

# ING Investment Management (UK) Limited

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This brochure provides information about the qualifications and business practices of ING Investment Management (UK) Limited ("IIM UK"). If you have any questions about the contents of this brochure, please contact IIM UK's Legal department at (212) 309-8200. 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. IIM UK is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about IIM UK also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. IIM UK's CRD number is 159442.

In order to make it easy for clients to receive and retain the brochure in the most timely and efficient manner possible, as well as to save needless waste and expense, whenever possible IIM UK would like to provide the brochure to clients electronically. If you would like or would be willing to receive the brochure via email or similar electronic means in the future, please contact your IIM UK representative.

## ITEM 2

### Material Changes

On July 28, 2010, the SEC published "Amendments to Form ADV" which amend the disclosure document that investment advisers provide to clients as required by SEC rules. This brochure is a new document prepared according to the SEC's new requirements and rules. 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.

In the past, firms have offered or delivered information about their qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year, which is December 31. We may further provide other ongoing disclosure information about material changes as necessary.

Upon your request, we will further provide you with a new brochure, at any time, without charge.

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#### ITEM 4

## Advisory Business

IIM UK is a wholly-owned subsidiary of ING Investment Management Co. LLC, which in turn is a wholly-owned subsidiary of ING Investment Management LLC (a registered investment adviser), which in turn is a wholly-owned subsidiary of Lion Connecticut Holdings Inc., which in turn is a wholly-owned subsidiary of ING U.S., Inc., which in turn is majority-owned by ING Groep N.V., and partially publicly-owned. ING Groep N.V. is publicly owned, headquartered in Amsterdam, The Netherlands.

IIM UK began business as an investment adviser on January 1, 2012. IIM UK may serve as adviser and sub-adviser to a variety of investment vehicles, including but not limited to separately managed accounts, hedge funds, collective trusts, structured finance vehicles, registered investment companies (open-end mutual funds and closed-end funds), UCITS funds, UCI funds and SICAVs. IIM UK's advisory services may include the management of portfolios of floating and fixed rate debt instruments, including, without limitation, secured and unsecured senior loans, secured and unsecured senior floating rate notes, secured or unsecured fixed rate notes, secured and unsecured senior floating rate bonds and other senior floating rate debentures, as well as certain derivatives such as credit default swaps, total return swaps, repurchase and reverse repurchase agreements, structured finance obligations, and credit linked notes, all of whose underlying reference obligation is one of the foregoing senior debt obligations. Such instruments may be rated below investment grade quality or, if not rated, of equivalent credit quality.

IIM UK will tailor its advisory services and investment guidelines to the individual needs of clients for separately managed accounts. In addition, separately managed account clients generally may impose their own investment restrictions. The types of financial instruments that may be used are outlined in an agreement entered into between IIM UK and the client. For mutual funds, hedge funds and other collective investment vehicles, the types of financial instruments that may be used are generally set forth in the prospectus or other applicable offering document.

IIM UK's ultimate parent entity—ING Groep N.V.—has developed the ING Defence policy which restricts investments in certain firms involved in certain aspects of the defense or weapons industry. This policy may be implemented at a separately managed account client's discretion. (For some clients, imposing these types of investment restrictions may not comply with applicable law.) Additional information about this policy can be obtained from IIM UK upon request. IIM UK is also happy to work with clients on implementing their own policies of this nature.

The majority of assets managed by IIM UK are discretionary in nature, although from time-to-time non-discretionary mandates may be accepted. As of March 28, 2013, IIM UK managed approximately \$59,000,000 in discretionary assets and none in non-discretionary assets.

### OTHER ADVICE

Pursuant to written agreements, IIM UK may provide recommendations and investment advice regarding investment strategies to affiliated and unaffiliated entities. The investment advice may include model portfolio holdings and/or weightings and other information regarding the construction and maintenance of portfolios, which may be used by these entities in the management of their own or their clients' assets. IIM UK may (but need not) delay communicating information regarding the composition of model portfolios or any updates thereto until after IIM UK advisory accounts have commenced or completed trading in the same or similar securities. As a result, trades ultimately placed using the IIM UK model portfolio may be subject to price movements, particularly with large orders or where the securities are thinly traded, that may result in model portfolio accounts receiving prices that are less favorable than the prices obtained for certain IIM UK advisory accounts. It is also possible that these entities who make execution decisions for model portfolio accounts may act upon such recommendations before certain IIM UK advisory accounts have commenced trading based on such recommendations, in which case, particularly with respect to large orders or orders involving thinly traded securities, such IIM UK advisory accounts may receive prices that are less favorable than the prices obtained for certain model portfolio accounts.

### INVESTMENT AUTHORITY

Subject to any written guidelines which the client may provide, IIM UK will normally have complete discretion and authority to manage client accounts. IIM UK, as the client's agent and attorney-in-fact, generally holds a limited power of attorney to act without prior consultation. Accordingly, IIM UK is generally authorized to perform various functions, at the client's expense, without further approval from a client, except as required by law, including: (a) to make all investment decisions; (b) to buy, sell, and otherwise trade in securities and other investments; (c) to issue instructions to the custodian for operational matters of the account for such items as tender offers and reorganizations; (d) to select brokers or dealers to execute securities transactions; and (e) to vote proxies and make similar decisions, except that as a general matter, a fund's or account's custodian (rather than IIM UK) is responsible for filing class action claims and, with certain exceptions, IIM UK will generally not commence or pursue litigation on behalf of clients or separately managed accounts. With respect to many clients, IIM UK may enter into swaps and other derivatives and may execute ancillary documents on their behalf. In certain instances, IIM UK may enter into non-discretionary arrangements with its clients where IIM UK obtains client approval prior to execution of a trade or provides the client with investment recommendations which the client, in its sole discretion, may implement.

In some situations, IIM UK and/or its affiliates may provide administrative, trading, marketing and other support services for affiliated or unaffiliated entities, where the entities are responsible for making portfolio management decisions. As one example, IIM UK or an affiliate may provide trading desk, research

or similar support services for affiliated or unaffiliated investment advisers. IIM UK may enter into outsourcing arrangements with other financial institutions.

#### ITEM 5

### Fees and Compensation

#### GENERAL FEE STRUCTURE

Generally investment advisory and management fees are calculated as a percentage of assets under management and are typically payable quarterly in arrears based on the quarter-end market value, although clients may also agree upon other billing arrangements. In addition to investment advisory and management fees, funds and accounts may also bear other types of expenses, such as custody and audit fees, rating agency fees, hedging agent fees, legal fees, commissions and transaction costs. (Brokerage expenses and related trading costs are discussed more fully in Item 12.)

