



FORM ADV PART 2A: FIRM BROCHURE

Macquarie Bank International Limited

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This brochure provides information about the qualifications and business practices of Macquarie Bank International Limited. If you have any questions about the contents of this brochure, please contact us at +44 [0] 20 3037 2100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Macquarie Bank International Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

Referring to Macquarie Bank International Limited as a registered investment adviser does not imply a certain level of skill or training of its officers.

Item 2: Material Changes

- This is the first brochure prepared by Macquarie Bank International Limited. It is prepared according to recently amended requirements and rules of the Securities and Exchange Commission ("SEC").

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Item 4: Advisory Business

A. Advisory Firm

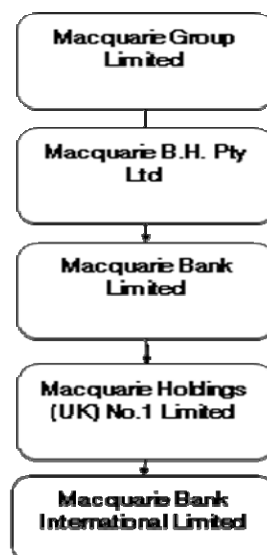
Macquarie Bank International Limited (“MBIL”), the registered investment advisor, was established on July 11, 2007 as a limited company. It is incorporated in the United Kingdom (“UK”).

It is a Bank, authorized by The Financial Services Authority in the UK, to conduct banking and financial services activity in the UK and cross border into other European Union member states. It has regulated branches in Germany and Austria.

MBIL conducts a range of financial services to institutional and corporate clients, including lending, broking and asset management services. MBIL manages investments across a diverse range of asset classes. Its advisory business operates within Macquarie Funds Group (“MFG”). MFG is one of the six operating groups within Macquarie Group Limited (“MGL”).

MBIL’s fund management team resides within Macquarie Investment Management (“MIM”), a division within MFG, and manages the full spectrum of fixed income and currency assets.

MBIL is a wholly-owned indirect subsidiary of Macquarie Bank Limited (“MBL”), an Australian banking institution. MBL is a wholly-owned indirect subsidiary of MGL, the ultimate parent of the Macquarie Group, a multi-national financial services company. Please note below for the holding structure of MBIL:



B. Advisory Services Provided

MBIL’s current advisory business is limited to the provision of portfolio management and investment advisory services to a small number of affiliated clients. MBIL’s services are provided across a number of asset classes, including:

- Credit Fixed Income
- Cash
- Currency

MBIL's services may be provided in connection with pooled funds, including pooled funds registered as investment companies under the Investment Company Act of 1940.

C. Tailored Advisory Services

Advisory services are tailored to the specific needs of the client. These arrangements, and any relevant restrictions, are outlined in the agreement entered into between MBIL and each client.

D. Wrap Fee Programs

MBIL does not participate in wrap fee programs.

E. Assets Under Management

MBIL provides continuous and regular advisory services to a portfolio of client assets. The amount of assets under management ("AUM") as of July 31, 2012 is US\$3,882,526,495.41, which is all managed on a discretionary basis.

Item 5: Fees and Compensation

A. Compensation

MBIL does not have a basic fee schedule. Fee rates are negotiable and may vary depending on a number of factors, including the size and nature of the mandate and the nature of the services provided. Fees may comprise management fees (either a fixed dollar amount or a percentage of gross or net assets under management) and performance fees. The specific fee arrangements, including the amount, timing, and basis of calculation is determined through negotiations with the client and documented in a written agreement.

B. Payment of Fees

The time at which fees are payable is negotiated with the client. In general, management fees are payable monthly or quarterly in arrears. Performance fees are payable on outperformance above an agreed benchmark, and may be subject to a high watermark. The written agreement with the client generally provides that the client may terminate the agreement under specific circumstances without the payment of any penalty, upon giving notice to MBIL.

C. Other fees

No additional fees are paid to MBIL by clients in connection with advisory services provided.

D. Payment of Fees in Advance

Clients are not permitted to pay fees in advance of advisory services being provided.

E. Compensation for Sale of Securities or Other Investment Products

Neither MBIL nor any of its supervised persons receives any compensation for the sale of securities or other investment products. All forms of compensation relating to MBIL's advisory business are outlined in Item 5.A.

