

WELLINGTON MANAGEMENT

# Our Business and Practices

July 1, 2013

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If you have any questions about the contents of this document, please contact us at [info@wellington.com](mailto:info@wellington.com) or contact your relationship manager.

## Changes to Our Business and Practices

We review our policies and procedures on a regular basis to evaluate their continuing effectiveness. As a result of that process or due to changes in our firm and business, we may amend our policies and procedures and/or this document from time to time. We will describe material changes in this space.

A current version of *Our Business and Practices* is available upon request.

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## A Letter from Our Chief Executive Officer

### *To Our Clients:*

*The Latin root of the word “fiduciary” is “fidere,” which means trust. Relationships between investment managers and their clients are built on trust. Given the increasingly complex nature of the markets and investment vehicles, gaining that trust requires knowledge and information about just how an asset manager conducts its business.*

*In that spirit, we have designed this document to provide you with detailed information regarding Wellington Management Company, LLP and our affiliates, including information about our firm’s investment processes, investment styles, and trading practices. In addition, it identifies potential conflicts of interest that are associated with our business and, importantly, explains the various approaches we take to managing these conflicts.*

*Additional information about the firm is available upon request.*

*We appreciate the trust and confidence you have placed in our firm. We hope that the information presented in this document helps you to better understand our firm, the business issues we face, and our efforts to ensure that each of our clients is treated fairly and equitably.*

*If you have any questions or would like more information about specific topics after reading this document, please feel free to contact your relationship manager.*

*Sincerely,  
Perry M. Traquina  
Chairman and Chief Executive Officer*

## I. Our Advisory Business

### A. An Overview of Wellington Management

Tracing its roots to 1928, Wellington Management is one of the largest independent investment management firms in the world. With client assets under management totaling approximately US\$758 billion as of December 31, 2012 (of which approximately US\$711 billion is managed on a discretionary basis), we serve as investment manager for clients in over 50 countries. Wellington Management Company, LLP (“WMC”), the parent company for our global organization, is a Massachusetts limited liability partnership. All of the partners are full-time professional members of our firm. No single partner owns or has the right to vote more than 5% of the firm’s capital.

Because our clients and our personnel are located around the world, we conduct business through a number of affiliated entities licensed to offer services in various jurisdictions and to perform particular business functions. Though legally distinct, our affiliates function as a unified, global business. For example, our investment personnel share research and discuss investment ideas with their colleagues throughout our firm. We believe that our globally integrated model helps us to serve our clients’ needs better.

We often engage one or more of our affiliates and their personnel to assist in managing client mandates. For example, we will engage affiliated personnel to provide research, portfolio management or trading services to a client account. From time to time, we delegate investment management, client liaison, account administration and investment monitoring services to an affiliated entity. If we delegate a function related to your account to one of our affiliates, we will notify you and take steps to ensure that the delegation complies with all applicable laws.

Additional information about the entities within our organization can be found in the *Appendix* to this document.

### B. About Our Investment Management Services

Wellington Management offers investment management services for a fee to separate account clients and mutual funds sponsored by unaffiliated parties, as well as to investment vehicles that we sponsor (our “Sponsored Products”), including bank maintained collective investment funds, common trust funds, and US and non-US domiciled funds, including hedge funds. Our investment services rely on our extensive independent research and include portfolio management styles and approaches in equities, fixed income securities, currencies and commodities, as well as asset allocation across these categories.

Client accounts are managed in a number of ways: by individual portfolio managers or teams of managers, by a group of research analysts or by a combination of these structures. In some cases, the members of a portfolio management team actively collaborate in managing a client account. In others, each member makes independent investment decisions and will generally manage separate portions of the account as if each were a separate portfolio. Some portfolio managers manage accounts in which they are the sole decision-maker and participate in managing other accounts in which they are one of multiple decision-makers. We refer to all investment personnel who have portfolio management responsibilities for client accounts, whether as the sole portfolio manager or as a member of a portfolio management team, as “portfolio managers” in this document.

Accounts are often customized to meet a client’s specific requirements. For example, a particular account may be unable to invest in a particular country, industry or issuer. Initial account guidelines are established by agreement between us and the client and are typically stated in the investment management agreement. From time to time, we may negotiate changes to those guidelines with a client.

We provide investment advice to a limited group of clients on a non-discretionary basis. Those services include securities analysis, asset allocation advice and specific investment recommendations. We managed client assets on a non-discretionary basis totaling approximately US\$47 billion, as of December 31, 2012.

In addition, we provide model portfolios to certain sponsors of “wrap fee programs” that offer bundled advisory, execution and custodial services to their clients based on an investment approach selected by the program sponsor. We provide these services to, and are paid by, the wrap program sponsor. We do not provide customized investment advice or recommendations to wrap program participants.

For more information about our proprietary research, our investment model and the investment approaches we offer to our clients, please see *The Nature and Role of Research at Our Firm* and *Our Investment Approaches* below.

### C. The Nature and Role of Research at Our Firm

Our investment model rests on our extensive independent research. We have committed substantial resources to the development of groups that approach research from a number of different disciplines, including:

- Asset allocation analysts, who analyze expected returns of various asset classes, countries, industries and market segments;
- Currency analysts, who assess characteristics of global currencies;
- Fixed income credit analysts, who assess the credit characteristics of issuers, structures and industries;
- Fixed income market analysts, who analyze broad fixed income market and macro-level investment factors;
- Global industry analysts and research associates, who cover companies within a particular industry or industries;
- Macroanalysts, who provide country and global analysis of macro-level investment factors;
- Quantitative analysts, who assess equity and fixed income securities based on quantitative criteria; and
- Technical analysts, who analyze technical market or security characteristics and their impact on individual securities, commodities and currencies.

The analysts referenced above are collectively referred to as “Research Analysts.” In addition, our portfolio management teams often include dedicated analysts who evaluate securities and other instruments for suitability based on the team’s investment approach.

Our internal research activities are many and varied. We meet directly with company managements, customers, suppliers, competitors and practitioners. We review extensive amounts of industry, financial and market data, along with publications and periodicals, company filings and related publicly available reports. Our analysts attend industry conferences, academic seminars and trade shows to obtain new perspectives and differentiated insights. We meet with government policymakers and travel extensively to understand global competitive forces and the market environment in different regions of the world.

We supplement our internal research with external research from sources such as broker/dealers and third-party research firms. These sources typically provide data, research and analysis and may serve as a gauge of market consensus. Together, our internal and external sources of research provide a wealth of raw material for our investment professionals to use in making judgments about the management of client accounts.

Our commitment to research is evident through the breadth and depth of resources dedicated to the task and through our attitude towards the sharing of research within our firm. Analyst research assists our portfolio managers in making investment decisions and is shared broadly



among our investment personnel. Investment ideas flow from portfolio managers to analysts, as well as from analysts to portfolio managers. Our goal is to create a marketplace of investment ideas and to foster a robust debate surrounding investment decisions.