IIM UK may be compensated under performance-based fee arrangements in compliance with Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act"), usually based in part on the relative performance of an account when compared to an independent benchmark, but potentially on other bases as well. IIM UK may also be compensated through fixed fee arrangements.

IIM UK's standard fee schedule for principal investment advisory services shall generally range from .1% to 1.00% based on strategy, account size and client service arrangements.

Mutual Funds, UCITS Funds, and Other Funds: The fees for mutual funds, private funds, commingled funds and other funds or accounts are set forth more fully in the particular fund's prospectus or other applicable offering documents or in the account's investment advisory agreement. More complete information concerning each such registered fund, including advisory and sub-advisory fees, is disclosed in the prospectus and statement of additional information of these affiliated and unaffiliated funds. For its services as a sub-adviser to registered investment companies and UCITS funds, IIM UK would receive a sub-advisory fee as set forth in the prospectuses and/or applicable offering documents for the respective investment companies and UCITS funds. With respect to private funds, generally, investment advisory and management fees are .5% to 1.5% of assets under management, payable quarterly in arrears and performance fees, generally 10% to 50% of annual appreciation and, in compliance with Rule 205-3 under the Advisers Act, may be charged to certain funds desiring a particular style of management and to certain of the managed accounts. IIM UK may receive a portion of such fees for sub-advisory services.

#### TERMINATION OF ADVISORY AGREEMENTS

Investment advisory agreements between IIM UK and the client may generally be terminated by either party, pursuant to the notice requirements specified in the investment management agreements which are generally equal to thirty days or less. In the event of termination, IIM UK may be entitled to the prorated portion of the earned fee, generally inclusive of any notice period. Refunds will not typically apply as fees are generally paid

in arrears, based on the size of the account on the last day of the preceding quarter. The billing for each period in general will be adjusted for additional significant contributions or withdrawals.

#### VALUATION AND PRICING

Unless provided for otherwise in the investment advisory agreement or other applicable document, standard pricing services and/or methodologies may be used to determine the market value of the account. In this regard, IIM UK may use and rely on various services from external vendors for information such as pricing, ratings, type of security (e.g., Rule 144A) and other relevant factors. While these vendors are generally reliable, from time to time the information they provide may be inaccurate or stale; this may impact the pricing or categorization of client portfolio holdings.

IIM UK may invest in securities or instruments on behalf of its clients that have no trading market or are otherwise difficult to value, in which case IIM UK may need to determine a price for a portfolio holding using "fair value" pricing methodologies. In these situations, IIM UK will elicit input from a number of external or internal sources (e.g., "matrix pricing" or other pricing services, portfolio managers, finance, etc.) and determine what it believes to be a representative or "fair" price for the holding. For some investments there may be only one counterparty or broker that can provide a reliable price quotation. For these types of securities, IIM UK may determine which counterparty or broker it believes will provide the most reliable price quotations. These determinations may involve a significant amount of judgment and in some cases may differ substantially from prices that are ultimately realized in a transaction. In addition, where different accounts or funds are governed by different pricing policies and/or have different custodians, it is possible that the same security or instrument could be assigned different valuations.

#### ITEM 6

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

#### PERFORMANCE-BASED FEES

IIM UK may be compensated under performance-based fee arrangements in compliance with Rule 205-3 under the Advisers Act, usually based in part on the relative performance of an account when compared to an independent benchmark, but potentially on other bases as well. Such fees are subject to individualized negotiation with each such client. Portfolio managers of IIM UK may manage accounts with performance-based fee arrangements and accounts that do not have such an arrangement. The potential conflicts of interest in these situations could, in theory, incentivize a manager to favor certain funds or accounts over others with respect to allocations and/or trading activities. However, in order to monitor and address these potential conflicts, IIM UK has implemented various processes and procedures, including allocation policies. These processes and procedures are designed to ensure that all funds and accounts are treated fairly, that any short sales are conducted in an appropriate manner, and that allocations of offerings or investment opportunities among funds and accounts are equitable.

## ALLOCATIONS AND RELATED MATTERS

Although IIM UK seeks to allocate investment opportunities in a manner that it believes to be in the best interest of all its funds and accounts, there can be no assurance that a particular investment opportunity will be allocated in any particular manner. Among the factors that can impact allocation and investment decisions across funds or accounts are differing investment strategies and objectives, account restrictions, risk parameters, cash flows, liquidity needs, tax considerations and other factors. In general, allocations of new issues may be made on the basis of pre-established criteria across those eligible accounts or funds seeking to purchase the securities and for which the securities are appropriate and suitable.

## SIDE-BY-SIDE TRADING

Portfolio managers of IIM UK or its affiliates may manage proprietary accounts and private funds, as well as other accounts or funds that follow essentially a “long only” strategy. In these situations, there may be a number of potential conflicts of interest as a result of various factors, including that: (i) IIM UK and/or its affiliates and the portfolio managers may have substantial investments in the proprietary accounts or private funds; (ii) the management fee for a private fund may be higher than for other products and funds; and (iii) IIM UK or its affiliates will also typically receive an incentive fee from the private funds based on their performance. Further, the proprietary accounts and private funds will often have significantly greater flexibility in investment guidelines, selling securities short, incurring leverage and using derivatives. In addition, the investment mandates and investment guidelines for the various funds and accounts may differ significantly. For example, many “long only” accounts may have an investment mandate to be fully invested, whereas the investment guidelines for a proprietary account or private fund are generally far more flexible. Finally, IIM UK does not devote its full time to the management of any account and devotes such time and attention to any account as it, in its sole discretion, deems necessary for the management of such account.

As with performance fees, the potential conflicts of interest in these situations could, in theory, incentivize a manager to favor certain funds or accounts over others with respect to allocations and/or trading activities. However, in order to monitor and address these potential conflicts, IIM UK and its affiliates have implemented various processes and procedures, including a Conflicts Committee. These processes and procedures are designed to ensure that all funds and accounts are treated fairly, that any short sales are conducted in an appropriate manner, and that allocations of offerings or investment opportunities among funds and accounts are equitable.

## ITEM 7

### Types of Clients

IIM UK may provide investment management services to a wide range of clients and funds, including individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, registered UCIs, CLOs, mutual funds, private investment funds, commingled trust funds, trust programs, sovereign funds, foreign funds such as UCITS and SICAVs, and other U.S. and international institutions.