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

MBIL does charge performance-based fees on certain of its accounts. MBIL access persons may manage accounts that are charged both a performance-based fee and accounts that are charged another type of fee.

As noted above, MBIL charges both performance-based fees and asset-based fees. Performance based fees have the potential to cause a conflict of interest by creating an incentive to favor accounts charging such fees over accounts charging asset-based fees. MBIL's Best Execution and Fair Allocation policies address such potential conflicts of interest by prohibiting the Portfolio Manager from unfairly favoring one account over another. These policies, which apply equally to accounts that charge asset-based fees and those that are charged performance-based fees, generally require allocations of investment opportunities and executions among similarly managed accounts to be made on a pro rata basis.

Item 7: Types of Clients

MBIL generally provides investment advisory services to the following types of clients:

- Pooled investment vehicles, including those registered as investment companies under the Investment Company Act of 1940;
- Pension and profit sharing plans; and
- Corporations/business entities.

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

A. Methods of Analysis and Investment Strategies

MBIL's security analysis methods include charting, fundamental and technical analysis. The main sources of information used by MBIL are financial newspapers and magazines, interviews of corporate officers and facilities tours, financial research reports and materials prepared by others, publications and ratings issued by corporate rating services, periodic and annual reports, prospectuses and other filings with the Securities and Exchange Commission and similar foreign organizations, company press releases and other publicly available information considered useful by MBIL. In addition to those sources enumerated, MBIL also utilizes various additional sources of information to evaluate the investment merits of particular investments, including private placement memoranda prepared by commercial and investment banks, independent credit analysis and market research prepared by banks and brokers, data and statistics published by various bodies and any other due diligence materials appropriate for the nature of the prospective investment.

B. & C. Risk of Loss

The following is an outline of the material risks associated with the significant investment strategies and methods of analysis used by MBIL. MBIL's risk management objective is to deliver risk/return outcomes in line with its clients' expectations.

Volatility risk - The price of an investment may go up and down by a material amount, even over a short period of time. Recently, markets have fallen and have become more volatile; indeed volatility in some markets is at very high levels. Investing in such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market.

Investment manager risk refers to the risk that MBIL's investment style will not achieve its risk and return objectives, or that it will produce returns that do not compare favourably against its peers or stated performance fee hurdle, or that MBIL will not implement the strategy correctly.

Concentration risk is the risk that poor performance in a group of stocks common to a particular region, industry, or other grouping, will significantly affect the performance of the investments or investment strategy recommended by MBIL.

Leverage risk arises due to a portfolio's ability to borrow or 'gear'. Gearing provides investors with an exposure greater than the value of their investment, potentially magnifying the gains or losses incurred by a portfolio. Accordingly, any event which adversely affects the value of an investment by a fund may be magnified to the extent a portfolio is leveraged or geared. The cumulative effect of the use of leverage by a fund in a market that moves adversely to a portfolio's investments could result in a substantial loss to a portfolio, which would be greater than if the investments were not leveraged. There is no guarantee that gearing will result in superior returns to the investor, nor that the value of an investor's holding in a portfolio will not decline as a result.

Basis risk arises when the terms and specifications of a derivative contract do not precisely match those of the asset being hedged. Mismatches typically relate to hedging stock-level equity exposures with market-level derivatives. Hedging can also reduce a fund's potential to profit from moves in the underlying asset being hedged.

Turnover risk is the risk that due to the active nature of the strategy of a portfolio, the turnover rate of a portfolio is expected to be substantial, and may involve correspondingly high transactional costs that are borne by the portfolio.

Foreign investment risk - This risk exposes the investments of a portfolio to a range of macroeconomic factors which are unique to the country of investment/operation, and may include factors such as political instability, differing tax or legal rulings and potentially rapid changes in asset prices (particularly for emerging economies).

Emerging market risk refers to the potential for the fund to invest in securities which are listed on the exchanges of emerging economies, as well as investing in companies which are located or have operations within such markets. Emerging markets are typically more volatile than developed markets and may expose a fund to issues such as heightened political unrest, sovereign intervention, securities whose valuations fluctuate widely and the potential for domestic economic management to impact on the viability of property-based operations within that market.

Currency hedging risk is the risk that currency hedging transactions do not completely remove the currency risk between the investments' underlying currency exposures and the currency in which the shareholder's shares are denominated. Currency hedging transactions will affect the returns of shares such that the shares do not perform in the same manner as if the investments were left unhedged.

