

BNP Paribas Investment Partners UK Ltd

Part 2A of Form ADV

The Brochure

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1st April, 2013

This brochure provides information about the qualifications and business practices of BNP Paribas Investment Partners UK Ltd (“BNPP IP UK”). If you have any questions about the contents of this brochure, please contact us at +44 20 7063 7713. 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 BNPP IP UK is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Summary of Material Changes

On 21 July, 2010, the U.S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part 2. The new Form ADV, Part 2, also known as the "Brochure", requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the SEC's Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2.

We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Material Changes:

Since our initial filing on January 3, 2013, we have made the following material changes to our Form ADV Part 2A:

- The Firm's ADV Part 2A has been revised to reflect updated information pertaining to our assets under management as of the end of the most recent fiscal year.
- The Firm's ADV Part 2A has been revised to reflect recent changes to the Firm's financial industry affiliations.

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Advisory Business

BNP Paribas Investment Partners UK Limited (the “Firm”) is the main UK entity in the Investment Partners business line of BNP Paribas Group and as at 31 December 2012 had approximately US\$25 billion of assets under management. The Investment Partners business line represents the asset management arm of BNP Paribas Group globally and comprises several specialist companies (partners), each with a distinct investment philosophy and business scope.

BNPP IP UK operates as the hub in the UK Investment Partners structure and has three main focus areas:

- Providing multi-expertise in investment management capability
- Providing a global sales and sales support function for the Investment Partners business line
- Providing a central services support platform for the other UK Investment Partners

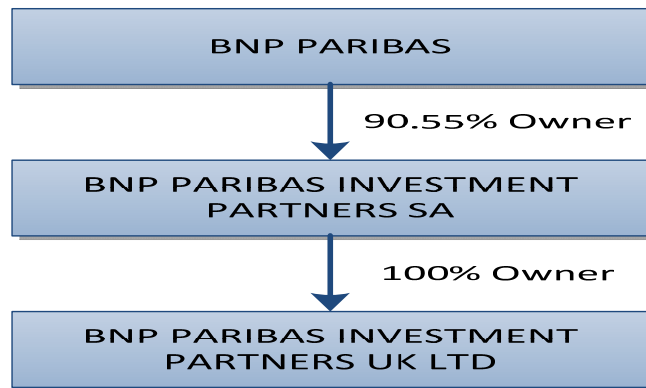
The Company is part of the BNP Paribas Group. The company changed its name from BNP Paribas Asset Management UK Limited on 1 July 2010.

During 2010, a restructuring of the UK Asset Management Business of BNP Paribas took place following the acquisition of Fortis SA/NV by BNP Paribas Group. As part of the restructuring, BNP Paribas Investment Partners UK Limited purchased certain investment capabilities, namely European Equity, balanced solutions, tactical asset allocation and the Euro zone fixed income capabilities performed by Fortis Investment Management UK Limited (‘FIM’). In addition, all UK staff in the entities concerned by the transactions became employees of BNP Paribas Investment Partners UK Limited and BNP Paribas Investment Partners UK Limited began to provide resources to the Investment Partner entities in order for them to conduct their business. This Brochure focuses on the capabilities of the Global Balanced Solutions team which is currently the primary offering in the US.

BNP Paribas Investment Partners UK Limited is a 100%-owned subsidiary of BNP Paribas Investment Partners SA. Its various activities are fully integrated in the overall functional organisation of the business line. Thus, its fund management teams operate as part of the global fund management structure, while its sales and marketing teams are responsible for promoting and distributing the entire range of products on offer within BNP Paribas Investment Partners globally to their respective client base.

BNP Paribas Investment Partners is also the brand name of the Asset Management business line: it includes its main investment management company, BNP Paribas Asset Management SAS, as well as a number of international subsidiaries and affiliates.

As illustrated in the organisational chart below, BNPP IP UK is wholly owned by BNP Paribas Investment Partners S.A. BNP Paribas Investment Partners S.A. is majority owned by, among others, BNP Paribas (“BNPP”):



BNPP is a publicly owned bank organized in France engaged in global financial activities. BNPP IP UK is part of BNPP's asset management business, BNP Paribas Investment Partners ("BNPP IP"), within BNPP's Investment Solutions division. BNPP IP is one of the major players in the investment management industry with a presence in many of the world's major financial centres and assets under management and advisory totalling approx. \$663 billion (as at 31 December 2012) for clients in over 70 countries across the globe.

Fees and Compensation

BNPP IP UK manages portfolios of equity, balanced and fixed-income securities for institutional clients including pension funds, corporations, universities, foundations, foreign institutions and Central Banks. Where permitted by our clients, in connection with the management of portfolios we also manage exposure to foreign currencies.

Our standard fees for segregated mandates are generally as follows (per annum):

Global Tactical Asset Allocation (GTAA): Base management fee of 1.00% (based on assets under management), with 20% fee for performance over 1-month USD Libor.

Dynamic Asset Allocation (DAA): Base management fee of 0.60% (based on assets under management)

Our standard fees may be negotiated in connection with certain mandates and/or modified for portfolios that have special investment constraints or unusual reporting, clearance, or other administrative requirements or unique characteristics. BNPP IP UK may impose a minimum fee for starting or maintaining an account.

Certain clients may have a portion of their separate account assets invested in commingled vehicles for which BNPP IP UK may be an adviser or sub-adviser.

Fees are generally payable quarterly, (although monthly, semi-annual and annual payment periods are also used) and are generally based upon the market value of funds managed as of the end of

the preceding calendar quarter or on the average market value of funds managed within the calendar quarter. All client fees are paid in arrears.

BNPP IP UK'S fees are exclusive of brokerage commissions, transaction costs and other related costs and expenses which shall be incurred by the client. Such costs are in addition to BNPP IP UK's fees and BNPP IP UK does not receive any portion of these costs. Please refer to the section entitled "*Brokerage Practices*" below for further information regarding the factors that BNPP IP UK considers in selecting and recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Our investment management agreements may be terminated by us or by our clients, subject to applicable notice provisions contained in the contracts.

Performance Based Fees and Side-by-Side Management

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Performance fees are in effect for certain clients of BNPP IP UK.

It should be noted that an adviser charging performance fees to some accounts faces certain conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favour of, the account that pays a performance fee. BNPP IP UK is required to treat its clients fairly in relation to such conflicts of interest and will make decisions for client portfolios in accordance with its fiduciary responsibilities. Consistent with this fiduciary duty, BNPP IP UK's trading procedures seek to ensure that all clients are treated fairly and equitably and that no client account is advantaged or disadvantaged over another.

As mentioned in the section entitled "*Fees and Compensation*" above, certain clients may have a portion of their separate account assets invested in commingled vehicles for which BNPP IP UK may be an adviser or sub-adviser. Recommendations to these clients to use these affiliated commingled vehicles are made solely to enhance overall investment returns, to improve investment offerings, and to allow clients to participate in certain investment opportunities that would otherwise not be available or economic on a separate account basis. BNPP IP UK places assets of its clients in such vehicles only if the client authorizes such use and receives the offering documents for those investments. Fees charged by BNPP IP UK are specified in a client's investment management agreement.