IIM UK may provide advisory services for individual institutional client portfolios. Generally, the minimum size for opening and maintaining separately managed institutional senior loan portfolios ranges from \$50 million to \$100 million depending upon the specific investment strategy.

Common and collective (pooled) structures maintained by ING Investment Trust Co., a subsidiary of IIM UK's parent company, ING Investment Management Co. LLC, may be available to certain accounts that do not meet the minimum asset size required by IIM UK for a separately managed account or that otherwise desire to invest in these structures. IIM UK reserves the right to waive any such minimums in its sole discretion.

## ITEM 8

### Methods of Analysis, Investment Strategies and Risk of Loss

With an emphasis on active management, our investment mission is to find unrecognized value ahead of consensus. To this end, our portfolio management teams seek original insights on markets and securities and a vision of investment potential that differs from the consensus view. We apply our proprietary research and analytics, global resources, portfolio diagnostics and risk management to the development of investment products and solutions in pursuit of our clients' objectives. For clients and funds seeking more quantitative or model-driven solutions, we seek to bring technical and analytical expertise in developing rigorous and superior solutions.

### MULTI-ASSET STRATEGIES & SOLUTIONS (“MASS”)

IIM UK may manage accounts or portfolios within multi-asset portfolios from target date retirement funds and total plan discretionary asset management programs, to complex portfolios aimed at improving the correlation of assets to liabilities in a variety of strategies to match plan sponsors' circumstances and constraints.

### PORTABLE ALPHA

For portable alpha solutions, ING Investment Management's MASS Group utilizes state-of-the-art mathematical modeling and computer simulations to make trading, hedging and risk management decisions. In addition to computational power, the work of the MASS Group requires experience and facility with financial derivatives, such as futures, forwards and swaps, used to gain or eliminate exposure (or “beta”) to an asset class or market cheaply and efficiently. The MASS Group takes the concepts of global diversification and financial engineering to the limits of current technology: it seeks to separate the alpha from the beta return components of investment products managed around the globe and then re-assemble them into well diversified multi-strategy portfolios with the goal of delivering the precise mix of manager alpha and market beta that institutional clients seek. As such, the MASS Group might seek to incorporate one or more strategies offered by IIM UK in a portable alpha offering.



## CASH MANAGEMENT

Where permitted by applicable law and appropriate disclosure is made, IIM UK may use affiliated investment companies or other investment vehicles—such as the ING Funds—as cash “sweep” vehicles for client accounts or other funds. Unless otherwise provided in the applicable documents, IIM UK may offset the management fees on the assets invested under the “sweep” program to avoid double-charging.

## RISKS

Investing in bank loans and securities involves risk of loss that clients should be prepared to bear. Set forth below are the key investment risks associated with IIM UK's significant investment strategies and methods of analysis as well as with many of the investment techniques or instruments that may be used. Any of the following risks, among others, could affect performance or cause an investment to lose money or to underperform market averages.

### GENERAL INVESTMENT RISKS

**Company.** The price of a given company's securities could decline or underperform for many reasons including, among others, poor management, financial problems, or business challenges. If a company declares bankruptcy or becomes insolvent, its securities could become worthless.

**Convertible Securities.** Convertible securities are securities that are convertible into or exercisable for common stock at a stated price or rate. Convertible securities are subject to the usual risks associated with debt securities, such as interest rate and credit risk. In addition, because convertible securities react to changes in the value of the stocks into which they convert, they are subject to market risk.

**Currency.** To the extent that a client invests directly in foreign currencies or in investments denominated in or that trade in foreign (non-U.S.) currencies, it is subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

**Derivative Instruments.** Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase volatility and reduce returns.

**Foreign Investments.** Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, or political changes or diplomatic developments.

**Liquidity.** If a security or investment is illiquid, IIM UK might be unable to sell the security or investment at a time when desired, and the security or investment could have the effect of decreasing the overall level of the account's liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities or investments, which could

vary from the amount realized upon disposition. IIM UK may make investments that become less liquid in response to market developments or adverse investor perception. A client could lose money if it cannot sell a security or investment at the time and price that would be most beneficial to it.

**Market.** The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equities and interest-sensitive instruments. Unexpected volatility or illiquidity in the markets in which the client (directly or indirectly) holds positions could cause the client to incur losses.

**Securities Lending.** Securities lending involves two primary risks: “investment risk” and “borrower default risk.” Investment risk is the risk of loss of the cash collateral received from the borrower. Borrower default risk is the risk that an investment will lose money due to the failure of a borrower to return a borrowed security in a timely manner

### INVESTMENT STRATEGY RISKS

In addition to the risks involved with various instruments and markets noted above, various investment strategies also may entail unique risks. Several of these are set forth below. In all cases, a client should review applicable offering documents and/or other materials, which will generally have more detailed information about relevant risks.

**Senior Loans.** Senior loans involve investments in loans of various companies. These loans are typically secured by assets of the company. This strategy involves company-specific credit risk as well as interest rate risk. This market may also confront liquidity challenges from time to time, depending on the loans involved. Although the re-sale, or secondary market for senior loans has grown substantially over the past decade, both in overall size and number of market participants, there is no organized exchange or board of trade on which senior loans are traded. Instead, the secondary market for senior loans is a private, unregulated inter-dealer or inter-bank re-sale market.

**Fixed Income.** Many Fixed Income securities can include a wide array of debt instruments, including investment grade debt, government securities, corporate debt, money market instruments, mortgage-backed securities, non-investment grade (or “high yield”) debt, and others. To varying degrees—and depending on the particular instruments—fixed income securities are subject to interest rate, credit and liquidity risks, among others.

**Interest Rate.** Changes in short-term market interest rates will directly affect the yield on a client's investment if there are investments in floating rate debt. If short-term market interest rates fall the yield on a client's investment will also fall. To the extent that the interest rate spreads on floating rate debt in a client's portfolio experience a general decline, the yield on the client's investment will fall and the value of assets may decrease, which will cause the net asset value to decrease. Conversely, when short-term market interest rates rise, because of the lag between changes in such short-term rates and the resetting of the floating rates on the floating rate debt in a client's

portfolio, the impact of rising rates will be delayed to the extent of such lag. With respect to IIM UK's investments in fixed rate instruments, a rise in interest rates generally causes values to fall. The prices of fixed rate securities with longer maturities or duration are more sensitive to changes in interest rates.