Counterparty risk is the risk of loss due to a counterparty not honouring a financial commitment. Counterparties may include equity brokers, brokers of exchange traded futures, clearing brokers for exchange traded futures, foreign exchange counterparties, and swap counterparties. In particular, a Prime Broker may provide a fund with margin financing, clearing, settlement, stock borrowing, foreign exchange, custodial and broking services. Accordingly, a portfolio may have significant exposure to the credit worthiness of its Prime Broker and its affiliates.

Liquidity risk exists when particular investments are difficult to purchase or sell, preventing a fund from closing out its position or rebalancing within a timely period and at a fair price. While every effort is made for a fund to be able to meet all redemption requests, prevailing market conditions may result in the inability to meet all redemption requests when they are received.

Investment objective risk is the risk that an investor's objectives will not be met by their choice of investments. One measure of risk in an investment is the volatility of returns; the greater the volatility, the more likely that returns will differ from those expected. Investments in equity securities and derivatives are traditionally towards the higher end of the risk-return spectrum. This may lead to fluctuations in the unit price and/or amounts distributed to unit holders, including fluctuation over the period between a redemption request being made and the time of redemption.

Derivatives risk. Derivatives are leveraged instruments that are used to obtain or reduce market exposures. As the market value of derivatives is variable, gains or losses can be incurred and can be greater than positions in unleveraged instruments. A fund may utilize derivatives in order to achieve its investment objective.

Equities market risk. A portfolio is exposed to changes in the value of its investments due to equity market risk. This may result in volatility of the share price, and may also result in the loss of principal. Factors that drive changes in share prices include changing profitability of a company or the industry sector in which it participates, general economic cycles, volume of

share issuance, investor demand levels, business confidence and government and central bank policies.

Item 9: Disciplinary Information

A. Criminal or Civil Action

There are no such actions with respect to MBIL or any of its management persons.

B. Administrative Proceedings before a Regulatory Agency

There are no such proceedings with respect to MBIL or any of its management persons.

C. Proceedings before a Self-Regulatory Agency

There are no such proceedings with respect to MBIL or any of its management persons.

Item 10: Other Financial Industry Activity and Affiliations

A. & B. Other Registrations

MBIL is authorized by the UK Financial Services Authority to conduct a range of investment and banking activities. MBIL has regulated branches in Germany and Austria.

C. Affiliations

Broker-dealer, banking or thrift institution, other investment adviser, entity that creates or packages limited partnerships

Neither MBIL nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, a futures commission merchant, a commodity pool operator a commodity trading advisor, or a registered representative or associated person of the foregoing entities.

MBIL is part of MFG, a business division of the Macquarie Group. MFG's global investment advisory business comprises investment professionals located in Australia (operating through Macquarie Investment Management Limited, MQ Specialist Investment Management Limited and Macquarie Capital Investment Management (Australia) Ltd.), in the USA (operating through Macquarie Funds Management (USA) Inc., Macquarie Capital Investment Management LLC, Delaware Management Business Trust, Delaware Capital Management Advisers, Inc. and Four Corners Capital Management, LLC), in Hong Kong (operating through Macquarie Funds Management Hong Kong Limited).

MBIL's related parties include Delaware Distributors, L.P., a U.S registered broker-dealer and member of FINRA that may offer securities in the pooled investment vehicles that MBIL sponsors and/or advises.

Refer to Item 11 B., C. & D: Potential Conflicts of Interest, for a description of material conflicts potentially created by these relationships and how such conflicts are addressed by MBIL.

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

A. Code of Ethics

All officers, and employees of MBIL that carry out advisory activities are subject to the provisions contained in MBIL's Code of Ethics ("Code"), which includes a Personal Dealing Policy, Gift and Entertainment Policy, Conflict of Interest Policy and Code of Conduct Policy. These policies are designed to mitigate actual or potential conflicts of interest. The Code outlines MBIL's policies and procedures regarding standards of conduct, personal investment transactions, and handling of material, non-public information.

MBIL imposes restrictions on the ability of its employees and their supervised persons to invest in securities that may be recommended or traded in MBIL's client accounts. This policy currently applies to most securities transactions (including transactions in equity or debt securities, municipal bonds, exchange-traded securities, securities indices, derivatives of securities and similar instruments).

