Management risk: AAA's opinion about the intrinsic worth of a company or security may be incorrect, AAA may not make timely purchases or sales of securities for the account, the account's investment objective may not be achieved, or the market may continue to undervalue the account's securities.

Market risk: Bond prices may decline over short or extended periods due to general market conditions.

Liquidity risk: AAA may not be able to purchase or sell a security at desired prices or achieve its desired weighting.

Interest rate risk: Fixed income security prices may decline due to rising interest rates. Fixed income securities with longer maturities are generally subject to potentially greater price volatility than obligations with shorter maturities.

Credit risk: A fixed income security's price may decline due to deterioration in the issuer's financial condition, or the issuer may fail to repay interest and/or principal in a timely manner.

Call risk: During periods of falling interest rates, issuers of callable bonds may repay securities with higher interest rates before maturity. This could cause an account to lose potential price appreciation and reinvest the proceeds at lower interest rates.

Mortgage and asset-backed securities risk: Early repayment of principal (e.g., prepayment of principal due to sale of the underlying property, refinancing, or foreclosure) of mortgage-related securities (or other callable securities) can expose an account to a potential loss of any premium to face value paid and to a lower rate of return upon reinvestment of principal. In addition, changes in the rate of prepayment also affect the price and price volatility of a mortgage-related

security. Securities issued by certain U.S. government sponsored enterprises (GSEs) (such as Fannie Mae, Freddie Mac, and the Federal Home Loan Banks) are not issued or guaranteed by the U.S. Treasury. In the event that these GSE's cannot meet their obligations, there can be no assurance that the U.S. government will (or will continue to) provide support, and an account's performance could be adversely impacted.

Dispersion Risk: Performance dispersion among client portfolios may result from differences in cash flows and client imposed restrictions.

Item 9 Disciplinary Information

AAA does not believe that there are any legal or disciplinary events that are material to a client's or prospective client's evaluation of AAA's advisory business or the integrity of AAA's management.

Item 10 Other Financial Industry Activities and Affiliations

AAA and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

AAA and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

AAA is an affiliate of Aetna Capital Management, LLC ("**ACM**"), an investment adviser registered with the SEC, which manages two funds of hedge funds. Certain senior employees of ACM also have control over AAA's management or policies and, thus, are treated as management persons of AAA. Similarly, certain AAA employees, including the Firm's Compliance Officer, are treated as "access persons" of ACM for purposes of its Code of Ethics. AAA does not provide any investment advisory services to clients of ACM, nor does ACM provide any investment advisory services to AAA's clients.

AAA has a number of insurance and holding company affiliates, as well as health management organization ("**HMO**") affiliates, which purchase and sell short-term investments for their portfolios. AAA provides discretionary investment advisory services with respect to short-term investments for such affiliates as well as AAA's clients. Because the same short-term investments may be suitable for both AAA's clients and its affiliates, AAA faces a potential conflict of interest in allocating short-term investments among its clients and its affiliates. AAA has addressed this potential conflict of interest by adopting a trade allocation policy under which it generally gives its clients priority in the trade allocation process. The Firm also periodically monitors its allocations on a post hoc basis.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

AAA has adopted a Code of Ethics (the "**Code**"). The Code incorporates the following general principles that all employees are expected to uphold:

- Employees must at all times place the interests of the Firm's clients first;
- All personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- Employees must not take any inappropriate advantage of their positions;
- Information concerning the identity of securities and financial circumstances of the Firm's clients and in the case of fund clients, the investors in those funds, must be kept confidential; and
- Independence in the investment decision-making process must be maintained at all times.

The Code also places restrictions on personal trades by certain employees, including (i) a requirement that they disclose their personal securities holdings and transactions to AAA on a periodic basis; (ii) a mandatory holding period; and (c) a requirement that, with certain exceptions, employees pre-clear personal securities transactions.

Clients and prospective clients may request a copy of the Code by contacting AAA at the address or telephone number listed on the first page of this document.

AAA, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for or may fall within the investment guidelines of AAA's clients. However, to the extent that a security or other instrument is either actually held by a client or is otherwise on an "approved list," certain employees of AAA may not acquire such security or instrument, nor may they dispose of such security or instrument except under limited circumstances.

AAA, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for AAA's clients. AAA has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including placing restrictions on personal trading in the Code, as described above.

Item 12 Brokerage Practices

AAA buys and sells fixed income securities through broker-dealers that make markets in the relevant fixed income securities or security types. As fixed income trades are typically executed on a net basis, the broker-dealers through whom the Firm executes

client trades generally do not charge explicit commissions or commission equivalents (meaning separately identifiable mark-ups and mark-downs in such transactions). Money market obligations may be transacted directly with the issuer. Underwritten offerings of intermediate and long-term debt securities may be purchased at a fixed price, including an amount of compensation to the underwriter.

When effecting a fixed income securities transaction in the secondary market, AAA generally will select broker-dealers who are deemed likely to provide best execution for the specific transaction based on certain factors. These factors may include, but are not limited to, market familiarity, integrity (ability to maintain confidentiality), history of competitive pricing, trade settlement capability, expertise, financial condition (credit risk) and reliability and willingness to commit capital.