**Leverage.** IIM UK may employ leverage in certain transactions and investment strategies. Such transactions and investment strategies include, but are not limited to, borrowing and the use of forward-commitment transactions. The use of certain derivatives may also increase leveraging risk.

#### ITEM 9

### Disciplinary Information

As part of a large, global financial services company, IIM UK and its affiliates may be involved in disciplinary, regulatory or other legal matters from time to time, as well as being subject to examinations, investigations and inquiries from governmental and regulatory authorities. Neither IIM UK nor its management has been involved in any legal or disciplinary events in the past ten years that would be material to a client's evaluation of IIM UK or the integrity of IIM UK's management.

For more information on disciplinary and legal matters that may involve IIM UK or certain of its related companies, see Item 11 of IIM UK's Form ADV-Part 1, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### ITEM 10

### Other Financial Industry Activities and Affiliations

IIM UK is part of a large, global financial services company and, as such, has relationships and affiliations with many other entities engaged in the financial industry. IIM UK's ownership structure is explained more fully in Item 4. Aside from being registered as an investment adviser with the SEC, IIM UK is registered as an Investment Advisor in the United Kingdom and has received passports to provide investment management services in a number of European jurisdictions on the basis of its UK registration. IIM UK may also determine to register in various non-U.S. jurisdictions depending on business needs and regulatory requirements.

#### SUB-ADVISER AND OTHER SERVICES

IIM UK may engage in sub-advising, marketing, consulting, product development or other initiatives on behalf of insurance company affiliates of ING Groep N.V. In addition, IIM UK may act as adviser, consultant, or sub-adviser to many affiliated registered investment companies advised by ING Investments, LLC, generally known as the "ING Funds," as well as sub-adviser to unaffiliated registered investment companies. IIM UK may also act as sub-adviser to certain affiliated or unaffiliated non-U.S. registered funds and affiliated and unaffiliated investment advisers. More complete information concerning each such investment company or fund is set forth in the fund's respective prospectus and statement of additional information, or other applicable offering documents.

#### AFFILIATED INVESTMENT ADVISERS AND BROKER-DEALERS

IIM UK is affiliated with a number of registered and unregistered investment advisers, sharing officers and other personnel.

Within the ING Investment Management business unit, IIM UK has affiliated broker-dealers, most notably ING Investments Distributor LLC ("IID"), which acts as the distributor for the ING Funds and also may serve as the placement agent for various private funds.

In general, IIM UK does not execute client transactions through IID or other affiliated broker-dealers, although it may determine to do so in the future where permitted by applicable laws and regulations. Execution of transactions through an affiliated broker-dealer can result in a conflict of interest, in that the affiliate may profit from such commissions or other fees on such transactions; these transactions are governed by regulations and disclosure requirements designed to inform clients of the potential conflicts of interest and reduce their potential impact.

IIM UK may enter into solicitation arrangements with its affiliates, many of which are investment advisers and broker-dealers. Under these arrangements, the client does not pay higher fees than each adviser's typical advisory fees. In these relationships, IIM UK may share revenue or otherwise pay or receive compensation directly to or from its affiliated entities, depending on the nature of the services involved.

#### ITEM 11

### Code of Ethics

#### OVERVIEW

IIM UK has implemented a Code of Ethics ("Code"). The Code is designed to prohibit personnel from engaging in personal investment activities which compete with or attempt to take advantage of planned portfolio transactions. Subject to certain exceptions consistent with industry requirements (e.g., U.S. government securities, open-end investment companies, de minimus trades in equity securities issued by S&P 500 companies, etc.), the Code requires IIM UK employees to receive pre-clearance from the ING Investment Management Compliance Department before entering personal securities orders, provide duplicate brokerage statements and confirmations for personal trading accounts, regularly report securities transactions and holdings, and certify annually in writing regarding compliance with the Code. Subject to certain exceptions, the Code also establishes minimum holding periods before employees may profit from transactions (purchase and sale or sale and purchase) in the same or related securities. The Code further prohibits employees from purchasing IPOs. Transactions in privately placed securities are permitted under the Code with IIM UK Compliance and supervisory approval, subject to the requirements detailed above.

IIM UK employees must pre-clear personal securities transactions prior to effecting such transactions, subject to the limitations of the pre-clearance requirement under the Code. Some shared employees may pre-clear with one or more affiliated firms with which they are employed in accordance with a predetermined policy. Also, subject to the same limitations, employees must submit on a quarterly basis, a summary of their personal securities



transactions and a list of their personal securities holdings on an annual basis. IIM UK employees are prohibited from using the influence of their position to obtain a personal trading advantage. Employees of IIM UK may be restricted from purchasing or selling a security where it is determined that such security is appropriate for an IIM UK client account or fund until such client account or fund has had an opportunity to make such transaction.

A copy of the Code is available to clients upon request.

### **REGULATORY RESTRICTIONS**

The ability of IIM UK or its affiliates to effect and/or recommend certain transactions may be restricted by applicable regulatory requirements in the United States and/or other countries or jurisdictions. In particular, activities of IIM UK's affiliates involving investment banking and other financial services may impose limitations on the advice or recommendations IIM UK or its affiliates may give. Further, in situations where an affiliate of IIM UK is involved in an underwriting or distribution of a company's securities, IIM UK or its affiliates may be precluded from purchasing or recommending the purchase of certain securities of the company for clients.

### **PRINCIPAL TRANSACTIONS**

In general, IIM UK will not, acting as principal, buy securities from or sell securities to advisory clients. However, IIM UK reserves the right to engage in such principal transactions where conducted in accordance with Section 206(3) of the Advisers Act and other applicable legal, regulatory and contractual provisions.

### **CROSS-TRADES**

In certain situations, where it is in the interests of clients or funds and permitted by the relevant client or fund documents, IIM UK may direct one client account or fund to purchase or sell an investment from or to another client account or fund. For example, onshore and offshore funds following similar investment strategies may need to "rebalance" their portfolios periodically. These "cross trade" transactions will be done only where the portfolio manager can obtain best execution.

### **TRADING BY IIM UK, AFFILIATES AND EMPLOYEES**

IIM UK or its affiliates may give advice and take action with respect to their own investments which may involve the same or similar investments, or alternatively may differ from the advice, timing or nature of action taken with respect to other clients.