Pursuant to this policy, employees are required to pre-clear all of their personal securities transactions in securities that are not exempt from the policy. Employees must also receive prior approval before purchasing any securities in a private placement or pursuant to an initial public offering. Further, employees must receive prior approval to serve on a board of a publicly traded company or to engage in certain other outside activities that may conflict with MBIL's obligations to its clients.

Employees are subject to a minimum 14-day holding period between purchases and sales, or sales and purchases in the same securities.

Any employee who violates this policy may be subject to disciplinary actions, including possible dismissal. In addition, any securities transactions executed in violation of this policy, such as short-term trading or trading during blackout periods, may subject the employee to sanctions, ranging from warnings and trading privilege suspensions to financial penalties, including but not limited to, unwinding the trade and/or disgorging the profits as well as additional disciplinary action. Violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations.

If an employee possesses non-public price-sensitive information about or affecting a financial product, or the issuer of any financial product, that employee is prohibited from buying or selling such financial product, or advising or procuring any other person to buy or sell such financial product.

A copy of the Code will be provided to any client or prospective client upon request.

B., C. & D. Potential Conflicts of Interest

MBIL's ultimate parent is MGL, a multi-national financial services company. MBIL also conducts a number of financial services activities, as well as advisory services. Therefore, MBIL and its affiliates may provide, and/or may engage in commercial banking, insurance, brokerage, investment banking, financial advisory, broker-dealer activities (including sales and trading), hedge funds, real estate and private equity investing, in addition to the provision of investment management services to institutional and individual investors. Since MBIL, MGL, its affiliates, directors, officers, and employees (the "Macquarie Group") are engaged in businesses and have interests other than managing asset management accounts, such other activities may involve real, potential or apparent conflicts of interests. These interests and activities include potential advisory, transactional and financial activities and other interests in securities and companies that may be directly or indirectly purchased or sold by MBIL for its clients' advisory accounts. These are considerations of which advisory clients should be aware and which may cause conflicts that could be to the disadvantage of MBIL's advisory clients. Present and future activities of the Macquarie Group, in addition to those described herein, may also result in conflicts of interest that may be disadvantageous to MBIL's clients.

MBIL has established policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts and the Macquarie Group's businesses. It is MBIL's policy that its personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally without knowledge of the interests of proprietary trading and other operations of the Macquarie Group and/or personnel of the Macquarie Group. Where advisory personnel do know of conflicts or potential conflicts among advisory accounts or between advisory accounts and the Macquarie Group and/or personnel of the Macquarie Group, it is MBIL's policy to disclose the existence of such conflicts or potential conflicts in general form through this Form ADV or directly to clients.

MBIL (i) has related parties that may act as principal, broker or agent in connection with securities transactions with or for clients, (ii) may recommend that clients buy or sell securities in which MBIL or another affiliate has a financial interest, and (iii) may buy and sell for its own account securities that it recommends to clients.

MBIL may enter into arrangements with affiliates and third party service providers to perform various administrative, back-office and other services relating to client accounts. Such service providers may be located in the US or in non-US jurisdictions.

MBIL acts as a fiduciary with respect to its asset management activities and owes its clients a duty of undivided loyalty. As a fiduciary, MBIL is required to act solely in the best interests of the clients whose assets it manages. On occasion, other entities within the Macquarie Group may have engagements and responsibilities which could give the appearance of a conflict with MBIL's duty of loyalty. To minimize these conflicts, as a general matter, MBIL's employees associated with the investment process (including portfolio managers, research analysts and traders) have no contact with other employees of MBIL and the wider Macquarie Group outside of the Macquarie Funds Group (one of six operating groups within

Macquarie Group) regarding specific clients, business matters or initiatives, unless permissible by internal procedures, or approved by MBIL Compliance.

The Macquarie Group is a major participant in global financial markets and it acts as an investor, investment banker, investment manager, financier, advisor, market maker, trader, lender, agent and principal in the global fixed income, currency, equity and other markets in which MBIL's advisory accounts directly and indirectly invest. As permitted by, and in conformity with applicable laws and regulations, MBIL's advisory accounts will invest in, engage in transactions with, make voting decisions with respect to, or obtain services from entities for which the Macquarie Group performs or seeks to perform banking or other services. Additionally, it is likely that MBIL's advisory accounts will undertake transactions in securities in which the Macquarie Group makes a market or otherwise has direct or indirect interests. MBIL makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts. As noted below, however, certain activities of the Macquarie Group may have a negative or detrimental effect on advisory accounts of MBIL.