Our research teams can and do have overlapping coverage assignments. We do not insist that all of our analysts follow a single process for analyzing or rating stocks, bonds or other investments. We do not attempt to generate a unified investment opinion on any topic and we do not require our portfolio managers to buy or sell investments based solely on the recommendations of research personnel. Instead, we encourage diversity of opinion and diversity of action. A portfolio manager may buy a security with a negative internal fundamental or quantitative recommendation. Likewise, an analyst may rate a security highly despite the contrary investment views of a portfolio manager and one portfolio manager may sell a security that another portfolio manager is buying.

#### *Analysts as Portfolio Managers*

Many of our Research Analysts manage money on behalf of clients, typically as part of an analyst team. These analyst-managed portfolios include diversified portfolios covering a wide range of industries that are constructed by aggregating the security selections of a large number of Research Analysts, each of whom focuses on a particular industry, as well as sector portfolios managed by a small number of Research Analysts who specialize in the industries comprising a particular sector. The discussion of portfolio management practices in this document applies to all of the accounts managed by our Research Analysts.

Our Research Analysts' dual responsibilities of research and portfolio management create a potential conflict in the allocation of investment

ideas. We periodically assess the roles played by the different categories of Research Analysts and, where appropriate, implement policies and procedures to address these conflicts. For example, we require our global industry analysts to pre-announce trading activity in the portfolios they manage if the trade reflects a significant shift in thinking with respect to the security, such as an imminent change in the analyst's recommendation or the initiation of coverage with respect to that security.

#### *Sharing Research with Clients and Prospects*

We do not offer our proprietary research for sale or distribution. We will periodically publish white papers and other topical research pieces and make them available without charge to our clients and certain consultants and prospects. Those research papers address broad investment themes and market views, rather than ratings on specific securities or anticipated transactions in client accounts. Our investment personnel, including our various Research Analysts, generally do not otherwise discuss investment research with clients or prospects, except as described below.

Portfolio managers, analysts and other investment personnel routinely meet with clients to discuss investment activity in and other information relevant to the accounts we are managing for those clients. From time to time, our Research Analysts participate in meetings with prospective clients in order to demonstrate the depth and breadth of our proprietary research capabilities. In addition, our investment personnel, including our Research Analysts, also occasionally review and comment on the current investment portfolio of a particular prospect as part of our business development process. On occasion, an analyst will participate in a meeting with a prospective client whose company or industry he or she covers. Although our



proprietary research is not the subject of these discussions, our investment personnel may provide information on their general market views and their analysis of specific holdings.

We have agreed to allow some clients to request an occasional discussion with certain of our investment personnel about their views of industries and companies within those industries outside of the context of the account we are managing for the client. We consider each request when it is made and we retain the right to decline a request for any reason. When discussions do occur, we do not provide information about internal ratings generated by any of our research groups and do not disclose any current or prospective trading activity other than trades being placed for that client's own account.

Clients, prospects and other guests have an opportunity to see our research in action when they are invited to attend our Morning Meeting and Early Morning Meeting, daily gatherings of investment personnel at which investment ideas are discussed. Those discussions frequently include discussion of internal research and trading activity with respect to specific securities. Guests to the Morning Meetings sign a confidentiality agreement that restricts the use of any information learned at the Morning Meetings.

We do not have the means to monitor the use of information provided in any of these circumstances. However, we think we have taken the appropriate steps to protect any confidential information that might be discussed. Those steps include knowing our clients and prospects and assuring ourselves that they are organizations we are proud to have as clients.

## D. Our Investment Model

Each portfolio manager or team makes investment decisions for the accounts he, she or it manages based on an independent evaluation of available investment opportunities in light of the client's investment objectives and guidelines. As a result, our firm may be buying a security for one client while it is selling that security for another. We do not have a Chief Investment Officer, or any group of individuals, who gives "top-down" direction with respect to investment positions or strategies for accounts we manage. We believe that this structure best enables us to meet the investment objectives of our diverse client base and encourages individual responsibility for investment performance. It does, however, result in situations where investment positions or actions taken for one client account directly contradict those taken for others.

Many of our portfolio managers manage client assets using more than one investment approach. In addition, some portfolio managers manage "long-only" portfolios, as well as portfolios that take both long and short positions. Managing multiple portfolio management assignments requires the exercise of discretion and judgment, since a portfolio manager will make different investment decisions for different clients based on her or his analysis of each client's respective objectives, guidelines and risk tolerances. For more information on potential differences among a portfolio manager's investment approaches and portfolios and how we seek to ensure that all clients are treated fairly, please see *Side-by-Side Management of Client Accounts* beginning on page 9.

## II. Fees and Compensation

We retain complete discretion over the fees we charge our clients, subject to applicable law. Our standard fee for an investment approach may differ across regions and is available upon request. We negotiate fees in light of a client's special circumstances, asset levels, service requirements or other factors, in our sole discretion. We offer certain clients a fee schedule that is lower than that of any other comparable clients in the same investment style. We sometimes choose to waive all or a portion of our negotiated fee for a given period. Finally, we have promised certain clients that we have provided and will continue to provide them the lowest available fee for a particular investment style and for comparable services.

Fee structures vary both among and within the investment approaches we offer. We do not require or ask our clients to pay fees in advance. In most cases, our fees are calculated as a percentage of assets under management and are payable quarterly in arrears based on the quarter-end market value or average value for the quarter. For some investment approaches, the standard fee schedule is a performance-based fee. Even within the same investment approach, different clients can have different fee structures; some pay asset-based fees, while others pay performance-based fees. Some client accounts have fee structures that include elements of both asset-based and performance-based fee structures. Finally, in a limited number of cases, we charge fixed fees for advisory and consulting services depending upon the nature and extent of services provided. Clients can choose to receive an invoice generated by us or they can calculate and remit fee payments directly to our firm.

From time to time, we agree to rebate advisory fees to investors in our Sponsored Products. We enter into these arrangements only as permitted by applicable law. We implement rebate arrangements either by purchasing additional shares for the benefit of the registered owner in the same pool or by making a payment to that investor. Rebates in a particular Sponsored Product may be related to a broader relationship that we have with that investor.

On occasion, we agree to calculate fees based on the aggregate assets of related accounts that are being managed in the same (or a related) investment style. In these circumstances, the aggregated accounts receive the benefit of a lower effective fee due to the combined level of assets.

Some client accounts managed as separate accounts authorize us to invest in Sponsored Products that already pay advisory fees to us. In those situations, the assets invested in the Sponsored Products are generally excluded for the purposes of calculating the management fees at the separate account level. In some cases, however, the account pays a composite fee based on the fees charged by the various Sponsored Products and/or approaches in which it invests and the assets allocated to these investments.

Our management fees do not include fees charged by a client's custodian or the fees and other expenses deducted from the assets of a fund in which a client account invests. In addition, all client accounts incur transaction costs when they buy and sell securities. For more information, please see *Brokerage Practices* beginning on page 18.

### III. Performance-Based Fees and Side-by-Side Management

As noted above, we charge performance-based fees in a number of situations. Many portfolio managers and other investment personnel have responsibility for client accounts with performance-based fees, as well as for accounts with asset-based fees. Strong investment returns increase the performance-based fee paid to us as a firm and the incentive compensation paid to the portfolio manager. As a result, we have an incentive, particularly in the case of hedge funds, to favor an account with a performance-based fee. The following sections describe how we manage this and other conflicts relating to the side-by-side management of client accounts.