IIM UK, its affiliates, and/or its or their employees may in some cases personally invest in the same securities that are purchased for or recommended to clients, or they may own securities of issuers that are subsequently purchased for or recommended to clients. It is possible that IIM UK may purchase or recommend publicly issued securities of the same issuers for its clients which its employees, or employees of affiliates, may have previously acquired through a private, non-public transaction. From time to time, conditions may arise in which shares may be purchased or sold for clients that are already owned by the principals or employees of a broker-dealer affiliate. In general, no security may be bought or sold by a person associated with IIM UK before IIM UK's clients' accounts, for whom the transaction is deemed

appropriate and advisable, have had the opportunity to make such transactions.

Because of the size of the firm, there may be numerous proprietary, employee and employee-related accounts with varying differences and considerations such as liquidity needs, realized and unrealized gains and losses, other tax consequences and differing assessments of market conditions; thus investment decisions for some proprietary, employee and employee-related accounts may not always be consistent with decisions made for clients or funds. For the same reasons, investment decisions made on behalf of one client or fund may not always be consistent with investment decisions made on behalf of another client or fund.

IIM UK manages many funds, accounts and other investment vehicles. IIM UK and/or its affiliates may have an economic interest in various accounts. Accounts, funds and other persons advised by IIM UK may have different investment objectives or considerations. Decisions as to purchases and sales for each fund or account are made separately and independently in light of their respective objectives and purposes and may differ, depending on the fund or account.

### **COMPLIANCE POLICIES AND PROCEDURES**

In order to monitor and address certain potential conflicts of interest, IIM UK and its affiliates have implemented various processes and procedures, including policies governing trading and allocations, as well as a Conflicts Committee. These processes and procedures are designed to ensure that all funds and accounts are treated fairly, and that allocations of offerings or investment opportunities among funds and accounts are equitable.

IIM UK's internal procedures are structured so that, under most circumstances, when the trades of persons associated with IIM UK are executed in the same securities purchased for or recommended to client accounts, they will receive an execution price that is no more favorable than their clients. Exceptions may be made for transactions arising from arbitrage, market making activities, and transactions executed through other firms.

IIM UK has numerous other policies designed to address various potential conflicts of interest, such as receipt of gifts or entertainment, personal trading, and others.

### **PROCEDURES GOVERNING MATERIAL, NON-PUBLIC INFORMATION**

In the course of its business, IIM UK, its affiliates and their respective employees may come into possession of material, nonpublic information. IIM UK and affiliates have adopted written "Information Barrier" procedures to prevent the use of material non-public information for trading and investment decisions and to minimize any conflict of interest which might otherwise result from such circumstances. Such procedures may require that IIM UK and/or its employees be restricted from engaging in transactions in certain securities until such time as IIM UK is no longer restricted. For legal, regulatory and other reasons, IIM UK may determine to restrict investments in securities or instruments of companies in which a client or an employee of IIM UK is an officer or director or with which such person has other material relationships, or where other potential conflicts of interest are present.

## **ERROR CORRECTION PROCEDURES**

On occasion, an error may be made in a fund or client account. For example, a security may be erroneously purchased for the account instead of sold or the amount of the transaction may be mistaken. Alternatively, a transaction processing error might occur. In these situations, IIM UK generally seeks to rectify the error by placing the fund or client account in a similar position as it would have been had there been no error. Depending on the circumstances and subject to applicable legal and contractual requirements, various corrective steps may be taken, including among others canceling the trade, correcting an allocation, netting amounts of loss and gain, or taking the trade into a firm error account (which may include positive and negative trading errors) and reimbursing the client account.

## **PRIVACY POLICY**

We at IIM UK are fully committed to protecting the privacy of our clients. Keeping client and customer information secure is a top priority for all of us at our company and we want to be straightforward about our information practices. In the UK, the collection and use of personal data is primarily governed by the Data Protection Act 1998 ("DPA"). As a company that collects personal data, we are under broad obligations arising from the DPA. We undertake to abide by the terms of the DPA and by the Data Protection Principles. Set forth below is our privacy policy:

### **1. What information may be collected? How could it be used?**

We generally collect and use information about clients and customers in order to deliver quality service to them. Information may be obtained through applications, new account or other forms submitted directly to us or through unaffiliated third parties, transactions with us or our affiliates and meetings between clients and our employees, such as portfolio and/or account managers.

This information might include a client's name, address, social security number, assets, income, credit and investment history or other personal information. We collect this information in order to advise clients and customers about our products, services and other opportunities, and to operate our business.

### **2. Will any of the collected information be disclosed to others?**

Other than as required or permitted by law, we will not reveal client or former client information to any unaffiliated third parties unless we have previously informed the client or customer in agreements, have provided disclosure to the client or customer (with the opportunity to "opt-out"), or have otherwise been authorized by the client or customer. Client and former client information may be shared with our affiliates as necessary to administer, service or otherwise maintain accounts and generally as permitted by law. The types of persons to whom such information may be disclosed include the employees of IIM UK and its related legal entities, agents, sub-advisors, and authorized representatives.

### **3. How is the collected information protected?**

We have several internal controls in place to protect the collected information. We consider the information confidential and proprietary, and as such we restrict access to such information.

## **4. Will this policy change in the future?**

The policy we have presented here is current as of the date of this brochure, but as circumstances or legal requirements change, IIM UK may need to amend this policy.

## **ITEM 12**

## **Brokerage Practices**

### **FACTORS IN SELECTING BROKER-DEALERS AND COUNTERPARTIES**

IIM UK generally has the authority and responsibility of selecting broker-dealers to effect transactions for accounts and negotiating commissions and other transaction costs.

It is the policy of IIM UK to seek to obtain best execution for portfolio transactions. In seeking best execution, IIM UK considers a number of factors in selecting broker-dealers or counterparties, including:

- Commission and/or transaction cost
- Execution capability
- Financial condition and responsibility
- Quality and reliability of brokerage and execution services
- Willingness to commit capital
- Research and other investment information or services

### **ALLOCATIONS AND RELATED MATTERS**

IIM UK may, but is not obligated to, combine or aggregate purchase or sale orders for the same security for various funds and clients, including clients of ING Investment Trust Co., other affiliates or clients and funds for which the IIM UK trading desk provides trading support services, in an effort to seek more favorable execution or lower commission costs. Because some of IIM UK's employees provide portfolio management services to affiliates' funds or client accounts, the affiliates' funds and accounts may be included in the same block trades with IIM UK's funds or accounts. Nonetheless, the shared employees are required to treat all accounts in a fair and equitable manner with respect to the block trade allocation. When transactions are aggregated, it is the general policy of IIM UK that no advisory account, including any proprietary account, will be favored over any other account. Funds and accounts participating in the aggregation of equity orders may do so at the average share price and all transaction costs will be shared on a pro rata basis.