Types of Clients

BNPP IP UK may provide customized investment management services to institutional clients and collective investment schemes, including but not limited to, banks, insurance companies, official institutions, and other corporations or business entities.

As discretionary manager, we review the specific circumstances, current investments and investment goals of each client. In order to assure an appropriate fit with the management style chosen, BNPP IP UK reserves the right to review each prospective client as to investment profile.

We generally impose a US\$50 million account minimum for investment management services. BNPP IP UK may negotiate minimum asset size on a case by case basis.

Methods of Analysis, Investment Strategies and Risk of Loss

Global Balanced Solutions

The Global Balanced Solutions (GBS) team is the firm's specialist asset allocation team. This team includes the following three sub-teams:

- i. Liability-Driven Investment and Fiduciary Management (LDI & FM)
- ii. Balanced & Lifecycle Mandates
- iii. Absolute Return Tactical Asset Allocation (TAA), including Global TAA (GTAA) and Dynamic Asset Allocation (DAA)

From his location in London, the Head of Global Balanced Solutions has ultimate oversight of all three of these activities. He also takes hands-on responsibility for Absolute Return Tactical Asset Allocation (including Global TAA and Dynamic Asset Allocation).

For GTAA and DAA portfolios, the London-based team is responsible for portfolio construction and risk management/monitoring. London-based strategists and research analysts also contribute research and asset class strategies (both fundamental and quantitative), for use in GTAA and DAA portfolios.

Global Tactical Asset Allocation and Dynamic Asset Allocation

Within the Tactical Asset Allocation (TAA) part of the Global Balanced (GBS) team, we offer two main types of portfolio, based on a single approach to asset class research, asset class strategies, portfolio construction and risk management. These two approaches are:

1. *Global Tactical Asset Allocation (GTAA)*: GTAA portfolios allocate across a range of liquid asset classes (equities, fixed income, commodities, listed real estate and currencies, and their sub-asset classes). GTAA uses long and short positions, both at the individual strategy and at the portfolio level. Strategies are implemented primarily using derivatives, including (but not limited to) index futures, forwards and swaps. We can also use other instruments, such as Exchange-Traded Funds, mutual funds and money market instruments, but the majority of strategies are derivatives-based. Leverage is permitted.

GTAA portfolios tend to be used by clients as an absolute return allocation, or as a TAA overlay to a strategic asset allocation. Performance objectives are usually expressed in terms of excess returns over a cash benchmark. For segregated mandates, risk/return targets can be scaled to client requirements, but we consistently target an information ratio of 0.5.

2. *Dynamic Asset Allocation (DAA)*: DAA portfolios also allocate across a range of liquid asset classes (equities, fixed income, commodities, listed real estate and currencies, and their sub-asset classes). DAA differs from GTAA as, for all asset classes except currencies, we invest on a 'long or cash' basis, i.e. short positions are not permitted. Besides currencies, which are by nature relative value strategies (so involve both a long and a short leg), net short positions are not permitted. Strategies are implemented primarily using passive instruments, in particular Exchange-Traded Funds (ETFs) and, to a limited extent, some simple derivatives and mutual funds. No leverage is permitted.

The aim of DAA is to deliver equity-like returns over an investment cycle (typically five years), but with the volatility of bonds. We translate this to a performance target of cash +4% p.a., with target annualised volatility of 6%-10%.

Portfolio construction and risk management for GTAA and DAA are conducted by London-based members of the GBS team. Furthermore, the team's CIO, our two Quantitative analysts, our head of General Research and several key decision makers are also based in London. However, the GBS team also benefits from team members based in other regions who contribute macroeconomic/asset class research and strategies.

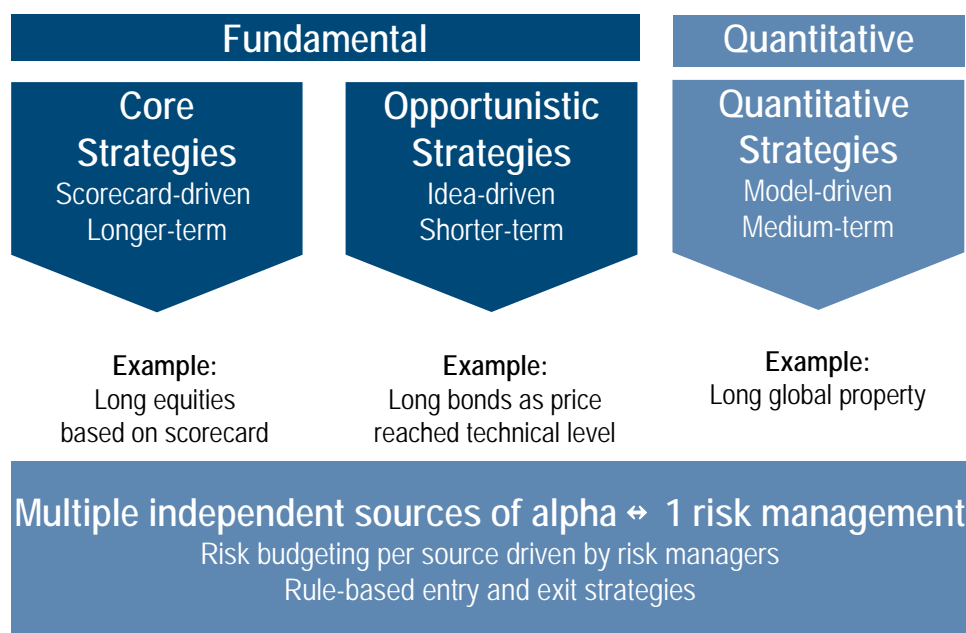
We describe below the process by which we conduct our asset class research and determine asset class strategies. This process applies both to GTAA and DAA, but is tailored to the specific characteristics of these two portfolio types.

We seek to exploit a number of identifiable short to medium-term market inefficiencies, by actively allocating across a broad range of liquid, global asset classes and sub-asset classes. We do this within a rigorous risk budgeting and risk management framework, using our proprietary, integrated risk and portfolio management system, LIBRA.

In terms of our research sources, the majority (around 90%) of our research is carried out in-house, due to the GBS team's extensive resources and experience, as well as the fact that our own research is tailored to our investment process. We also use some external research, but only as input into our own research, or for idea generation efforts. We receive a range of external research (e.g., from brokers) some of which is valuable in contributing to our market outlook, and we often meet in person with the brokers whose views we find to be the most informative.

Within our investment process we define three independent sources of alpha.

1. Core Strategies
2. Quantitative Strategies
3. Opportunistic Strategies



1. Core Strategies

Our Core strategies tend to have a 3 to 12-month investment horizon and provide a tactical view on the main asset classes. All Core trades are supported by a specific scorecard.

We have provided the current list of our Core strategies in the table overleaf. This list may change over time, but changes tend to be relatively infrequent. Please note that this list includes scorecards (each of which is linked to a specific Core strategy) and, in the case of equities, sub-scorecards (which feed into the main scorecard).