#### *Side-by-Side Management of Client Accounts*

Many of our portfolio managers manage client assets using more than one investment approach. Those approaches differ based on an array of factors such as issuer concentration levels, average market capitalization ranges, duration, sector or subsector concentrations, geographic concentrations, tax considerations, cash flows, benchmarks, risk profiles, liquidity needs, time horizons and turnover expectations.

Even within a single investment approach, client accounts are customized to meet clients' specific requirements. For example, a particular account may be unable to invest in a particular country, industry or issuer. That customization is typically reflected in the account guidelines. Accounts within the same investment approach may also differ as a result of client contributions and withdrawals, market constraints or other factors. For example, fixed income accounts in the same approach will typically contain different holdings given the number of publicly traded fixed income securities, the varying frequency and volume at which a particular fixed income security trades, and the ability to obtain a desired exposure through

different securities that share similar characteristics (such as credit, interest rate and duration). Similarly, small- and micro-capitalization equity accounts in the same approach often contain different holdings. Those differences often result from the fact that the number of shares of a particular small- or micro-capitalization company available for purchase may be restricted by both the limited frequency and volume with which they trade, and the limits our firm places on aggregate ownership of classes of equity securities across all client accounts.

This description of potential differences among a portfolio manager's investment approaches and accounts is not meant to be exhaustive. Rather, we want to illustrate the fact that we expect that individual portfolio managers will make different investment decisions for different clients. Sometimes those decisions are based on objective criteria, such as industry, sector or capitalization levels. At other times the decision reflects the portfolio manager's subjective professional judgment about the suitability of a security for an individual account or for a set of accounts. Our portfolio managers make these judgments based on a wide variety of factors, including but not limited to the other holdings in the account, the attractiveness of other investment opportunities available for that account, the portfolio manager's understanding of each client's objectives and risk tolerance and the costs of transacting in a particular security. These individualized decisions can result in significantly different investment returns between investment approaches and among accounts managed by the same portfolio manager.

An important example of how accounts managed by the same portfolio manager will differ, as well as how potential conflicts can arise in these situations, is our management of both "hedge funds" and more traditional long-only investment approaches. Most portfolio managers who manage hedge funds also manage other long-only client accounts. Some of those hedge funds are sponsored by our affiliates; others are sponsored by our clients.

Hedge funds generally use a more diverse array of investment tools and techniques than most other investment strategies. Those tools and techniques include the use of short sales, leverage and a wide range of derivative instruments. Hedge funds differ significantly from long-only accounts and typically have different investment objectives, strategies, time horizons and risk profiles and different tax and other considerations. In addition, these funds do not typically measure performance against a specific index or benchmark, but instead pursue absolute returns. Hedge funds often provide investors with limited redemption opportunities and require significant advance notice, and so have less need for portfolio liquidity.

We expect that, from time to time, perhaps often, a portfolio manager will purchase or sell securities, including initial public offerings (“IPOs”) of equity securities, for a hedge fund and not for accounts employing a more traditional, long-only investment approach. A portfolio manager may also make similar investment decisions for a hedge fund and a long-only approach, but at different times. Because of these differences, we expect that hedge funds and long-only approaches managed by the same portfolio manager will have significantly different investment results over time.

The fee structures applicable to hedge funds often differ from those of the more traditional institutional accounts that make up the majority of our firm’s asset base. In particular, the hedge funds pay a performance fee of up to 20% of the net profit of the funds. Portfolio managers for those funds receive a percentage of the performance fee paid to the firm. As a result, these portfolio managers have an economic incentive to favor hedge funds over other accounts they manage. Other accounts with similar fee structures and compensation arrangements will also present similar incentives. We recognize the conflict this presents. We manage this and other conflicts associated with side-by-side management of client accounts through additional investment restrictions on portfolio managers who manage

both hedge funds and other accounts, internal review processes and enhanced oversight. While the procedures we use to manage these conflicts differ depending upon the specific risks presented, all are designed to guard against intentionally favoring one account over another.

### *How We Allocate Investment Opportunities Generally*

Our decentralized investment model means that individual portfolio managers manage assets in different investment approaches for different clients who pay different fees. We expect those portfolio managers to use their subjective judgment in managing client assets, and we expect that they will make different investment decisions for different clients in order to fulfill each client’s investment mandate. At the same time, we prohibit our portfolio managers from basing their decisions on favoritism, “window dressing,” or other practices that violate either applicable law or our fiduciary duties to our clients.

We use a number of techniques to perform after-the-fact review of trading in client accounts. These techniques include performance dispersion analysis and analyses of order or trading patterns; however, we do not routinely review individual transactions in isolation. The frequency and extent of reviews vary depending on our assessment of the opportunity and incentives for inappropriate investment allocation decisions. We pay special attention to trading patterns of portfolio managers who manage hedge funds, accounts with performance-based fee structures or Sponsored Products in which firm personnel have invested.

### *How We Allocate Equity IPOs*

In certain market environments, equity IPOs have had a tendency to experience significant increases in value in the first day of trading. As a result, the ability to acquire IPO shares from the underwriters can be a valuable investment opportunity. Our firm has adopted policies and procedures specifically designed to ensure fairness in the allocation of those opportunities



among our clients. Those policies and procedures fit within our overall investment model and, therefore, incorporate concepts of portfolio manager decision-making based on the different investment objectives and strategies of different client accounts.

#### *The Decision to Participate in Equity IPOs*

Every portfolio manager with an eligible client account can elect to place an order for IPO shares in those accounts for which the IPO is suitable. Eligibility can be affected by legal or client restrictions, while suitability determinations tend to be more subjective and are made by portfolio managers. The factors that might influence a decision on suitability include:

- The portfolio manager manages accounts with different opportunity sets, and the IPO is relatively more attractive in one than another;
- The portfolio manager elects not to purchase the security in his or her more concentrated accounts due to the limited number of names held in the concentrated accounts;
- The portfolio manager manages accounts measured against different benchmarks, and the IPO is more appropriate for one benchmark than another;
- The clients have differing tolerance for risk in their respective accounts;
- The portfolio manager finds a stock attractive, but it cannot be held in a particular account, and the IPO is an appropriate replacement holding;
- The IPO is not purchased in accounts in which the portfolio manager seeks to invest in issuers with a minimum market capitalization;
- The IPO is purchased in long/short accounts only with the IPO as the long leg of a pair trade, which is made only because of the ability to short another stock with a specific characteristic;
- The portfolio manager is attempting to achieve industry exposure generically, and the IPO is purchased in a subset of accounts that have the lowest weighting in the pertinent sector and/or industry;

- The IPO is purchased in a subset of accounts that have the highest cash positions; and/or
- The IPO is not purchased in accounts with low turnover expectations or requirements.

This list is intended to be illustrative, not exhaustive. We do not attempt to make a firm-wide determination to purchase a particular IPO. However, we may restrict participation to avoid potential conflicts if client accounts that we manage will be selling shares in the IPO.