In some instances, IIM UK may not be able to acquire the entire amount of an order from one broker-dealer/counterparty because that broker-dealer/counterparty may not be able or willing to trade in the quantity, price, or that IIM UK desires. Thus, IIM UK may have to effect additional trades in the same security on the same day through different broker-dealers/counterparties, in which case, aggregation of the multiple orders for different broker-dealers/counterparties is not practically possible because most trade orders for fixed-income securities and loans are executed, or filled, as they are placed. As a result, each order placed with a different broker-dealer/counterparty is deemed to be a separate trade order. IIM UK will attempt to aggregate the accounts for each such trade order according to investment objectives, mandates, benchmarks, cash flows, sector weightings, issuer exposure, custodians, or any other method

deemed reasonable by IIM UK. Generally, IIM UK cannot average the price or spread for different funds or accounts, or even the same fund or account, when the same security is traded through different broker-dealers/counterparties on the same day because accounts would incur additional transaction costs. As a result, some minor price variations may exist. Nevertheless, IIM UK will attempt to transact these trades at the same or as close to the same spread or price, as possible, without causing the funds or accounts to incur additional transaction costs.

Underwriters of new issues may consider various factors in making such securities available to customers, including the amount of primary and secondary transactional business such customers conduct with such underwriter. As such, certain firms may consider their overall level of business with IIM UK, including transactions for its clients and for clients of IIM UK's affiliates. In the view of IIM UK, it is neither appropriate nor practicable to allocate new issues to clients on the basis of the degree to which such client's transactions affected the new issue allocation. Accordingly, any client or account may receive an allocation greater or less than a share based solely upon its own transactional business might otherwise generate. In those instances where there is limited supply or demand for a particular security or investment opportunity resulting in aggregated orders which remain only partially filled at the end of the trading day, there is no certainty that the investment opportunities will be allocated to all funds or accounts, including mutual funds; allocated equally among accounts participating in the aggregated transaction; or according to any established standard. In these instances, IIM UK will attempt to allocate investment opportunities, including IPOs and new issues, in a fair and equitable manner over time and under the circumstances. Consideration may be given to factors including, but not limited to, the size of the original order, adjusted for, among other things, round lots; the size of the accounts; the benchmark each account is utilizing; the cash available for investment in each account; or whether IIM UK is employing "step outs" to effect such transaction (in which case, IIM UK may elect not to allocate the transaction to the directed brokerage accounts, as the client may incur additional fees charged by its custodian bank regarding the number of trades to settle).

In relatively infrequent cases, clients, rather than IIM UK, may retain investment and brokerage discretion over their respective accounts.

Some broker-dealers may recommend that IIM UK be invited to make presentations and proposals for potential clients' business, which could raise a potential conflict of interest.

It is IIM UK's policy to place orders with broker-dealers that it believes will provide best execution of the order. Such broker-dealers may include affiliated broker-dealers or unaffiliated broker-dealers, including electronic securities brokers. Although IIM UK generally does not execute client transactions through affiliated broker-dealers it may determine to do so where permitted by applicable laws and regulations. Affiliated broker-dealers may make markets in certain over-the-counter securities and in connection with such activities maintain an inventory in the securities in which it makes markets ("market-making securities"). The trading of market-making securities is not subject to limitations placed on

employee or employee-related accounts. In general, except where permitted by law and with client consent, affiliated broker-dealers will not, acting as principal, buy securities from or sell securities to IIM UK's advisory clients. However, in some cases, affiliated broker-dealers may purchase or sell such market-making securities for clients as agent for the client through other market-makers, dealers or brokers. Since the purchase or sale of such market-making securities may affect the price of such market-making securities, the affiliated broker-dealer may indirectly benefit from the purchase or sale of such market-making securities for the account.

Transactions in foreign securities may entail materially higher commission rates, reflecting settlement costs in the country of execution. To the extent that securities are required to be custodied in a foreign country, the local foreign custodian charges the broker in accordance with local custom. These charges will be charged to the client account as incurred. In addition to the risks of the investment, foreign securities investments also entail risks of fluctuation in the exchange rate between the local currency and the U.S. dollar.

#### **TRADE ALLOCATION PROCEDURES**

In order to attempt to maximize the benefit derived by its clients in terms of price when it determines that more than one client or account should purchase or sell the same security, IIM UK frequently uses an average pricing technique. To achieve an equitable result among its clients for whom it buys or sells the same security on the same day and through the same broker, IIM UK may, subject to the limitations set forth below, aggregate individual orders and seek execution of them as a block or in several blocks through a broker, working the order in such a way as to try to avoid a material impact on the market price until all orders are complete. IIM UK then instructs the executing broker to calculate the average price for all orders so traded. IIM UK may employ the average pricing method in order to avoid having some clients pay more (or receive less) than other clients when their individual investment objectives and portfolio balances warrant investment (or divestiture) of identical loans. Each participating client account will participate at the average price, and transaction costs will be shared pro-rata based on each client's participation in the bunched order. This average pricing method typically has no impact upon brokerage commissions. It is also generally applied to funds and accounts in which IIM UK and/or its affiliates are the sole investors and which IIM UK and/or its affiliates are the managers.

If a bunched order is only partially filled, the loans purchased will generally be allocated pro rata to each participating account in the bunched order based upon the initial amount requested for the account (subject to rounding to "round lots" or other minimum thresholds). From time to time, a rotational system designed to provide all clients, including accounts that do not permit "step outs," with fair access to trading opportunities over a reasonable period of time, may be used.

For a number of investment strategies, IIM UK may use or share trading personnel and trading desks with other affiliated asset managers across multiple locations. Depending on the strategy and situation, allocations and investment decisions may be

made across several trading desks in the manner deemed most advisable by the portfolio manager(s) and/or traders.

IIM UK, its affiliates, or either of their employees may also be investors in investment funds managed by IIM UK or its affiliates in which clients may also invest. Such investment funds are generally treated as client accounts, and are neither given preferential nor inferior treatment versus other client accounts in terms of allocations. As noted above, some funds may negotiate lower fees or other unique arrangements with certain investors, provided that the fund is not harmed. For example, affiliated entities of IIM UK or employees may have arrangements with IIM UK or other affiliated entities that would permit them to invest in a fund at lower overall fees than would otherwise be the case. In these situations, investors in the fund would not pay any higher fees, but rather IIM UK or its affiliates would receive lower overall revenue.