SCORECARDS OR SUB-SCORECARDS	
EQUITY EXPOSURE	GERMAN and EMU DURATION EXPOSURE
ECONOMIC CYCLE	US REAL ESTATE
LIQUIDITY	EUROPEAN REAL ESTATE
VALUATION	ASIAN REAL ESTATE
PROFITS	CREDIT EXPOSURE
	HIGH YIELD v. INVESTMENT GRADE BONDS
SENTIMENT	EM DEBT (USD) EXPOSURE
EQUITY REGIONAL DEVELOPED	EM DEBT (Local Currency) EXPOSURE
	INFLATION-LINKED BONDS (EMU)
EQUITY EMERGING v. DEVELOPED	INFLATION-LINKED BONDS (US)
EQUITY FTSE v. EUROTOXX	G10 CURRENCIES
EQUITY US SMALL CAPS v. LARGE CAPS	COMMODITIES
EQUITY EUROPEAN SMALL CAPS v. LARGE CAPS	

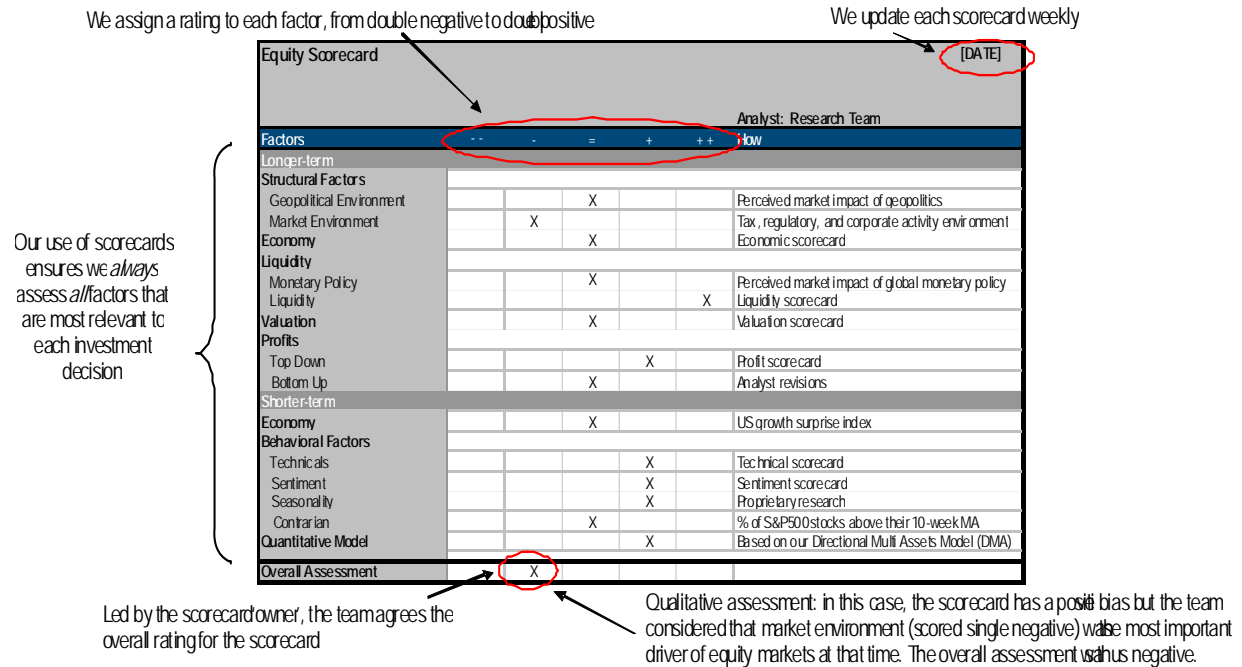
Core strategies are at the heart of our research effort and investment process. We assess each Core strategy using a separate scorecard, which contains a set of factors that we believe are the most relevant to forecasting and evaluating a particular investment decision. Each scorecard may contain both quantitative and qualitative factors. The scorecards provide a structured, transparent and rigorous approach to evaluating an asset. Our use of scorecards ensures that we consider relevant factors, and our qualitative assessment adjusts the level of importance that we give to each factor, based on prevailing market conditions. Over the past ten years, our scorecards have successfully generated alpha.

Each scorecard is developed by the research analysts in the GBS team. Ongoing maintenance and development are performed by a dedicated analyst, a scorecard owner and a back-up to the owner. It is the owner and back-up who make the decisions, while the dedicated analyst provides the research inputs. They update their rating for each factor on a weekly or monthly basis, depending on the frequency of available data. The scores are reviewed at our regularly scheduled asset allocation meetings, in order to take into account the most recent market developments. A score is assigned to each factor (from double minus to double plus), based on the output of the relevant quantitative model or based on the strategists' views. We back-test the value added of each scorecard on an annual basis.

Scorecards cannot be automatically translated into decisions as market conditions change over time. Since factors cannot be given a fixed weight, our strategists may modify each factor's weight depending on market conditions. This qualitative overlay helps us avoid missing out on environment shifts that quantitative models do not capture.

The outcome at this stage of our process is an agreed view on each of the Core strategies. It is the responsibility of the scorecard owners to propose trades based on these views.

To illustrate how we use these scorecards, here is an example of an Equity scorecard.



2. Quantitative Strategies

Our Quantitative strategies are systematically implemented through a range of models, within which we invest in a large number of strategies. Our current list of Quantitative models is provided below:

	Assets				Investment style			Horizon		
	EQ	FI	FX	CO	Factor	Technical	Smart Rule	Daily	Weekly	Monthly
GEAM - Regional Equity Model										
DMA - Directional Multi-Asset Model										
GBM - Global Bond Model										
FEER - FX Model										
BUTCH - FI Model										
TOMS - Turn of Month Strategy										
Smart Rolling Commodity Model										
FAME - Factor Allocation Model										

Our Quantitative strategies are designed to provide lowly-correlated sources of return. With our Quantitative strategies we aim to systematically exploit return differentials between different asset classes in order to create the greatest depth of available investment strategies. This enables us to have a broad and diversified range of investment strategies in the overall portfolio. We can also include important theoretical and empirical factors, using long data sets including multi-cycles, aiming for predictability and profitability.

We conduct our quantitative research according to the following beliefs:

1. That the fundamental law of active management should be at the core of any investment process. Breadth, independent inputs and outputs are at the basis of our methodology.
2. Investment decisions deliver optimal results when an information threshold is reached, but deliver sub-optimal results when too much information is available.

3. Market dynamics respond differently to particular information sources at different times (for example, a well-established relationship between bond yields and inflation may break down over a short period, but hold over a longer period).
4. Fundamental analysis is at the core of our work. We use computer-based back-tests to validate if and how well fundamental relationships hold.
5. Absolute return management requires systematic investment decisions. Computer-based updates provide consistent investment outputs.
6. Models are not end games: judgmental factors can intervene to manage statistically the P&L of a model (modified information ratio, success rate, etc).

3. Opportunistic Strategies

Opportunistic strategies aim to exploit market opportunities that are not captured through Core or Quantitative strategies. Not all investment ideas can be captured by a scorecard or a quantitative model, but this should not constrain our investment universe. Through Opportunistic strategies we can transform investment ideas, which are often shorter-term in nature, into practical exposure without the need of a scorecard or quant model. All Opportunistic trades are set up with a strict risk budgeting approach and tight risk management. Typical Opportunistic strategies are fixed income spread trades (between countries), fixed income curve trades, equity spread trades (between countries) and commodity sector trades.