We expect portfolio managers who participate in an equity IPO to consider and, if appropriate, explain any decision to exclude a specific account from participation in the IPO. Those explanations take a variety of forms, including general protocols that are established by the portfolio manager in advance for the inclusion or exclusion of individual accounts or groups of like accounts. The individual who enters the order for an IPO in our order entry system also documents his or her understanding of the portfolio manager's reasons for excluding specific client accounts as part of the order entry process. Senior business, legal and compliance personnel review these explanations as a further check that we have met our fiduciary obligations to all of our clients.

#### *Allocations of Equity IPO Shares by Global Trading*

Portfolio managers place orders for IPO shares with our Global Trading Group ("Global Trading") by designating the client accounts and the number of shares requested for each account. Global Trading aggregates these IPO orders for all client accounts and places a block order with the underwriting syndicate. As a risk-control measure, we limit the block order to a certain percentage of the total offering. If the resulting allocation we receive from the underwriting syndicate is sufficient to fill all orders, we do that. If, however, the orders exceed the number of shares that we are allocated as a firm, we distribute the shares pro rata among the participating accounts, based

on each account's equity assets under management. For these purposes, "equity assets" include cash, fixed income securities and derivative instruments held in an equity account. For multi-asset accounts, such as a "balanced" account consisting of separate equity and fixed income portfolios, we allocate equity IPOs to each equity portfolio within the account based on that portfolio's equity assets under management (including cash, fixed income securities, and derivative instruments held in that portfolio). Allocations are subject to minimum lot size, and an account's pro rata allocation will not exceed the share amount that the portfolio manager identified in the pre-execution order for that account. A portfolio manager cannot vary the allocation to an account or shift shares from one account to another. If the allocation places some client accounts below the minimum lot size of the issue, then Global Trading will exclude those accounts in the allocation process and reallocate the remaining shares.

## IV. Types of Clients

Our clients include public funds, central banks, insurance entities, endowments, foundations, mutual funds, retirement plan sponsors — both defined benefit and defined contribution — and many other types of institutions. We also provide investment management services to investment vehicles that we sponsor, including collective investment funds, common trust funds, and US and non-US domiciled funds, including hedge funds.

All of our investment approaches have separate account minimums, which generally range from US\$25 million to US\$100 million. Different investment approaches have different account minimums. We retain full discretion to waive an account minimum or to charge a minimum fee, regardless of the size of the account.

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

We offer a broad range of equity, fixed income, alternative, and multi-asset investment approaches to our clients. Moreover, we manage many investment approaches relative to a benchmark and others to achieve absolute return. Although we have divided the following description into several categories, we recognize that as the capital markets have evolved, the lines between and among these categories have blurred. That process continues to occur, particularly through the growing use of derivative instruments, such as forwards, futures, options, and swaps, which we use in many of the approaches described below.

Investing in securities and other financial instruments involves risk of loss that clients should be prepared to bear. Those risks will vary based on the nature and attributes of the relevant investment approach and the specific securities and other instruments held. For information on the risks associated with a particular investment approach, as well as the types of investments it may hold, please contact your relationship team.

### A. Investment Approaches

#### *Equity*

We manage a broad range of equity investment approaches, including growth, core and value, as well as approaches designed to be "style-neutral." Some approaches focus on specific capitalization ranges, from micro cap, through small cap, mid cap and large cap, to mega cap. Others look for investment opportunities in more than one capitalization category or across all capitalization levels. In addition, we manage approaches that are global, multinational or focused on particular geographic regions or specific

countries. We manage diversified approaches invested across industry sectors, as well as sector approaches that concentrate on specific industries, such as health care, technology or finance. Our equity approaches may be based on fundamental research or may instead rely primarily on quantitative tools and techniques or technical analytical methods and strategies.

Investments in equity markets are subject to many risk factors, including risks arising from economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues. In addition, the market value of equity securities will fluctuate in response to changes in currency values.

### *Fixed Income*

We invest in fixed income instruments across the duration (from money market and short bond to intermediate to long bond) and credit (from investment grade to high yield) spectrums. Some approaches seek investment opportunities across various sectors, including government, mortgage, corporate, municipal and emerging market debt, while others are limited to one or more of those sectors. We also manage global, multiregional and multicurrency approaches. The Fixed Income Group relies on strong fundamental research capabilities, as well as quantitative and technical analytical tools. Our investment approaches often utilize a combination of these capabilities and tools.

Investments in fixed income securities markets are subject to many risk factors, including risks arising from economic conditions, government regulations, market sentiment and local and international political events. In addition, the market value of fixed income securities will fluctuate in response to changes in interest rates, currency values and the creditworthiness of the issuer.

### *Currencies*

We offer our clients a range of currency management services. The firm offers actively managed currency-only approaches in multiple styles,

which are differentiated in terms of the currencies held, the underlying performance benchmark and the expected level of volatility. Each currency approach relies on a combination of fundamental research, quantitative models and technical analysis. The approaches often utilize more than one of these capabilities and tools. Investments in currencies, currency futures contracts, forward currency exchange contracts or similar instruments, as well as in securities that are denominated in foreign currency, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

### *Commodities*

We manage commodities approaches that invest across commodities sectors and types. These approaches rely on the firm's strong fundamental research capabilities and combine those with the use of quantitative and technical analytical tools.

Exposure to the commodities markets may be more volatile than investments in traditional equity or fixed income securities and is typically achieved through derivative instruments. The value of commodity-linked derivative instruments may be affected by broad market movements, commodity index volatility, interest-rate changes or events affecting a particular commodity or industry.

### *Multi-Asset*

We advise some clients on the allocation of assets among various asset classes and investment styles. These services range from the provision of strategic allocation studies that recommend adjustments to a client's existing asset allocations, to active (or tactical) management of the asset allocation exposures within an account, to full discretion over both strategic and active asset allocation decisions for a client's portfolio. Some active multi-asset portfolios include diversified exposure to a range of asset classes, while other portfolios are concentrated on specific sectors of the global capital markets.



Active asset allocation decisions can be based on fundamental research, quantitative and/or technical analytical tools. Consistent with our firm's investment model, there is no top-down direction with respect to asset allocation. Allocation decisions will vary based on each portfolio manager's views, as well as his or her evaluation of a client's specific objectives and requirements.

Multi-asset accounts can invest in desired asset classes or sectors in a number of ways. A portfolio manager may allocate a multi-asset account among various investment approaches that we manage, including our Sponsored Products, invest the account's assets directly or use a combination of these methods to gain the desired exposures.

Multi-asset accounts are subject to all of the risks associated with each of the underlying asset classes in which they are invested, as well as the risk that asset classes do not perform as expected.

### B. Sponsored Products

Many of the investment approaches outlined above are available through our Sponsored Products. Wellington Management serves as investment manager or investment advisor for each of these Sponsored Products. Most portfolio managers who manage portfolios for Sponsored Products also manage accounts for unaffiliated clients.