MBIL may take investment positions in securities in which other clients or related persons within MGL have different investment positions. There may be instances in which MBIL is purchasing or selling for its client accounts securities in which the Macquarie Group is undertaking the same or differing strategy. Prices, availability, liquidity and terms of the investments may be negatively impacted by the Macquarie Group's activities and the transactions for MBIL's clients may, as a result, be less favorable. The investment results for MBIL's clients may differ from the results achieved by the Macquarie Group and other clients of the Macquarie Group. In addition, results among MBIL clients may differ. For a summary of the restriction of the flow of certain information between MBIL and other parts of the Macquarie Group, please see "Information Barrier Walls" below. As noted, MBIL makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts, which are independent of what decisions may be made by or in other parts of the Macquarie Group.

The investment activities of the Macquarie Group may limit the investment opportunities for MBIL's client accounts. This may occur in certain regulated industries, private equity markets, emerging markets, and in certain futures and derivative transactions where restrictions may be imposed upon the aggregate amount of investment by affiliated investors. MBIL may voluntarily limit transactions for client accounts or limit the amount of voting securities purchased for client accounts, or waive voting rights for certain securities held in client accounts, which may limit positions, in order to avoid circumstances which, in the view of MBIL, would require aggregation of such client account positions with investments elsewhere in the Macquarie Group that would approach or exceed certain ownership thresholds.

MBIL may engage in security transactions with brokers who coincidentally sell shares of registered investment companies advised by MBIL, provided that it reasonably believes that the broker will provide best execution. There are no quid pro quo arrangements or agreements in place with these brokers. However, trading with these brokers may raise the appearance of a conflict of interest.

MGL may from time to time in its sole discretion invest in one or more MBIL client accounts with no obligation to invest in any or all MBIL client accounts. MGL may also engage MBIL to manage proprietary money in accounts or funds that are separate from MBIL client accounts ("MGL proprietary accounts"). MBIL may buy, sell, or hold securities or other instruments for MGL proprietary accounts while entering into different investment decisions for one or more client accounts.

Information Barrier Walls

The Macquarie Group may come into possession of confidential, material non-public information particularly in connection with its commercial and investment banking activities. The Macquarie Group, including MBIL, has internal procedures in place intended to limit the potential flow of any such non-public information. Should MBIL come into possession of material, non-public information, MBIL has procedures that prohibit trading activities based on such information by MBIL for its clients and by MBIL employees. MBIL may not use material, non-public information obtained from any division of the Macquarie Group when making investment decisions for its clients. As a result of these procedures and prohibitions, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts. There may be instances where members of MBIL's senior management who are not involved in the investment process may be privy to material, non-public information about transactions or securities due to discussions with senior personnel from other departments within the Macquarie Group. However, when in possession of material, non-public information, such members of senior management may not participate or use that information to influence trading decisions or securities; nor may they pass that information along to personnel within MBIL involved in the investment process (e.g. portfolio managers, research analysts and traders).

There may also be periods during which MBIL may not initiate or recommend certain types of transactions, or may otherwise restrict or limit its advice given to clients in certain securities issued by or related to companies that the Macquarie Group is performing banking or other services, or companies in which the Macquarie Group has a proprietary position. As a result, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts.

Trading with an Affiliate/New Issues

Currently, the only compensation received by MBIL for effecting securities transactions for clients is its advisory fees. Related persons of MBIL may receive brokerage commissions, commission equivalents, spread and other fees in connection with brokerage services provided. See Item 12 for more details. MBIL may purchase, on behalf of its clients, securities in which an affiliate of MBIL serves as lead underwriter or co-manager of an underwriting syndicate or member of an underwriting syndicate. In these cases, the purchase is generally made from a party unaffiliated with MBIL, but MBIL's affiliate may nevertheless benefit from such

transactions, including in circumstances where the syndicate of which MBIL's affiliate is a member is experiencing difficulty in effectuating the distribution of the new issues.