Clients may specify parameters of exposures which they are willing to accept as a percentage of total market value as well as certain minimum quality standards which are to be applied to purchases of these loans, and diversification levels may be specified which control the amount of any single industry or issue taken as a percentage of the total portfolio. The portfolio manager responsible for the account may accept or reject investment restrictions, based upon whether the restrictions will unduly impede management of the account. In the event that a restriction is not acceptable to IIM UK, the decision will be communicated to the client.

As noted above, from time to time a client may select the broker to be utilized for executions in the client's account. In such instances, these orders usually will be entered after the completion of client orders for which the firm is authorized to select the executing broker. The result of this policy is that a client who directs its brokerage may have transactions executed at prices different from those of other clients, and which may be either more or less favorable. In addition, IIM UK may rotate the order of the brokers used for those clients who direct their transactions to a particular broker in the event there are to be multiple directed transactions in the same security. This may advantage or disadvantage a client who directs its trades.

#### ITEM 13

### Review of Accounts

Generally, the primary responsibility for the investment management services provided to each client or fund resides with the portfolio managers who are assigned to manage that client's account or fund. Portfolio managers are responsible for the appropriateness of the investments pursuant to the account's or fund's investment objectives, guidelines and restrictions.

In addition to the lead portfolio manager(s), the group may consist of other portfolio managers and analysts. The lead portfolio manager(s) are responsible for establishing and implementing the over-all investment strategy that the other members of the group will effect. In general, portfolios are reviewed by the traders, investment teams and/or lead portfolio managers. The number of accounts reviewed by each reviewer varies depending upon the nature and size of the accounts under management.

As a general matter, at least monthly, one or more portfolio managers will review certain client portfolios for consistency of investment policy implementation.

#### CLIENT REPORTS

IIM UK generally furnishes reports to clients, at least quarterly, regarding their portfolio assets, positions, costs, valuation, performance, transactions and, often, narrative information about the investments, market and economic conditions. Clients may also receive monthly statements and confirmations of transactions from the custodian bank for the clients' account. With respect to registered investment companies and other regulated investment vehicles, investors are typically provided with reports as required by applicable law.

#### ITEM 14

### Client Referrals and Other Compensation

#### ADDITIONAL COMPENSATION

From time to time, IIM UK may have referral or solicitation arrangements with affiliated and non-affiliated persons or entities from which IIM UK may receive or to which IIM UK may pay compensation for the referral of business. Generally, any such arrangements are pursuant to agreements consistent with Rule 206(4)-3 under the Advisers Act. These arrangements may raise potential conflicts of interest insofar as the person providing the referral or solicitation is either an affiliate of IIM UK or is otherwise being compensated and, therefore, may not be objective. Disclosures of the arrangement or affiliation are made to the client and the client does not bear the cost of referral fees or solicitation fees which may vary on a case-by-case basis.

Further, IIM UK or its affiliates may participate in conferences and other functions sponsored by consultants and may purchase research or other services from such consultants. From time to time, these consultants may recommend IIM UK or affiliates to clients. These recommendations are not based on, or related to, the purchase of research or services, or the participation in conferences or other functions.

#### ITEM 15

### Custody

In limited circumstances, IIM UK may be granted the authority to deduct advisory fees from client accounts. In other situations, IIM UK may manage the proprietary assets of IIM UK's affiliates. Additionally, IIM UK may be hired by certain foreign affiliates to act as sub-adviser to certain non-U.S. pooled investment vehicles managed by such affiliates (the "Funds"). The Funds are generally organized and registered in European jurisdictions. Finally, IIM UK invests certain client assets in common and collective trust funds (the "Trust Funds") established by its affiliate ING Investment Trust Co. (the "Trust Co."), a trust company established under the laws of the state of Connecticut. Trust Co. serves as trustee and investment manager to the Trust Funds. The Trust Co. has the Trust Funds audited by an independent public accountant, and its audited financial statements distributed to investors in the Trust Funds, on an annual basis. In light of the foregoing, IIM UK may be deemed to have custody of clients' assets in



certain circumstances although a qualified custodian rather than IIM UK would actually maintain client funds or securities. Clients should receive at least quarterly statements from the broker-dealers, banks or other qualified custodians that hold and maintain clients' investment assets. IIM UK urges clients to carefully review such statements and compare such official custodial records to the account statements that IIM UK may provide. IIM UK statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities so clients are advised to contact IIM UK and their custodians with questions.

#### ITEM 16

### Investment Discretion

IIM UK may receive complete discretionary authority from the client at the outset of an advisory relationship through an investment management agreement or other documents to select the identity and amount of securities to be bought and sold, select the broker-dealers and other service providers that will service and support the operation of the account, execute trades on behalf of the client and generally engage in all activities that are essential or incidental to the investment management services IIM UK provides. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account or fund. While IIM UK generally may not select other advisers for clients, as part of asset allocation or similar products it may do so; in addition, as part of these products, IIM UK may select funds or investment vehicles that are advised or sub-advised by other entities.

In managing its clients' accounts, IIM UK observes the investment policies, limitations and restrictions of the clients for which it advises. IIM UK's authority to manage the accounts may also be limited by securities, tax and other applicable laws. Investment guidelines and restrictions must be provided to IIM UK in writing.

IIM UK will generally work with clients in tailoring the advisory services and investment guidelines for separately managed accounts. In addition, clients generally may impose their own investment restrictions.

IIM UK's ultimate parent entity, ING Groep N.V., has developed the ING Defence policy which restricts investments in certain firms involved in certain aspects of the defense or weapons industry. Likewise, ING Groep N.V. also has developed other investment policies that take Environment, Social and Governance ("ESG") factors into account. These policies may be implemented for IIM UK accounts. (For some clients, imposing these types of investment restrictions may not comply with applicable law.) Additional information about these policies can be obtained from IIM UK upon request. IIM UK is also happy to work with clients on implementing their own policies of this nature.

#### ITEM 17

### Voting Client Securities

IIM UK's investment strategy typically does not include investments subject to proxy voting. However, in the limited circumstance where IIM UK holds an interest on behalf of a client that is, in turn, subject to a proxy, IIM UK will follow the ING Investment Management ("IIM") proxy process, which is as follows:

#### PROXY VOTING POLICY:

##### I. General Procedures

IIM has responsibility for making investment decisions that are in the best interest of its clients. As part of the investment management services it provides to clients, IIM may be instructed by clients to vote proxies appurtenant to the shares for which the clients are beneficial owners.