As the investment universe for Opportunistic strategies is even broader than for Core, our research framework is less rigid than our approach to Core strategies, with an implementation approach that provides more flexibility with respect to instrument selection. Therefore, although every trade proposal is backed by comprehensive research, the format of research for Opportunistic strategies is more flexible, according to the particular characteristics of the proposed trade.

The alpha generators within our team are responsible for these trade proposals and each alpha generator has certain areas of responsibility. In essence, we channel Core research, which provides a deep and more nuanced understanding of asset classes, towards more idea-driven strategies.

Our approach to identifying new research ideas includes the following:

- One of our general research analysts has responsibility for monitoring investment-related academic research, and shares it with the team in order to identify new asset classes, new market trends or new analytical techniques.
- We have a monthly research meeting to discuss any new ideas and potential research topics. This is often the forum for discussing academic research or for discussing research from other sources, such as BNPP IP's financial engineering team. However, the ultimate focus is on our own in-house research, to ensure that our research resources are directed at the areas where they really add value.
- We have an annual investment process meeting at which we review our investment process and set our strategic research agenda.
- We receive feedback from clients and colleagues on trends that they see in the market place. We can then decide if these trends are suitable and necessary areas of research for us.

Portfolio Construction

We need to translate the agreed strategies into suitable investments for each portfolio type, e.g. both long and short strategies may be suitable for a GTAA portfolio, but DAA portfolios cannot take short positions. At this stage, we adopt a ‘holistic’ approach to portfolio construction: while we believe in the concept of trade owners having responsibility for particular asset classes, we also believe that a portfolio should not just be the simple sum of individual strategies. In combining the individual strategies, our goal is to ensure that the resulting directionality of the total portfolio is in line with our overall risk appetite.

Final decision-making responsibility for GTAA and DAA portfolios rests with three individuals: the CIO, a Senior Portfolio Manager; and a Senior Strategist. They work closely with our front office Risk Manager to understand the risks and to size all trades. All four sit together in our London office, ensuring smooth face-to-face communication.

As a starting point for our decision making, we decompose the portfolio risk into detailed factor exposures. This enables us to efficiently manage overall factor exposures, hedge unintended risks and hedge certain risk scenarios.

The key step between idea generation and portfolio construction is risk budgeting, by which we define the risk budget per strategy and through which, together with the annualised volatility of the strategy (as provided by our proprietary risk management system LIBRA); we calculate a strategy size in percentage terms. Although we have a general approach to risk budgeting, which is controlled by our risk managers, the actual process is portfolio-specific, as it is tailored to the risk target and investment universe of each portfolio. Ordinarily, the portfolio manager for each portfolio only performs the risk budgeting process once, resulting in pre-determined risk budgets for all eligible strategies, in standard size. However, if any of the inputs into the risk budgeting process changes, we repeat the portfolio-specific exercise, to define a new list of risk budgets for the eligible strategies.

Our general approach to risk budgeting is to allocate equal risk to strategies in which we have the same conviction. However, we make three further refinements to this concept.

- We divide the portfolio’s total risk budget between Core, Opportunistic and Quantitative risk budgets.
- We make a further refinement to our Core strategies, based on our own judgmental assessment of our expertise and experience in certain areas. For example, we attach a larger risk budget to our equity and duration decisions than to a regional equity decision (e.g. emerging market equities) or emerging debt.
- Each strategy can be proposed in a standard, half (50% of standard) or maximum-size position (150% of standard), depending on our level of conviction in the strategy, based on our market view.

The final strategy size in percentage terms is derived from this risk budget and the standalone volatility of the strategy. For example, both emerging market equities and emerging debt have the same predetermined risk budgets (in standard size). However, as the volatility of emerging debt is

lower than the volatility of emerging market equities, the strategy size in percentage terms of emerging debt is proportionally larger.

Portfolio monitoring and control

Once we have decided on the strategies and set the target portfolio, our portfolio managers and risk managers work closely with the dealers to monitor trading, the administrative follow-up and the market levels of the active strategies. This process is performed mainly by using the LIBRA system.

Risk management

We use a broad definition of risk and focus on a variety of indicators within our portfolios. Our primary measure of risk is volatility. Note that we do not target a constant level of risk, but adjust the risk over time to reflect the prevailing market environment, the number of trade ideas and their level of conviction.

In addition to volatility, we refer to a number of risk statistics including tracking error, maximum drawdown and Value at Risk, as we believe that each risk measure has its individual strengths and weaknesses. By combining the measures, we gain a detailed and robust insight into the impact of each strategy and the mix of combined strategies.

Risk analysis for the overall portfolio is conducted by our dedicated risk managers. LIBRA is used to evaluate each source of alpha separately (i.e. Core, Quantitative, and Opportunistic strategies), but also to assess the correlation between the sources of alpha, and the correlation between strategies within the three alpha sources. However, our system also enables us to decompose the portfolio's risk into a risk contribution per individual strategy, and to analyse transaction size and costs.

Each individual strategy has a clearly defined entry, target and stop level. The risk system provides detailed information on risk per strategy, correlations, contribution to overall risk and directional bias. Each time a trade is entered, LIBRA performs checks of the portfolio versus the constraints and the target portfolio. LIBRA also provides a detailed insight into the impact of each strategy and the mix of combined strategies.

We also have a separate team within the firm, who provide independent checks on portfolios. Pre- and post- trade compliance checks on client/internal guidelines are monitored straight from and checks of the different guidelines are performed against the portfolio data.

Investing in securities is inherently risky. An investment in individual securities or in a portfolio of securities could lose money. BNPP IP UK cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return on or of its investment.

Market Risk. The investments may be subject to price volatility due to factors such as interest sensitivity, market perception, and creditworthiness of issuer and market liquidity. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these

developments. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Debt Securities Risk. Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities, including U.S. Government obligations.

Government Obligations Risk. If a government-sponsored entity is unable to meet its obligations, the performance of a mutual fund that holds securities of the entity will be adversely impacted.

Mortgage- and Asset-Backed Securities Risk. Mortgage- and Asset-Backed securities risk includes Market Risk, Interest Rate Risk, Credit Risk, Prepayment Risk (*i.e.*, homeowners whose mortgages collateralize the securities held by certain mutual funds may be able to prepay principal due on these mortgages, which could cause such mutual funds to reinvest the proceeds at lower yields) as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile. Under certain adverse market conditions, mortgage- and asset-backed securities may have more limited liquidity than usual.

Issuer Risk. The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, decline in the value of investments held by the issuer, increase in the operational and/or financing cost of the issuer, and reduced demand for the issuer's goods and services.

Credit and Counterparty Risk. There is a risk that issuers or counterparts will default and fail to repay principal and interest in a timely manner or do not fulfil their obligations and commitments. If the rating of an issue, issuer or a counterpart is downgraded this may cause the value of the related assets to fall. The severity of the risk varies depending on the quality of the issuer or counterpart. The assets can be partly invested in securities issued by corporate entities, bank, financial institution and/or public sector and this poses a higher risk than investment in government securities.

Industry or Sector Emphasis Risk. Investing a substantial portion of assets in related industries or sectors may have greater risks because companies in these industries or sectors may share common characteristics and may react similarly to market developments.