There are occasions when it is neither practical nor feasible to solicit bids or offers from multiple broker-dealers. Such occasions may include, but are not limited to, those where the Firm (i) wants to participate in a new (primary) offering of an issue and is limited to purchasing the securities from the specific underwriter(s) that have been given the mandate to sell the securities by the issuer, (ii) seeks to purchase or sell securities with very specific characteristics and is limited in its selection of broker-dealers because there are few broker-dealers who are able to offer such securities for purchase or are willing to buy them, or (iii) seeks to minimize the market impact of a transaction.

AAA receives complimentary proprietary research from executing broker-dealers as part of its relationship with such firms. AAA does not currently intend to utilize soft dollars to obtain research or research-related services or non-research assistance or services.

AAA does not recommend, request or require that a client direct AAA to execute transactions through a specified broker-dealer.

Allocation and Aggregation

AAA's allocation process seeks to distribute investment and divestment opportunities on a fair and equitable basis among all eligible accounts with the accounts of AAA's clients receiving priority over the proprietary accounts of its affiliates. The amount of a particular opportunity that will be allocated to a particular account generally will be determined on the basis of the account's investment guidelines and objectives, available cash, and projected liquidity needs. In the event that there can only be a partial fill of the capacity of AAA's client accounts for a particular security, the security will be allocated *pro rata* among the accounts.

On a periodic basis, AAA conducts a review of a sample of its trade allocations in order to ascertain whether its policy is being appropriately implemented.

Orders for the same security generally will be aggregated by AAA, provided aggregation is in the best interest of the participating accounts or clients and is consistent with seeking best execution. It is typically more efficient and more advantageous to aggregate purchases (or sales) of short-term investments into larger blocks provided that round lots will be sought for each applicable client and/or account to minimize the likelihood of a

tail or odd lot if possible. Orders will not be aggregated if a trader determines that market conditions make it inappropriate for the security being purchased or sold.

Trade Error Policy

AAA's traders may on occasion experience errors with respect to trades made on behalf of the Firm's clients. Trade errors can result from a variety of situations, including for example, when the wrong security is purchased or sold or when the wrong amount is purchased or sold (e.g., \$100,000 of debt securities instead of \$1,000,000 are traded). AAA endeavors to detect trade errors prior to settlement and to correct them in an expeditious manner. Losses suffered by a client as a result of a trade error caused by AAA's gross negligence or willful misconduct will be borne by AAA. Client gains caused by trade errors will be credited to the affected client. Where AAA is responsible for bearing the loss resulting from a trade error, it will not offset that loss with gains from other trade errors unless the underlying transactions constitute a single trade. AAA will not correct a trade error made for one client by causing another client to buy or sell the securities.

Item 13 Review of Accounts

AAA periodically reviews the portions of its clients' portfolios for which AAA is responsible. A review of a specific investment in a client portfolio may be triggered by any unusual activity or special circumstances of which AAA becomes aware.

AAA prepares periodic reports/letters to provide to its clients, detailing the performance and composition of their short-term investments. As a general matter, such investment performance reports and letters are prepared and issued quarterly. Other reports, which may include yields, are delivered at least monthly.

Item 14 Client Referrals and Other Compensation

Neither AAA nor any related person directly or indirectly compensates any person for client referrals.

Item 15 Custody

AAA is deemed to have custody of its clients' funds, and hence is subject to SEC Rule 206(4)-2 ("**the custody rule**"), because either it or its related person has the authority to make transfers out of the relevant clients' bank accounts to third parties. With respect to the UBS Funds and the Separate Account, the Firm complies with the custody rule by: (i) having an accounting firm that is a member of the Public Company Accounting Oversight Board ("**PCAOB**") and is subject to inspection by the PCAOB conduct a surprise examination on an annual basis and periodically file Form ADV-E, as necessary; and (ii) ensuring that quarterly statements are sent by the qualified custodian(s) to the Funds and Separate Account.

Item 16 Investment Discretion

As is discussed in Item 4 above, AAA has discretionary authority to invest certain assets of the three multi-investor UBS Funds under a sub-advisory agreement with UBS. AAA does not have a power of attorney to act on behalf of any UBS Fund or UBS, but instead has been given investment discretion pursuant to the sub-advisory agreement. AAA's discretion is further constrained by the investment guidelines that form part of the sub-advisory agreement. The investment guidelines specify maturity, diversification, and credit-quality requirements for the portion of each UBS Fund portfolio for which AAA is responsible. The investment guidelines are reviewed annually with UBS, and were initially established following comprehensive discussions between UBS and AAA with respect to each UBS Fund's investment objective, the anticipated composition of each such UBS Fund's investment portfolio and the scope and appropriateness of the investment guidelines.

As is discussed in Item 4 above, AAA also provides non-discretionary services to a single-investor UBS Fund pursuant to a separate agreement.

In addition, subject to applicable investment guidelines, which specify maturity, diversification and credit-quality requirements, AAA has discretionary trading authority with respect to short-term investments for the Separate Account.

Item 17 Voting Client Securities

In compliance with Advisers Act Rule 206(4)-6, AAA has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives. AAA may take into account all relevant factors, as determined by AAA in its discretion, including: (i) the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, AAA may refrain from voting Proxies where AAA believes that voting would be inappropriate taking into consideration the cost of voting the Proxies and the anticipated benefit to the client. Conflicts of interest may arise between the interests of the clients on the one hand and AAA or its affiliates on the other hand. If AAA determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, AAA will vote in accordance with its Proxy voting policies and procedures. Clients may obtain a copy of AAA Proxy voting policies and its Proxy voting record upon request.

Item 18 Financial Information

AAA is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.