While MBIL acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest, even though the transactions are effectuated in compliance with applicable regulations (see "Agency Transactions" below). MBIL may have a potentially conflicting division of responsibilities to both parties to a cross transaction. Additionally, regulatory requirements applicable to MBIL's related persons may restrict MBIL from investing in certain securities for its clients. This may affect potential returns on clients' accounts and a client not advised by MBIL may not be subject to some of these restrictions.

MBIL clients may utilize custodians unaffiliated with MBIL and such custodians may, in turn, hire affiliates of MBIL as sub-custodians in certain jurisdictions. In such circumstances, MBIL affiliates may effect certain transactions on behalf of MBIL clients (e.g. foreign exchange transactions, corporate actions). These circumstances may give rise to the appearance of conflicts of interest. MBIL has developed policies and procedures to monitor such circumstances. In the event a MBIL client hires its own custodian, MBIL will work with such client to avoid conflicts of interest in connection with its custodian engaging MBIL affiliates as sub-custodians.

Agency Transactions

MBIL is a related person of various broker-dealers through which it may effect agency transactions. MBIL has procedures reasonably designed to ensure that agency transactions executed with these related broker-dealers acting as agent comply with applicable law and regulations. If any client portfolio transaction is executed with related broker-dealers, the broker-dealers may charge a commission in connection with these transactions; however, the commissions do not exceed the usual and customary commission that the broker-dealers would charge their own customers. As a general matter, MBIL can execute agency transactions on behalf of clients with related broker-dealers only if MBIL has determined in good faith that the client will receive best execution in the transaction, and only in compliance with applicable law and regulations, MBIL's policies and procedures, and in accordance with the consent of clients to these kinds of transactions. Executing transactions with affiliates of MBIL presents conflicts of interest, including that MBIL affiliates will earn fees with regard to such transactions.

Proprietary Account Trading

In accordance with the Macquarie Group's policy, MBIL may invest and manage proprietary capital in certain products and strategies also managed by MBIL for clients; these investments may be hedged against market risk, while client assets may not be so hedged. The portfolio management and trading of the proprietary capital investment as well as any associated hedge activity is undertaken in accordance with MBIL policies and procedures. Proprietary capital may not perform the same as similarly managed client accounts for a variety of reasons, including regulatory restrictions on the type and amount of securities in which the proprietary capital may be invested, differential credit and financing terms, as well as any hedging

transactions. While MBIL acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest.

MBIL maintains various policies regarding Code of Conduct, Personal Dealing, Gifts and Entertainment, Personal Conflicts of Interest and Conflicts of Interest generally that are designed to mitigate actual or potential conflicts of interest. Copies of these policies are available upon request.

MBIL imposes restrictions on the ability of its employees and their supervised persons to invest in securities that may be recommended or traded in MBIL's client accounts. This policy currently applies to most securities transactions (including transactions in equity or debt securities, municipal bonds, exchange-traded securities, securities indices, derivatives of securities and similar instruments) and mutual fund transactions (including transactions in closed end mutual funds, excluding money market funds and other mutual funds specifically designed for short-term investment).

Pursuant to this policy, employees are required to pre-clear all of their personal securities transactions in securities that are not exempt from the policy. Employees must also receive prior approval before purchasing any securities in a private placement or pursuant to an initial public offering. Further, employees must receive prior approval to serve on a board of a publicly traded company or to engage in certain other outside activities that may conflict with MBIL's obligations to its clients.

Item 12: Brokerage Practices

Selection of Broker-dealers

MBIL's ability to determine the securities bought and sold as well as the amount bought and sold is limited by the investment objectives of the client and the diversification and other requirements of the mandate agreed with the client and documented in the client agreement. If and when selecting brokers and dealers to execute transactions, MBIL will consider several different factors, including, among others, a broker's and dealer's quality of execution (for example, accurate and timely execution, clearance and error/dispute resolution); reputation, financial strength and stability of the party; ability to execute block trading and block positioning capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; overall costs of a trade (net price paid or received); nature of the security and the available market makers; desired timing of the transaction and size of trade; confidentiality of trading activity; market intelligence regarding trading activity and the value of research and brokerage services provided. Consistent with MBIL's policy to seek best execution, there may be occasions where MBIL uses a broker or dealer that charges a higher transaction price if MBIL determines in good faith that the amount of such cost is reasonable in relation to the value of the product and/or service provided by the executing broker. As a result of considering these multiple factors, MBIL may pay a broker or dealer a higher transaction price than the amount that would be charged by another broker and dealer to execute the same transaction.