Non-Diversification Risk. Non-diversified mutual funds have the ability to take larger positions in a smaller number of issuers than a diversified fund, which makes a non-diversified fund more susceptible to financial, economic or market events impacting such issuers, and a non-diversified fund's share price may be more volatile than the share price of a diversified fund.

Management Risk. Management risk means that your investment varies with the success and failure of BNPP IP UK's investment strategies and its analysis and determination of portfolio securities.

Mutual Fund and ETF Trading Risk. Where permitted by a client's investment guidelines, BNPP IP UK's portfolio managers may invest in mutual funds that are either open-end or closed-end investment companies as well as ETFs. ETFs are investment companies that are bought and sold on a national securities exchange. Unlike mutual funds, ETFs do not necessarily trade at the net asset values of their underlying securities, which means an ETF could potentially trade above or below the value of the underlying portfolios. As such, trading in ETFs is subject to (without limitation) similar risks as those of the listed stocks. Additionally, because ETFs trade like stocks on exchanges, they are subject to trading and commission costs unlike mutual funds. Also, both mutual funds and ETFs have management fees that are part of their costs.

REIT Securities Risk. The performance of mortgage REITs depends on the performance of the portfolio investments of the REIT in real estate and/or mortgages. Mortgage REITs may be affected by the quality of any credit extended and by special tax rules that apply to certain investments in securitized pools of mortgages.

Currency Risk. Investments in foreign securities involve exposure to fluctuations in foreign currency exchange rates. Such fluctuations may reduce the value of a client's investment in a foreign security.

Emerging Markets Risk. Emerging markets may have obsolete financial systems and volatile currencies, and may be more sensitive than more mature markets to a variety of economic factors. Emerging market securities also may be less liquid than securities of more developed countries and could be difficult to sell, particularly during a market downturn.

Foreign Investment Risk. Foreign securities may be subject to more risks than domestic investments. These additional risks may potentially include lower liquidity, greater price volatility and risks related to adverse political, regulatory, market or economic developments. Foreign companies may also be subject to significantly higher levels of taxation than domestic companies, including potentially confiscatory levels of taxation, thereby reducing the earnings potential of such foreign companies.

Derivatives Risk

Where derivative techniques and instruments are utilised such as warrants on securities, agreements regarding the exchange of securities, rates, currencies, inflation, volatility and other financial derivative instruments, contracts for difference, credit default swaps, futures and options on securities, rates or futures, the use of such derivatives may include the employment of leverage and gearing techniques as well as shorting strategies which will increase volatility.

Leverage Risk

Many financial instruments/positions offer clients opportunity to gain an exposure to leveraged positions that may benefit from magnified gains dependent on favourable movements in variables underlying the position. Any financial instruments/positions that offer the potential of magnified

gains also pose the risk of magnified losses. As described above, leverage risk is most evident in (but not limited to) derivatives and structured products.

Disciplinary Information

BNPP IP UK and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

BNPP IP UK is a subsidiary of BNPP, a publicly owned bank organized in France engaged in global financial activities. Since BNPP IP UK is a subsidiary of a global financial organisation, it has arrangements with companies that are under common control of BNPP. The description below provides an overview of relationships with other businesses affiliated with BNPP IP UK that are considered material to its advisory business.

BNP Paribas Investment Partners. As part of a global strategy, BNPP's asset management division has been branded as BNP Paribas Investment Partners. BNPP IP includes those various asset managers which comprise BNPP's asset management business line. A list of the individual BNPP IP asset managers is available upon request. BNPP IP is not itself an investment adviser registered with the SEC; rather, clients will directly contract with individual asset management firms that may be regulated in the U.S. or in jurisdictions external to the U.S.

BNPP IP UK has arrangements that are material to its advisory business with the following investment advisers:

- i) Fischer Francis Trees & Watts Inc
- ii) Fischer Francis Trees & Watts UK Ltd
- iii) FundQuest UK Limited
- iv) BNP Paribas Investment Partners Singapore Limited
- v) BNP Paribas Asset Management Inc.
- vi) BNP Paribas Securities Services
- vii) BNP Paribas Asset Management SAS (Paris)
- viii) BNP Paribas Investment Partners Asia (Hong Kong)
- ix) BNP Paribas Investment Partners (Netherlands)

Please note that Fischer Francis Trees & Watts Inc. is registered as a commodity pool operator and a commodity trading advisor with the U.S. Commodity Futures Trading Commission and is a member of the National Futures Association.

BNPP IP UK may from time to time enter into business relationships with other BNPP IP companies as a sub-manager for client portfolios or funds for which another BNPP IP company acts as manager. From time to time prospective clients may be directly introduced to BNPP IP UK by other BNPP IP companies. In such instances, BNPP IP UK and the relevant BNPP IP company will negotiate fee sharing arrangements on a case by case basis.

BNPP IP shares office space with certain other BNPP IP companies in compliance with applicable regulation and with the appropriate supervision by legal and compliance personnel. BNPP IP UK has adopted strict policies and procedures to ensure protection of confidential information relating to its clients. The informational barriers procedures apply to all employees of each affiliated investment adviser. All employees must take all reasonable steps to protect confidential information and to restrict its flow to any other investment adviser or any employee of any other adviser. All employees are required to read and certify compliance with these procedures. BNP Paribas Investment Partners UK Ltd and Fischer Francis Trees & Watts UK Ltd, which are both SEC Registered, share office space and supervised persons. Both firms operate under the same policies and procedures and Code of Ethics and their employees are Access Persons of the respective firms. Certain areas of information and information barriers are in place where appropriate to meet certain client confidentiality and related requirements.

Outsourcing. BNPP IP UK provides a number of its support and operational functions to other entities within BNP Paribas Investment Partners under Service Level Agreements. A summary of these outsourcing arrangements is provided below:

- i) Services in respect of Finance, Tax, Compliance, Legal / Company Secretarial, Human Resources, Facilities, Business Continuity, IT, Risk, Permanent Control (Operational Risk), are provided by BNP Paribas Investment Partners UK Ltd to other entities within BNP Paribas Investment Partners. All services are covered by Service Level Agreements.
- ii) Dealing services in respect of fixed income, foreign exchange and emerging market debt are provided other entities. These services are covered by Service Level Agreements.

BNPPIP UK outsources certain of its support and operational functions to its affiliate, BNP Paribas Securities Services, in respect of trade support, trade processing and client reporting and performance are provided by BNP Paribas Security Services. All services are covered by a Service Level Agreement.

BNP Paribas. BNPP, its affiliates and their directors, partners, trustees, members, officers and employees are engaged in businesses and have interests which may conflict with the business activities of BNPP IP UK. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities, instruments and companies.

As previously noted above, BNPP is a full service financial services institution and a major participant in global financial markets. As such, it acts as an investor, investment banker, research provider, investment manager, financier, adviser, market maker, trader, prime broker, lender, agent and principal, and has other direct and indirect interests, in the global fixed income, currency, commodity, and other markets in which BNPP IP UK directly and indirectly invests on behalf of client portfolios. BNPP IP UK will make decisions for client portfolios in accordance with its fiduciary responsibilities; however, the potential business relationships, fees, compensation and other benefits to BNPP may, in certain cases, give rise to certain potential conflicts of interest. BNPP IP UK will use its best efforts to minimize the potential for conflicts of interest arising due

to its relationship with BNPP and has policies and procedures in place to ensure that its clients' interests are prioritised.