As a fiduciary, IIM believes that it has a duty to manage clients' assets solely in the best interest of the clients and that the ability to vote proxies is a client asset. Accordingly, IIM has a duty to vote proxies in a manner in which it believes will add value to the client's investment. IIM may amend its proxy policies and procedures from time to time.

##### II. Proxy Voting Procedures

The proxy voting procedures below explain the role of IIM's Proxy Committee, the proxy voting service, and the Proxy Manager, as well as how the process will work when a proxy question needs to be handled on a case-by-case basis, or when there may be a potential conflict of interest.

##### The Role of the Proxy Committee (the "Committee")

The Committee exercises control of the voting of proxies by establishing written guidelines and participates, as needed, in the resolution of issues or conflicts of interest that need to be handled on a case-by-case basis. The Committee annually reviews guidelines governing proxy votes. The Committee is assisted in this process by an independent proxy voting service and IIM's Proxy Manager.

##### The Role of the Proxy Voting Service

IIM may engage an independent proxy voting service to assist in the voting of proxies. The proxy voting service would be responsible for coordinating with the client's custodians to ensure that all proxy materials received by the custodians relating to each client's portfolio securities are processed in a timely fashion. To the extent applicable, the proxy voting service will vote all proxies in accordance with guidelines provided to them by IIM, unless they receive overriding instructions from the Proxy Manager. Depending on circumstances, in the future IIM could decide to retain one or more other proxy voting services or external vendors.

Some clients may determine to enter into arrangements with custodians and/or securities lending agents whereby securities are lent out from the client's portfolio and the client earns compensation as a result. In these situations, clients should be aware that, if the lent-out security cannot be returned to the client's custodian on a timely basis, the ability to vote proxies on

the security or otherwise take action with respect to the security may be adversely impacted.

### **The Role of the Proxy Manager**

The IIM Operations Department liaises directly with the custodian to ensure that proxies and related materials are properly forwarded to the proxy voting service. Thereafter, the Proxy Manager works with the proxy voting service to cast votes and compile reports, and with the Proxy Committee to resolve issues.

### **Conflicts of Interest**

Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist, for example, if IIM UK or an affiliate has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a shareholder proponent of a proxy proposal. In any case of a known conflict of interest, application of the proxy guidelines is designed to address conflicts. Where application of the proxy guidelines does not resolve the conflict, the Committee would generally be consulted or the client may be contacted.

### **Procedures for voting client proxies**

Daily, the Proxy Manager will review the proxy voting service research and recommendations. If the recommendations are consistent with IIM's guidelines, no action is taken. If there is a difference between the guidelines of the proxy voting service and IIM's written guidelines, the Proxy Manager may submit an overriding vote consistent with IIM's written guidelines. Case-by-case issues not covered in the guidelines will generally be voted with the proxy voting service recommendations, but IIM reserves the right to override the vote recommendations where warranted.

If the application of the proxy voting guidelines is unclear, a particular proxy question is not covered by the guidelines, or the Proxy Manager strongly disagrees with the proxy voting service recommendation, the Proxy Manager would elevate the issue to the Committee, which would then determine how to vote (a simple majority vote is needed). If a conflict of interest exists, IIM will generally vote with the proxy voting service (or client) recommendation. In the unlikely situation where a conflict of interest exists for IIM and the proxy voting service cannot issue a recommendation due to a conflict of interest of its own, the Committee will determine how to proceed.

To implement these procedures, IIM may use external service providers.

### **CORPORATE ACTIONS AND RELATED ISSUES**

From time to time, IIM UK may need to make decisions with respect to various types of corporate actions (e.g., tender offers, restructurings, waivers of covenants, etc.) on behalf of client accounts. These situations are often highly fact-specific and can occur in all types of portfolios, including fixed income strategies. Where the proxy voting service recommends a particular course of action, the Proxy Manager will generally follow the recommendation, although he or she may after consult with the portfolio manager. In situations where the proxy voting service does not recommend a course of action, absent a conflict of interest the portfolio manager will generally provide

a recommendation to the Committee. In the event there is a conflict of interest, either the recommendation of the proxy voting service will be followed (if available) or the Committee will make the ultimate decision.

### **III. General Guidelines**

In general, IIM's proxy voting guidelines oppose management proposals to protect themselves from shareholders, i.e., roadblocks to takeovers, including poison pills, dual classes of stock or voting privileges, super majorities, etc.

IIM will generally support routine management proposals, including election of most directors and approval of auditors. Other proposals will be voted on when they come to the attention of Applicant.

Stockholder proposals will generally be voted in accordance with the proxy voting guidelines (if applicable) or brought to the attention of the Committee for a final decision.

### **IV. Obtaining Voting Records**

Generally, IIM UK will not divulge information regarding a specific vote prior to the shareholder meeting; however, it will provide its standard proxy voting guidelines to clients upon request. Clients can obtain records on how IIM voted their shares for a specified period of time by contacting their Client Service Representative or Relationship Manager.

Clients whose custodians establish omnibus accounts or who are part of managed account programs may get proxy reports for a larger pool of securities than that in which they were invested.

### **V. Records**

The Proxy Manager will take necessary steps to retain, or arrange for the retention of, the proxy voting records (as defined by the SEC) for six years or such other period as may be required by applicable law or regulation.

### **CLASS ACTIONS AND LITIGATION**

As a general matter, a fund's or account's custodian, rather than IIM UK, is responsible for filing class action claims and IIM UK generally does not commence or pursue litigation on behalf of clients or separately managed accounts. With respect to funds, IIM UK may determine to initiate and/or pursue litigation in order to maximize recoveries for the fund, including "work-out" situations. Likewise, IIM UK may in certain cases assist clients in these proceedings. Recoveries achieved from these activities inure to the benefit of, and expenses incurred in these efforts are borne by, those accounts or funds holding the investments.

### **ITEM 18**

## **Financial Information**

IIM UK does not require or solicit payment of fees in excess of \$1200 per client six months or more in advance. IIM UK is required in this Item to provide clients with certain material financial information or disclosures about its financial condition. To the best of our knowledge and belief, IIM UK has no financial commitment that is reasonably likely to materially adversely affect its ability to provide investment management services to its clients, and has not been the subject of a bankruptcy petition.