The services furnished by a broker may benefit MBIL in rendering investment advisory services to all of its clients. MBIL may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage or research services provided by the broker. MBIL and its employees may incur expenses for certain items, which may include, but are not limited to, travel and related expenses, meals and related expenses, voice and data telephone lines and other telecommunications and electronic infrastructure (including dedicated high speed and/or broadband lines), cellular phones, pagers, computer hardware and software, news and quotation equipment and services, electronic office equipment, record keeping and clerical services, custodial services, financial publications, rent and maintenance fees, utilities, furnishings, insurance dues, educational and training meetings or seminars, professional fees, local taxes, filing fees, economic consulting services and other business expenses, in addition to research products or services, that will be paid for using "soft dollars." Such use may fall outside of the safe harbour for soft dollars under Section 28(e) of the U.S. Securities Exchange Act of 1934. In addition, MBIL may be reimbursed by a broker pursuant to a soft dollar arrangement for expenses that have been incurred, or may in the future be incurred, for any of the aforementioned items acquired on behalf of the client.

Client Referrals

MBIL does not engage in broker referral activities, but has related persons that do engage in these activities.

Directed Brokerage

Clients may direct MBIL to use specific broker-dealers. If a client directs MBIL to use a specific broker-dealer, it may lose any discounts that MBIL may negotiate on aggregated transactions, it may pay higher transaction costs or brokerage commissions and MBIL may be unable to achieve the most favourable execution. Directing MBIL to use a particular broker dealer might also affect the timing of a client's transaction. There may be times when MBIL may not trade with a client's directed broker-dealer until all non-directed brokerage orders are completed.

Item 13: Review of Accounts

Fixed Income Accounts

All our portfolios are monitored on a daily basis by an independent risk and compliance team. Every portfolio and funds are managed based on their own specific risk guidelines and limits, and our independent teams ensure the portfolios are managed within their stated investment guidelines.

In regard to portfolio reporting, in some instances the clients receive daily performance, NAV's and portfolio listings, but typically this information is provided monthly. Portfolio reports detailing items, such as performance, attribution and market review are distributed at least quarterly, but more often monthly.

Item 14: Client Referrals and Other Compensation

A. Other Compensation

MBIL does not receive any economic benefit from anyone who is not a client in relation to the provision of investment advisory services to its clients.

B. Compensation for Client Referrals

MBIL does not pay fees for client referrals.

Item 15: Custody

MBIL does not currently maintain custody of any client assets. However MBIL's affiliated entity is providing custodial services.

Item 16: Investment Discretion

Generally, MBIL is retained on a discretionary basis and authorized to make the determinations in accordance with clients' specified investment objectives without client consultation or consent before a transaction is effected.

Before assuming discretionary authority, MBIL requires a client to enter into a written investment management agreement with MBIL. Any limitations on MBIL's discretion in the case of a particular client will be agreed in advance and set forth in the investment management agreement between MBIL and such client. For registered investment companies, MBIL's authority to trade may also be limited by certain federal securities and tax laws.

Item 17: Voting Client Securities

In accordance with SEC requirements, MBIL has adopted proxy voting policies and procedures contained in its Proxy Voting Policy (the "Policy") to address how MBIL will vote proxies, if applicable, for its clients. The Policy seeks to ensure that, if applicable, MBIL votes proxies (or similar instruments) in the best interest of its clients, including when there may be material conflicts of interest in voting proxies. For this purpose, "best interest" means in the best economic interest of each client or account and its shareholders, as investors, without regard to any self-interest which MBIL, its management or affiliates might have in a particular voting matter or any interest which its clients' shareholders may have other than their economic interest, in common, as investors.

Clients may obtain a copy of MBIL's Proxy Voting Policy, or, if applicable, information regarding how MBIL voted proxies, upon request.

Item 18: Financial Information

A. Balance Sheet

MBIL does not permit prepayment of fees. As such, it is not required to provide a balance sheet for the most recent fiscal year.

B. Financial Conditions

MBIL does not have custody of client funds or securities, nor does it permit prepayment of fees. MBIL is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to its clients.

C. Bankruptcy

MBIL has never been the subject of a bankruptcy petition.