As a global financial institution, BNPP's business includes brokerage and capital market activities both domestically and in foreign jurisdictions. As such it carries out routine broker dealer and investment banking functions in compliance with local laws and regulations. Notwithstanding, BNPP IP UK does not act as broker or principal in the purchase of securities for transactions with its clients.

BNPP IP UK and its affiliates, under common control by BNPP, may invest their capital for their own account in co-mingled investment vehicles for which BNPP IP UK provides investment management services. In such cases, BNPP IP UK and its affiliates maintain policies to prevent conflicts of interest harmful to its clients.

Certain persons providing services to BNPP IP UK may be employed by or also providing services to BNPP IP UK's affiliates under common control by BNPP. Any such provision of services would be undertaken in compliance with applicable regulation and the appropriate supervision of compliance personnel.

Other Conflicts of Interest. As discussed in the section entitled "*Performance Based Fees and Side-by-Side Management*" above, BNPP IP UK may recommend that certain clients invest in co-mingled vehicles for which it acts as investment adviser or sub-adviser or for which another BNPP IP company acts as investment adviser or sub-adviser. Recommendations to these clients to use these affiliated commingled vehicles are made solely to enhance overall investment returns, to improve investment offerings, and to allow clients to participate in certain investment opportunities that would otherwise not be available or economic on a separate account basis. BNPP IP UK places assets of its clients in such vehicles only if the client authorises such use. Fees charged by BNPP IP UK are specified in a client's investment management agreement.

BNPP IP UK and its respective officers and employees act and continue to act as investment advisers and managers for multiple clients, and may choose to act as investors on their own behalf, notwithstanding that BNPP IP UK has directly or indirectly material interests or relationships which may involve conflicts or potential conflicts with BNPP IP UK's duty to its clients.

BNPP IP UK's officers, directors, and employees may be asked to serve as directors, advisers, or in other forms of participation in other companies or organisations, some of which may be affiliates of BNPP IP UK under common control by BNPP. Since such commitments can involve substantial responsibilities and potential conflicts of interest or the appearance of such conflicts, prior approval of both senior management and compliance must be obtained in respect of external appointments. For appointments to affiliates of BNPP IP UK, senior management must be sought before accepting such a position and compliance personnel must be advised of all such appointments.

BNPP IP UK is required to treat its clients fairly and to take all reasonable steps to ensure that clients do not suffer any detriment in relation to such conflicts of interest or material interests as

described above. To meet this requirement, BNPP IP UK ensures that it has taken all reasonable steps to identify conflicts of interest or material interests and has in place adequate policies and procedures to protect its client interests and manage such conflicts or materials interests, including drawing to its clients' attention to the possibility of such conflicts. Such policies and procedures include, but are not limited to BNPP IP UK's Code of Ethics, personal trading policies, trade aggregation and allocation policies, policies governing outside business activities and gifts and entertainment, as well as a Conflicts of Interest Policy which includes an informational barriers policy.

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

BNPP IP UK has adopted a Code of Ethics which mandates high standards of business conduct and professionalism and establishes rules of conduct for its employees. BNPP IP UK's Code of Ethics is intended, among other things, to ensure that personal investing activities by BNPP IP UK's employees are consistent with BNPP IP UK's fiduciary duty to its clients. The Code of Ethics requires employees to obtain pre-approval for certain transactions, including but not limited to, fixed-income securities, equity transactions, derivatives transactions, exchange traded futures and options contracts, acquisitions in initial public offerings and acquisitions of shares in funds advised or sub-advised by BNPP IP UK or by another BNPP IP company. Additionally, BNPP IP UK's employees must adhere to other personal investment policies which are specifically described in the Code of Ethics. BNPP IP UK's employees may own securities which may be or could be held for clients. BNPP IP UK's policy is that all employee transactions in any securities which are also eligible for client accounts must be specifically approved in advance. The Code prohibits BNPP IP UK's employees from trading on material non-public information. All of BNPP IP UK's employees are required to provide Initial and Annual Personal Holdings Reports. Quarterly reporting of personal securities transactions is also required.

BNPP IP UK will provide a copy of its Code of Ethics to any client or prospective client upon request.

As described above, upon prior approval, from time to time BNPP IP UK's employees may buy and sell securities for themselves that are also recommended to clients. In such instances, transactions may not be in amounts that will have a material effect upon the price or trading volume of a particular security and are always subject to the prohibition from trading on non-public information. Employees may not buy or sell securities for their own personal accounts where their decision is substantially derived, in whole or in part, by reason of their association with BNPP IP UK unless the information is also available to the investing public on reasonable inquiry. Employees are required to disclose individual security transactions on a quarterly basis to BNPP IP UK.

BNPP IP UK is subject to significant conflicts of interest when making investment decisions for clients, and such conflicts can affect its objectivity. There is a financial interest to recommend products or services offered by other companies that are under common control. By conducting business with companies affiliated with us, we are able to increase the overall profitability for the parent company. For information on affiliates of BNPP IP UK under common control by BNPP and a

description of the conflicts of interest see section entitled “*Other Financial Industry Activities and Affiliations.*”

Brokerage Practices

Counterparty Selection. For BNPP IP UK, the bodies authorised to approve, decline or remove counterparties/brokers on the authorized Global Counterparty List (GCL) are the Global Counterparty Committee (GCC) and/or one of the Regional Broker Committees (RBC) as appropriate. RBC's benefit from a delegated authority from GCC to leverage local knowledge and relationships for the approval of DVP brokers only. GCC has the authority to overturn RBC decisions.

The objective for GCC/RBC is to examine all elements of the risk/reward matrix to determine the appropriateness of each counterparty or broker for inclusion on the approved list. Particular focus is given to the creditworthiness, operational efficiency, best execution capabilities and relationship value of the counterparty.

The business may propose new counterparties/brokers. Such proposals need to be supported by both the Chief Investment Officer of the relevant business line as well as the appropriate Head of Dealing. For each new proposal, a fully completed application form is required, detailing the business case, legal entity, contact details etc. For Counterparty relationships, Credit Risk must also perform a risk analysis commensurate with the anticipated risk profile.

GCC has minimum counterparty rating standards which can only be changed upwards for counterparties. In the event of a split rating the lowest rating will be used. OTC transactions must be documented under an ISDA plus a Credit Support Annex (CSA) where possible. DVP brokers are not subject to the same level of scrutiny in consideration of the short term and relatively benign nature of the product being traded. However, GCC & RBC are required to consider the integrity of the operating and settlement environment of the DVP activity as well as the creditworthiness of the counterparty/broker.

Temporary dealing may be approved on a one-off basis subject to Straight Through Processing (“STP”) compatibility where liquidity or best execution demands require it.

Where a counterparty or broker is specified by a client as a preferred entity then even if this name is not on the GCL, it can be approved for use in respect of this client only. This approval is subject to the very strict understanding that this requirement must be documented in writing by the client with a clear statement to the effect that the client understands that it takes full responsibility for this selection.