## VI. Disciplinary Information

From time to time, our firm is involved in regulatory examinations or litigation that arise in the ordinary course of our business.

In the event that we become aware of any regulatory matters or litigation that we believe would be material to an evaluation of our advisory business, we promptly notify all clients or

prospects affected by those events, subject to applicable law and regulation. We also notify clients and prospects about regulatory matters or litigation that are not material to our advisory business if we believe that our clients would expect to be notified of those matters.

## VII. Other Financial Industry Activities and Affiliations

Wellington Management operates as a unified, global investment management firm. We do business as an investment manager through a number of affiliated entities, each of which is registered with the appropriate regulators. Wellington Management Company, LLP, the US-based parent company for our global organization, manages our business in the United States, Canada and Latin America and coordinates our global operations. Wellington Management International Ltd, our UK affiliate, manages our business in Europe, the Middle East and Africa. Wellington Global Investment Management Limited, our Hong Kong affiliate, manages our business in greater China and Korea, while our Singapore affiliate, Wellington International Management Company Pte Ltd, manages our business in the remainder of Asia and the Pacific Basin.

Wellington Management personnel from these entities often work together to manage client portfolios and provide related services, including client liaison, investment monitoring, account administration, investment research and trading services. In some circumstances, one affiliate delegates responsibility for providing those services to another. When we delegate a function related to your account to a Wellington Management affiliate, we will notify you and take steps to ensure that the delegation will comply with any applicable laws.

Our firm also provides a range of investment management services to investment vehicles that are sponsored by our subsidiaries (referred to as Sponsored Products). Those vehicles include bank-maintained collective investment funds and common trust funds, and US and non-US domiciled funds, including hedge funds. Wellington Trust Company, NA, a limited-purpose trust company regulated by the US Office of the Comptroller of the Currency, maintains a series of common trust funds and collective investment funds in connection with the trust services it offers clients. Other affiliates, including Wellington Luxembourg SA, Wellington Luxembourg II SA, Wellington Hedge Administrator, LLC, and Wellington Hedge Management, LLC, sponsor our non-US domiciled mutual funds and US and non-US domiciled hedge funds.

Wellington Management Advisers, Inc., a limited-scope broker/dealer registered with the US Financial Industry Regulatory Authority (FINRA), introduces prospects to certain Sponsored Products offered within the United States on a private placement basis. It does not execute securities transactions or engage in any other business.

For additional information on the other entities within our organization, including our Sponsored Products, please refer to the *Appendix*.

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

### A. Our Code of Ethics

Our Code of Ethics (the “Code”) applies to all Wellington Management personnel worldwide. The Code describes the standard of conduct we require of our personnel and sets forth certain restrictions on activities, such as personal trading and gifts and entertainment. Compliance with the Code is a condition of employment for all personnel. A serious violation of the Code or related policies may result in dismissal. Key provisions of the Code are summarized below. A copy of the entire document is available upon request.

#### *Personal Trading*

All Wellington Management personnel are considered “access persons” under our Code. They must pre-clear their personal transactions in covered securities prior to execution, except as specifically exempted under the Code. Some personal securities transactions that are not subject to pre-clearance must nonetheless be reported, including transactions in open-end mutual funds and variable insurance products that we manage. The Code’s restrictions on personal trading apply to accounts over which an access person and/or certain immediate family members have investment discretion, or from which they enjoy economic benefits. Portfolio managers are subject to additional restrictions on their personal transactions.

The pre-clearance process tests proposed transactions against a number of substantive restrictions designed to prevent our personnel from taking advantage of our firm’s investment activity on

behalf of our clients. We prohibit all personnel from buying or selling securities issued by broker/dealers that are approved for execution of client trades or by securities markets or exchanges on which the firm trades on behalf of clients. Likewise, we do not allow our personnel to engage in personal transactions involving the direct purchase of any security in an IPO. All personnel are required to provide quarterly reports and certifications regarding their securities transactions and annual reports regarding their securities holdings. The Chief Compliance Officer (or his or her designee) may grant an exception from pre-clearance, other trading restrictions, and certain reporting requirements on a case-by-case basis, if he or she determines that the proposed conduct involves no opportunity for abuse and does not conflict with client interests.

#### *Gifts and Entertainment*

Our Code places restrictions on receipt of gifts, travel, and entertainment opportunities by our personnel. Our personnel occasionally participate in entertainment opportunities that are for legitimate business purposes, subject to limitations set forth in the Code.

### **B. Investments by Our Personnel in Products We Manage**

We encourage our personnel to invest alongside our clients. Our personnel, including portfolio managers and other investment personnel, often invest in our Sponsored Products and in other pooled vehicles that we manage for clients. These investments are made directly by our personnel and through employee benefit plans that we sponsor (the “Wellington Retirement Plans”). The Wellington Retirement Plans invest extensively in Sponsored Products and in mutual funds sponsored by two of the firm’s largest clients.

By virtue of their responsibilities, our personnel have access to information that is not available to other participants in the investment vehicles

that we manage. We recognize our duty to disclose any material information related to these funds in a fair and equitable manner to all participants. We have adopted policies and procedures to identify and disclose material information and to manage any related conflicts that arise. Those procedures include information barriers and restrictions on transactions in Sponsored Products by our personnel.

Our firm does not limit the percentage of a Sponsored Product that our personnel can own. Wellington Management personnel are often the first participants in a new Sponsored Product and in some instances will be the only participants for one or more years. However, the vast majority of total assets in the Sponsored Products belong to our clients. In some cases, a portfolio manager may own all or substantially all of the interests in a Sponsored Product that he or she manages. While personnel who invest in Sponsored Products have an incentive to favor those accounts in order to obtain a personal benefit, these investments also help to align those individuals’ interests with those of our clients. Where we think it appropriate, we have adopted procedures to manage conflicts that arise from our personnel’s investment in our Sponsored Products.

Sponsored Products in which our personnel invest, including ones in which they are the only participants, invest and trade alongside other client accounts. We treat these collective investment funds the same as any client accounts, except with respect to investments in equity IPOs. Collective investment funds and common trust funds in which our personnel’s assets comprise at least 50% of the fund’s assets are ineligible to participate in IPOs. In addition, our personnel who have invested in sponsored hedge funds are not permitted to participate in the first day gains in IPOs in which the fund invests. While these practices differ as a result of the particular vehicle’s legal and accounting structure, each is designed to assist us in managing potential conflicts.

## C. Political Contributions

We do not allow our personnel to make or solicit political contributions for the purpose of obtaining or retaining business with government entities. However, our personnel may make personal contributions to support political candidates or elected officials, including candidates who may share the firm's views on issues related to our business interests.

## D. Donations to Charities

From time to time, our firm donates to charitable organizations that are clients, are supported by clients, and/or are supported by an individual employed by one of our firm's clients. In general, we make those donations in response to requests from clients or their personnel. We take into consideration the importance of the client relationship as one factor in determining whether to approve a charitable contribution.

## E. Other Potential Interests

Our focus is investment management. We neither invest for our own account, nor execute securities trades as a broker/dealer for client accounts that we manage. As a result, we avoid a number of potential conflicts with our clients' interests. However, the ordinary operation of our business does generate situations where we have a financial interest in investments in which our clients also transact.