Best Execution. All transactions executed in over-the-counter markets are executed on a net price basis. As a matter of policy BNPP IP UK will only enter into cross transactions on an exceptional basis where such transactions are in the best interests of its clients taking full account of any conflicts of interest and ensuring these are properly addressed. Cross transactions must be formally approved by the Head of Compliance or their delegate prior to execution.

All trades are executed with counterparties which are approved by BNPP IP UK in accordance with the process described above, selected in a manner consistent with seeking best execution. No concessions on prices are made to any dealer by reason of services performed or offered to be performed, or goods supplied or offered to be supplied. In addition to the gross dealing price, BNPP IP UK takes into account the level of charges, mark up or mark down made by the counterparty and the creditworthiness of the counterparty.

Affiliated Transactions. BNPP IP UK may recommend purchases of securities in primary offerings where a Related Person is a member of the underwriting syndicate. BNPP IP UK may effect transactions with BNPP or its affiliates as a dealer unless such transactions with Related Parties are not permitted by the client. In respect of any US Clients, BNPP IP UK would obtain specific permission from the client for such transactions with Related Parties. Any such transactions are conducted on an arms length basis and are strictly subject to the principle that BNPP IP UK must always act in its clients' best interests and transaction must be in accordance with the BNPP IP UK's Best Execution Policy.

Purchase of research. The cost of the provision of external research is effectively distinguished from the cost of executing a trade, and is included in the overall commission paid on a transaction. However, BNPP IP UKs has no incentive to pay brokerage commissions unless the service provided can be of benefit to the performance of its clients, and therefore its sole consideration when placing a trade with a broker is that the best possible outcome will be achieved.

BNPP IP UK can also acquire research from independent providers with no links to the executing broker. This is paid for via the use of commission sharing agreements, although trades are only executed pursuant to such an agreement where a client has explicitly permitted this, or previously permitted trades to be executed pursuant to a soft commission agreement. The use of commission sharing agreements is detailed in the next section.

The quality of all research received from external investment decision making services is analysed by the fund managers and the internal research teams in the interest of the investment process. The following criteria are considered:

- Quality of research :
- Coverage (geographic, by sector, by market capitalisation, etc.);
- Overall quality of analysis (quality of models used, reliability of forecasts, etc.);
- Relevance of trade recommendations expressed by the analysts and presented by the sales teams
- Efficiency of client relationship management (quality of follow-up and phone interviews, ability to organise meetings with companies' managers, etc.).

Commission Sharing Agreements. BNPP IP UK may also acquire research from independent providers with no links to the execution broker. This is paid for by means of commission sharing agreements.

Under a Commission Sharing Agreement, the broker is instructed to pay a part of the normal commission to a third-party research provider as payment for research and advisory services that have assisted the BNPP IP UK in investment decisions for client portfolios. Such commissions are only paid in respect of research, execution and advisory services which support the fund managers decision making process.

Commission Sharing Agreements are not dependent upon placing specific volumes of business with individual brokers and are subject to contractual provisions that prevent the commission sharing agreement from conflicting with our obligation to obtain best executions for clients.

Commission Unbundling. When a commission is paid to a broker for the execution of a trade, part or all of this payment represents payment for the execution and, where appropriate, clearing of the trade. However, a part of the cost may represent payment for research services provided by the broker. BNPP IP entities believe that it is appropriate to use commissions to purchase these services as the commissions represent a fair method of splitting out the costs of such services in an appropriate way across all clients whose portfolios have benefited from these services.

Use of Soft Dollars to Obtain Research Services. In the case where more than one broker is capable of providing the best combination of price and execution with respect to a portfolio transaction, BNPP IP UK may select a broker that furnishes research services. These research services may include:

- Furnishing advice concerning the value of securities, the advisability of investing in, buying or selling securities and the availability of securities, purchasers and sellers in the marketplace.
- Furnishing information, reports, analysis and seminars about issuers, industries, securities, trading markets, legislative and political developments, economic factors and trends, portfolio strategy, access to research analysts, corporate management personnel, industry experts and economists, comparative performance evaluation, technical measurement services, quotation services and other products and services including third party publications, reports and analysis, computer and electronic access, information and accessories that deliver, process or otherwise utilize information including the research described above. All of these products and services assist BNPP IP entities in carrying out their investment decision-making responsibilities.
- Effecting securities transactions and performing functions incidental thereto such as clearance and settlement.

In addition, if BNPP IP UK determines in good faith that the commission charged by a broker is reasonable in relation to the value of research and brokerage services provided by such broker, it may cause a client account to pay an amount of commission greater than the amount another broker may charge, but within a competitive range for full service broker/dealers. BNPP IP UK may enter into agreements with broker regarding the allocation of a minimum annual amount of brokered transactions to such broker. In exchange, this entity receives research and research related software and services as described above. A transaction will be placed with such brokers only if consistent with the best execution policies described above that take into account the

provision of research and related services and the entity will terminate any such arrangement or compensate the broker/dealer in cash for such research to the extent it cannot fulfil the arrangement consistent with such policies.

Some “mixed-use” products and services can be used by BNPP IP UK for both research/execution and non-research purposes such as administration and marketing. If these products or services are obtained using soft dollars, BNPP IP UK will allocate the cost between research and non-research uses. BNPP IP UK will use its own hard dollars to pay that part of the cost that is not attributable to research/execution uses.

Trade Aggregation and Trade Allocation. As an adviser and fiduciary to our clients, BNPP IP UK places its clients’ interests first and foremost. Consistent with this fiduciary duty, BNPP IP UK’s trading procedures seek to ensure that all clients are treated fairly and equitably and that no client account is advantaged or disadvantaged over another. In furtherance of this policy, when the same securities are purchased or sold for one or more of BNPP IP UK’s client accounts, BNPP IP UK’s general policy is to, when possible, purchase or sell the securities as a block transaction, and to allocate such securities or proceeds for the participating accounts at the price paid per unit allocated.

In allocating the securities, the principles employed are 1) allocation of each investment decision to each individual account shall be broadly determined with respect to the investment guidelines and investment policy applying to each individual account; (2) dealing for different clients in the same security and at the same time shall be aggregated and traded as a block to the extent possible; and 3) each aggregate allocation shall be allocated at the unit price paid to all participating accounts. Aggregated transactions are allocated fairly and equitably among eligible clients.

Review of Accounts

BNPP IP UK assigns a portfolio manager with supervisory responsibility for each client portfolio. The selection and trading of positions are generated by the specialist portfolio managers and executed by a separate dealing desk. The portfolio manager monitors account objectives and guidelines, as well as communicating with each client on a continuous basis.

The Investment Compliance teams provide an independent check of clients’ compliance with their respective investment guidelines.

Client portfolio and transaction records are maintained using computerised accounting systems. Information on all trades is provided to clients upon request. BNPP IP UK provides clients with a review of account holdings and/or performance results on a quarterly basis, although other schedules may be arranged.

Standard reports typically cover the following:

- i) investment returns for the portfolio and its performance benchmark for up to ten years or since inception, whichever is shorter;
- ii) a summary of market developments, portfolio activity and current investment strategy;

- iii) a listing of portfolio assets; and
- iv) a compilation of all transactions.

Client Referrals and Other Compensation

From time to time, BNPP IP UK may enter into arrangements with individuals and organisations pursuant to which each has agreed to introduce BNPP IP UK to certain US and non-US clients who may be interested in BNPP IP UK's investment management services. These individuals and organisations would be contracted or employed as consultants and advisers to BNPP IP UK in connection with the marketing of BNPP IP UK's investment management services. Compensation may vary for each consultant. In such cases, pursuant to Rule 206 (4)-3 of the SEC Rules under the Investment Advisors Act of 1940 (the "1940 Act"), where cash payments are made for solicitation, BNPP IP UK would implement a written agreement binding the solicitor to comply with the 1940 Act and Rules and requiring delivery to the client of (a) Part 2 of BNPP IP UK's Form ADV and (b) a written fee sharing disclosure statement meeting the requirements of the Rule. All such arrangements would also be subject to and must adhere to UK regulatory requirements under the rules of the Financial Services Authority.

Custody

Custody is defined as any legal or actual ability by BNPP IP UK to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, BNPP IP UK does not take physical possession nor does it have the authority to take possession of client assets. However, under the current SEC rules, BNPP IP UK is deemed to have custody of certain client assets solely by virtue of the fact that the qualified custodian is a member of the larger BNPP group. Therefore, we urge all of our clients to carefully review and compare their quarterly reviews of account holdings and/or performance results received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

BNPP IP UK has implemented policies and procedures to govern those instances where the custodian of a client is a related person of BNPP IP UK (i.e. a person directly or indirectly controlling or controlled by BNPP IP UK or a person under common control with BNPP IP UK). In accordance with those policies and procedures, BNPP IP UK maintains a copy of the internal control report (SSAE16 or equivalent document) of the related person and prepares an internal memorandum to evidence that the related person is operationally independent of BNPP IP UK. The related person is operationally independent of BNPP IP UK if the following four criteria are satisfied and no other circumstances can reasonably be expected to compromise the operational independence of the related person:

- i) client assets in the custody of the related person may not be subject to the claims of BNPP IP UK's creditors;
- ii) BNPP IP UK's personnel may not have custody, possession, or access to client assets, or the power to dispose of client assets to third parties for the benefit of BNPP IP UK or the related person, or otherwise have the opportunity to misappropriate client assets;

- iii) BNPP IP UK's personnel and personnel of the related person who have access to advisory client assets are not under common supervision; and
- iv) BNPP IP UK's personnel may not hold any position with the related person or share premises with the related person.

Investment Discretion

BNPP IP UK typically manages client accounts on a discretionary basis, subject to the restrictions that have been provided by clients. These investment guidelines are established with each of BNPP IP UK's clients, stipulating various limits governing the management of each portfolio, including eligible securities and maximum commitments. Within the guidelines, BNPP IP UK may execute trades without further authority. Trades are executed with those dealers or other financial institutions which, in BNPP IP UK's judgment, offer the most favourable terms for its clients. Fixed-income securities are traded predominantly with dealers at net prices without commissions. When BNPP IP UK utilizes brokerage services, such as for exchange-traded futures contracts, the reasonableness of the commission paid to brokers is evaluated on basis of the amount of commissions in relation to the execution services rendered. Clients of BNPP IP UK may specify a subset of dealers or financial intermediaries in its guidelines which may be utilized for its portfolio, or similarly provide a minimum credit rating to which BNPP IP UK must adhere in selecting a dealer or financial intermediary.

Voting Client Securities

As required under the UK Financial Services Authority (FSA) rules, BNPP IP UK has issued a Statement of Compliance with the UK Stewardship Code which is available on the UK website (http://www.bnpparibas-ip.co.uk/central/about-us/voting-policy.page?l=eng&p=IP_UK-NSG).

BNPP IP UK will exercise discretionary voting authority over proxies issued on securities held in client accounts unless voting authority has been reserved explicitly by the client or assigned to another party by the governing account documents. BNPP IP UK's Proxy Voting Guidelines govern its proxy voting activities and which includes the operation of a global Proxy Voting Committee that oversees its global proxy voting activities. This Committee has hired Institutional Shareholder Services ("ISS") as its voting agent. This Committee has provided ISS with a global proxy voting policy for all portfolios. ISS tracks and receives proxies to which clients are entitled, makes recommendations pursuant to the proxy voting policy provided by the Proxy Voting Committee or, if the ballot item is not addressed by the global proxy voting policy, makes recommendations according to the ISS voting policy.

BNPP IP UK's policy is to follow the recommendations of its global proxy voting policy. However, the Firm's portfolio managers or analysts may request an override of a Proxy Voting Committee or ISS recommendation if they believe that the recommendation is not in the best interests of the client. In such cases, a process is followed to review and approve a vote other than that recommended by the global proxy voting policy or the ISS voting policy. Based on this process the proxy voting team will execute the votes on the ISS voting platform.

Additionally, there may be instances where the BNPP IP UK or its personnel are subject to conflicts of interest in the voting of proxies. Conflicts of interest may exist, for example, due to personal or familial relationships of personnel or when BNPP IP UK or an affiliate has a business relationship with, or is soliciting business from, the issuing company (or an employee group of a company) or a third party that is a proponent of a particular outcome on a proxy issue. In cases where it believes there may be an actual or perceived conflict of interest, additional review and steps may be taken including obtaining the prior approval of Compliance or Legal, obtaining the Proxy Voting Committee review or approval, deferring to the voting recommendation of a third party, voting pursuant to client direction (following disclosure of the conflict), abstaining from voting, voting reflectively (in the same proportion and manner as other shareholders) or taking such other action as necessary to protect the interests of clients.

In many non-U.S. markets, shareholders may be prevented from selling shares within a certain period of time prior to the meeting date (commonly referred to as share blocking). In such cases the BNPP IP UK compares the benefits to its clients expected to be derived from the voting of blocked shares versus the ability to sell the blocked shares and as a result may choose not to vote the shares. BNPP IP UK may also choose not to vote non-US proxies when the actual costs of voting the shares outweigh the perceived client benefit, such as cases where traveling to the country to vote the shares in person is required. Additionally, where clients have implemented securities lending programs, BNPP IP UK will be unable to vote proxies for securities on loan unless it issues instructions to the client custodian to retrieve the securities prior to record date. BNPP IP UK may choose to refrain from calling back such securities when the voting of the proxy is not deemed to be material or the benefits of voting do not outweigh the cost of terminating the particular lending arrangement.

Although BNPP IP UK generally votes consistently on the same issue when securities are held in multiple client accounts, certain circumstances may cause BNPP IP UK to vote differently for different client accounts.

Typically, clients do not direct BNPP IP UK to vote for a particular solicitation as they authorize the Company to vote on their behalf within their investment management agreement. Clients may, however, contact the Company if they request a specific voting decision be made.

Clients may obtain information on how the Company has voted its proxies and/or a copy of the Company's complete proxy voting policies and procedures by contacting the Company's Compliance Department.

Upon request, clients may obtain information on how BNPP IP UK has voted its proxies and/or a copy of BNPP IP UK's complete proxy voting policies and procedures.

Financial Information

BNPP IP UK has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.