### *Identification and Resolution of Errors*

Investment decisions, portfolio construction and related activities, including trading and trade reconciliation, are inherently complex processes. As a result, mistakes and imperfections occur, some of which cause losses in our clients' portfolios. However, not all mistakes and imperfections are compensable errors. We generally consider something a compensable error when we determine that our actions did

not meet the applicable standard of care for managing a client's assets and that our client suffered a loss as a result. Our Error Resolution Council, a cross functional group of senior professionals, reviews the facts and circumstances underlying potential errors on a case-by-case basis in order to assess whether the events constitute a compensable error. In conducting the assessment, the Error Resolution Council often consults other relevant personnel, including the portfolio manager(s) for the client account and the client's relationship manager. We attempt to resolve similar situations in a consistent manner, although industry practice and our view as to whether we have met our standard of care may change over time. In rare circumstances, in order to resolve a dispute with a client, we may decide to compensate a client for a loss even though we believe it is not a compensable error.

If we determine that we have made an error in a client's account, we will typically compensate the client for the direct monetary losses (if any) the error caused in the client's account. Unless prohibited by applicable regulation or a specific agreement with the client, we net the client's gains and losses from the error or a series of related errors with the same root cause and compensate the client for the net loss. We typically notify clients as soon as practical of any errors that violate client guidelines, or that result in a material loss in the client's account. However, we generally do not notify clients about an event when we have determined that it does not constitute a compensable error.

Where practicable and as permitted by law, we resolve potential errors by having the trades settle in our error account if we are able to identify and resolve the incorrect transaction prior to settlement date. These transactions may represent a loss or a gain. We bear the financial loss or retain the financial gain associated with the transactions that we resolve in the error account. We generally do not notify clients about those events.



### *Investments by Wellington Management in Products We Manage*

From time to time, we provide seed capital in connection with the launch of a new Sponsored Product. These investments are not material (either individually or collectively) to our financial position. The investments tend to be short term in nature with the exception of a minimal amount of capital that we keep invested in each of our hedge funds for tax reasons. In addition, we often hedge the market exposure of the short-term seed capital in our Sponsored Products.

### *Client Investments in Securities Issued by Other Clients*

Our client list includes numerous corporations that issue publicly traded equity and/or debt securities. In addition, the firm manages assets for sovereign and quasi-governmental entities that issue publicly traded securities. Given the breadth of the firm's client base and its investment platform, we frequently invest client assets in the securities of entities with which our firm has a client relationship.

### *Client Investments in Products We Manage*

We may invest client accounts in Sponsored Products when authorized by the client. In those situations, the assets invested in the Sponsored Product are generally excluded for the purposes of calculating the management fees at the separate account level. However, when a client expressly agrees, an account will pay a composite fee based on the fees charged by the various Sponsored Products and/or approaches in which it invests and the assets allocated to these investments. As a result, allocations to some Sponsored Products or approaches may result in higher fees than other allocations. We monitor these arrangements to ensure that allocation decisions are based solely upon an account's investment objectives, guidelines, and risk tolerance.

## IX. Brokerage Practices

Our core business practices regarding trading and brokerage are set forth below. We have also sought to describe conflicts that arise in connection with the execution of trades for client accounts and the measures we use to manage those conflicts.

### A. How We Trade Like Orders

#### *Trading and Brokerage Practices*

Global Trading executes all orders for trades placed by our firm's portfolio managers. Our Global Trading professionals have responsibility for selection of brokers, negotiation of commission rates, and overall trade execution. Trading policies are developed and monitored by our cross-functional Trading Policy Review Group.

#### *Aggregation of Orders*

Given our diverse investment platform, we frequently have open orders to buy or sell the same security in more than one client account. When orders are substantially similar, Global Trading typically aggregates them and places a block order with one or more brokers.

Our trading professionals use general guidelines in deciding whether to aggregate orders. They consider factors such as: the time frame over which different portfolio managers wish to build, reduce or eliminate a position; price limits and other instructions established by a portfolio manager for a specific order for a client account; client cash flows; the liquidity of the securities involved; and other relevant market information. Orders may be added to a block over a reasonable period of time during the trading day without first allocating executed shares if Global Trading believes that the additional orders are based on the same news item, analyst recommendation or other triggering event that prompted the first order.

While we typically aggregate similar orders, we may not do so in a number of circumstances, including where Global Trading determines that:

- Order terms such as price sensitivity or urgency to complete the trade differ significantly. In those circumstances, the trader handling the orders attempts to contact the portfolio managers involved to determine whether their intentions will be affected by the terms of the other orders. Once those conversations are concluded, the trader may sequence the orders in the process of seeking best execution. Likewise, when Global Trading becomes aware of new information that it believes might affect a portfolio manager's instructions regarding an order prior to its completion, Global Trading will seek to contact all appropriate portfolio managers and proceed in accordance with any revised instructions. A material change to a portfolio manager's instructions may also result in the separation of that order from the aggregated orders.
- Restrictions in some client accounts, such as operational rules, broker/dealer selection requirements or limitations on minimum transaction amounts, require orders in those accounts to be traded separately from the aggregate order.
- Program or automated trades using electronic platforms may be traded separately from other orders without a material impact on other orders.

Orders that are traded separately from the aggregate order frequently are placed after the aggregate order. Client accounts with orders traded separately may receive a different and inferior price from those accounts participating in the aggregate order.

### *Allocation of Executions*

As an aggregate order is filled, we allocate securities or cash among the participating accounts pro rata, based on the order size specified by the portfolio manager at the time of order entry and subject to the minimum lot size or round trading lot of the issue. Accordingly,

each participating client account receives a percentage of the executed portion of the order based upon each client account's percentage of the entire order. When an aggregate purchase order is filled through multiple executions, we allocate equity securities, where possible, at the average execution price and, if applicable, commission. Similarly, we allocate fixed income instruments (including new issues) pro rata at each executed market level. In both cases, we generally round the allocation to a given account to the nearest round trading lot.

We typically impose a minimum allocation amount for purchases of equity securities in the secondary markets. When a strict pro rata allocation places some client accounts below the minimum allocation amount, Global Trading uses an algorithm to reallocate the residual shares among the affected accounts. The new allocations are roughly equal in size to the minimum allocation amount. The algorithm weights the participating accounts according to the allocations they would have received under a strict pro rata process.

While we believe that a pro rata allocation treats clients fairly in most instances, we recognize that a rigid formula will not always lead to a fair and equitable result. Accordingly, Global Trading or any portfolio manager may ask our Chief Compliance Officer (or his or her designee) for an exception to the standard order aggregation and trade allocation processes described above. These exceptions are rare and will be granted only when we believe that all clients will be treated fairly under the proposed allocation.

### *Private Placements of Equity Securities*

Investing in equity securities offered in a private placement presents different risks and opportunities than investing in publicly traded securities. Equity securities offered via private placement can enable clients to invest in a promising business before its securities are publicly traded. When a publicly traded company makes additional shares available through a private placement, those shares tend to be priced at a discount to the publicly traded shares. On the other hand,

equity securities acquired in a private placement are typically illiquid for some period of time after the transaction, either because there is no market for the shares or because the transaction requires a contractual commitment to hold the shares for a period of time. In addition, mere knowledge of a pending private placement can restrict a portfolio manager's ability to transact in related publicly traded securities on behalf of client accounts, whether or not those client accounts participate in the private placement. In some cases, that restriction will apply to the entire firm.

The risks and potential rewards of equity private placements affect portfolio managers' views of the attractiveness of those securities for different client accounts. We manage some accounts, including our sponsored hedge funds, that actively seek these investment opportunities. Other client accounts, including some managed by the same portfolio managers, participate rarely if at all. Still other client accounts restrict or strictly prohibit investment in securities offered through private placements.

Our allocation procedures for equity securities obtained through private placement transactions reflect the unique nature of these transactions. We often seek to negotiate the size, price and other terms of an aggregate order for private placements. Global Trading aggregates orders from our portfolio managers as part of this negotiation in order to enhance our bargaining power on behalf of our clients. If we receive an allocation that is less than the firm's aggregate order across all client accounts, Global Trading usually allocates the securities pro rata based on order size, as described above. In some circumstances, however, we give preference to client accounts managed by the portfolio managers primarily responsible for identifying, researching and negotiating a particular private placement. As a result, the number of shares available to other client accounts will be reduced. This limits the number of accounts that receive a meaningful allocation and may lead portfolio managers to decide not to participate in the offering.

### *Initial Public Offerings of Equity Securities*

The allocation of equity IPOs is described in *How We Allocate Equity IPOs*, beginning on page 10.

## **B. How We Handle Competing Trades**

Our diverse investment model often causes us to execute trades for one client that differ from, or conflict with, trades we are executing on behalf of another client. For example, one portfolio manager may be attempting to buy a security for one client account while another portfolio manager is selling the same security for another client. Likewise, one portfolio manager may sell short a security for one client while a different portfolio manager is purchasing the same security in another client account. We seek to obtain best price and most favorable execution on all orders, but one client may receive or appear to receive a more favorable outcome.

### *Direct Trading Between Accounts*

When we have orders to buy and sell the same security on the same terms and at the same time, Global Trading may consider doing a "direct trade" between the client accounts that are involved. Direct trades can provide a benefit to both clients in the form of reduced market impact and reduced transaction costs. However, not all clients are permitted to engage in direct trades.

We may execute direct trades between client accounts when we believe that trade is appropriate for all accounts involved and consistent with applicable law and client guidelines. Direct trading opportunities that meet all of these requirements are rare. We limit direct trades to liquid securities for which market quotations are readily available. We effect direct trades at the current market price for that security. We do not pay brokerage commissions on direct trades, but the broker/dealer may charge clients customary transfer fees to complete the transaction. Global Trading has sole discretion over whether and when to effect direct trades between eligible client accounts, and may choose not to do a direct trade even if the accounts involved are permitted to do them.



We frequently execute trades that are otherwise eligible for direct trading through broker/dealers, as described immediately below.

### *Contra Orders*

We execute contra orders (orders on opposite sides of the market) for accounts we manage in a manner designed to provide adequate market exposure to both orders. We generally place contra orders with different broker/dealers, but also use alternative trading systems such as electronic communications networks when Global Trading determines that the alternative trading system offers adequate market exposure for the trade. We do not consider trades executed on alternative trading systems with adequate market exposure to be direct trades.

We purchase securities from a broker to which we have recently sold the same securities when we believe that doing so is consistent with seeking best execution, particularly where that dealer is one of a limited number of brokers who hold or deal in those securities. We do not consider the sale and subsequent purchase of the same security from the same dealer to be a direct trade between client accounts so long as they are separate and independent transactions.

### *Trades Executed or Directed by Clients*

In a limited number of circumstances, we make investment recommendations to clients who execute their own securities transactions or who direct us to execute a recommended transaction only after their own internal review and approval. Those recommendations are sometimes communicated after we have completed our trading activity in that security on behalf of clients for whom we have trading discretion. The delay involved in communicating the recommendations may be significant and may adversely affect the price the clients who execute or direct the trades themselves obtain. If the recommendations are not delayed, our trading desk may find itself competing against those clients in the marketplace for the securities in question. That competition could have an adverse impact on the price obtained by all clients.

## **C. Our Brokerage Practices**

Our firm's relationships with broker/dealers, particularly those affiliated with large financial services organizations, are complex. We use broker/dealers to execute trades on behalf of clients, but we also have many other relationships with them. Some examples include:

- We invest client assets in securities issued by broker/dealers or their affiliates;
- We provide investment management services to certain broker/dealers or their affiliates;
- Broker/dealers serve as counterparties to a variety of investment instruments, including derivatives that we manage on behalf of our clients;
- Certain broker/dealers serve as prime brokers to one or more of our Sponsored Products;
- Certain broker/dealers provide both internally generated and third-party research to us as part of trade executions that we place on behalf of our clients;
- Family members of some of our personnel, including members of Global Trading, are employed by broker/dealers and third-party research providers; and
- Certain broker/dealers distribute some of our Sponsored Products.

All of these relationships pose the potential for a conflict in the selection of broker/dealers to execute trades in client accounts. For example, we understand that our firm has an incentive to select broker/dealers that provide research in connection with client trade executions or that confer some other benefit to us or our personnel.

One way we manage the conflicts created by these multifaceted relationships is through our structure. We have assigned responsibility for different activities to separate and distinct business groups within our firm. All of our trading activity is directed by Global Trading, while investment matters are handled by the appropriate portfolio management and research teams, and client relationships are managed by

the Global Relationship Group. Global Trading also assigns coverage of trading relationships with broker/dealers so that no member of Global Trading is in a position to direct trades to a family member employed by a broker/dealer.

In addition to these structural arrangements, we manage the conflicts in our relationships with broker/dealers through our brokerage policies, as described below.

### *Best Execution*

We seek best available price and most favorable execution (“Best Execution”) of the orders placed by our portfolio managers. We define Best Execution as a process, not a result: it is the process of executing portfolio transactions at prices and, if applicable, commissions that provide the most favorable total cost or proceeds reasonably obtainable under the circumstances (taking into account all relevant factors). Trading practices, regulatory requirements, liquidity, public availability of transaction information and commission structures vary considerably from one market to another. Best Execution incorporates many such factors, as well as the portfolio manager’s investment intentions, and involves an evaluation of the trading process and execution results over extended periods. We regularly monitor our trade executions to assess our effectiveness in seeking Best Execution and use third-party analysis where applicable. We can never know with certainty that we have achieved Best Execution on any given trade, but we believe that over time we do achieve Best Execution.

### *Broker/Dealer Selection*

An essential component of seeking Best Execution is broker/dealer qualification. We maintain a broad list of approved broker/dealers through which we can execute trades in client accounts. Each of our traders has discretion to decide which of those broker/dealers to use in executing specific transactions. The trader considers the wide range of brokerage services and capabilities applicable to a particular transaction and attempts to select a broker/

dealer that is among those most capable of providing Best Execution. On any given trade, the relevant brokerage services and capabilities can include the ability to execute a difficult or unique trade, the ability to provide anonymity and confidentiality, the breadth of the broker/dealer’s counterparty relationships, the likelihood of execution, the likelihood and timeliness of settlement, the broker/dealer’s underwriting capabilities, its use of automation, and its willingness to commit capital. The applicability and importance of specific criteria will vary depending on the nature of the transaction, the market in which it occurs, and the number of broker/dealers that are capable of executing the transaction. A trader may or may not solicit bids from multiple broker/dealers based on his or her judgment of the expected impact of a broad solicitation on the execution of that transaction.

We execute orders with broker/dealers that provide research services to us when the trader handling the order believes that the broker/dealer can provide Best Execution. In instances where the trader believes that more than one broker/dealer can provide Best Execution (which is often the case), the trader may consider the research services provided by a broker/dealer as a deciding factor in choosing a particular broker/dealer to execute the order.

### *Foreign Currency Transactions*

We generally use broker-dealers to execute foreign currency transactions. However, we trade foreign currency through a client’s custodian when legal requirements or operational considerations make executing through a broker-dealer impractical. For example, we issue standing instructions to client custodians to effect foreign currency transactions related to the repatriation of income.

### *Counterparty Risk*

We recognize that, as a by-product of investing, counterparty exposure is an unavoidable risk for all client accounts. We seek to preserve the ability of clients to take advantage of investment opportunities while prudently mitigating

counterparty risk through counterparty selection and monitoring, trading discipline, standardized over-the-counter agreement terms and dedicated operational functions that oversee confirmation of trades, collateral management and pricing. Our traders execute transactions only with approved counterparties.

We periodically review all trading counterparties under a risk-based framework. The extent and timing of these reviews varies based on our assessment of the potential risks associated with the type of trading we conduct with that counterparty. We use both internal and external analysis in conducting these reviews, as appropriate. While we believe that these measures reduce the risk that a counterparty default will have a major impact on client accounts, they cannot guarantee that investment losses associated with a major counterparty default will be averted.

#### *Commission Rates*

When applicable, brokerage commissions play an important role in our evaluation of Best Execution. As with other aspects of Best Execution, we believe that an analysis of commission costs must be multifaceted. The most appropriate commission on a trade is not always the lowest available commission. Many orders require skills and/or services that are not available at the lowest possible commission rate. The trader seeking to execute a specific order has full discretion to pay the commission rate necessary to pursue Best Execution of the order and selects a specific broker/dealer and commission rate based on his or her assessment of the execution requirements for the particular order.

We negotiate commission rates with broker/dealers in advance of trading based on the various types of trade execution that our client accounts may need. We attempt to negotiate rates that maximize the overall benefits received by our clients for their commission expenditures. Those benefits include, but are not limited to, trade execution, the willingness and ability to commit capital and the availability of investment research provided by the broker/dealer. While some client accounts routinely make use of a

range of services provided by broker/dealers, an account may make use of a particular service only rarely, if at all. As we cannot predict when orders for a client account will require a particular service, we believe that access to the full range of services provided by broker/dealers benefits all client accounts.

We focus on execution requirements when negotiating commission rates. However, certain types of executions may only be available from a broker/dealer on a basis that includes access to other services, such as proprietary investment research. The bundling of those services with trade execution likely affects the broker/dealer's pricing of the overall service. We have established bundled commission rates with broker/dealers and will continue to do so to the extent we believe that bundled commissions benefit our clients through greater access to execution and research services. We have also established, and will continue to establish, commission rates with broker/dealers that provide a limited scope of execution services. We use those services when the trader executing an order deems it appropriate given the requirements of the order. We do not, however, believe that these rates necessarily reflect the price or cost of the execution component of bundled commission rates.

#### *Client Commission Arrangements*

Our investment professionals can and do use research provided by broker/dealers and independent, or third-party, research firms in their decision-making process ("Research Services"). These Research Services include written research material, conversations with analysts at the research firms, meetings with corporate management and access to experts in a variety of fields, such as government officials, doctors, researchers, lawyers and scientists. Some of that research, typically proprietary research developed by the broker/dealer, is bundled with trade-execution services provided by the broker/dealer. Broker/dealers also provide us with research from third-party research firms as a result of trade executions that we place through the broker/dealer. While the commissions on those trade executions are paid

for by our clients' accounts, the Research Services are provided to us. We thus receive a direct benefit at no cost to our firm, while our clients benefit indirectly through the impact of Research Services on the investment performance of their accounts. We do not allocate specific trades towards client commission arrangements but instead manage these arrangements with broker/dealers on the basis of our firm's aggregate trading activity. These client commission arrangements may be referred to as "soft dollars" in the US and "soft commissions" in the UK and other jurisdictions.

We believe that Research Services provide a net benefit to our clients as a whole. The structure of our portfolio management and trading platforms makes it difficult and often impossible to link the acquisition of specific Research Services with particular client transactions. Research Services received through client commission arrangements can be used by all investment personnel, regardless of whether they work directly on client accounts with trading activity that generates eligible commissions. In addition, the diversity of our firm's investment approaches means that some Research Services benefit the firms' clients broadly, while others primarily benefit a specific segment of client accounts. As a result of these factors, we do not attempt to track the benefits of Research Services to the commissions associated with a particular account or group of accounts.

We may use some third-party Research Services both to assist in the investment process and for other purposes. In those "mixed use" circumstances, we generally make an assessment of the portion of the use attributable to the investment process and pay for that part of the service through client commissions. We then pay for the remainder from our own resources. Alternatively, we may decide to pay for the entire service ourselves.

We no longer agree to requests from new or existing clients to exclude their commission payments from the client commission amounts that broker/dealers consider when determining what Research Services they are willing to provide to us. However, we have a limited number of existing clients with whom we have agreed

to this arrangement and for whom we have given that instruction to broker/dealers. As of December 31, 2012, those accounts represented approximately 1% of our equity assets under management. Those instructions have not resulted in cost savings for the clients involved, and those accounts continue to benefit from the Research Services provided to us through client commission arrangements.

### *Client-Directed Brokerage and Step-Outs*

We do not enter into agreements, expressed or implied, to select a broker/dealer for trade execution as remuneration for recommending Wellington Management as an investment advisor. We do not knowingly place transactions with a broker/dealer in recognition of sales of pooled investment vehicles we manage. However, we do not disqualify broker/dealers for trade executions simply because the broker/dealer has referred clients to us or has sold or recommended pooled investment vehicles or separate account products advised or subadvised by us.

Some clients direct us to place orders for their account with specific broker/dealers that provide services to that client. We only agree to this type of direction on a "best efforts" basis and to the extent that it is consistent with our regulatory obligations, including our obligation to seek Best Execution. The ability to direct client trades is also limited by operational constraints. Trading instructions vary by client and our ability to meet those requests depends, in part, on the characteristics of the securities and markets in which the account invests and the capabilities of the broker/dealers. In addition, we have determined that certain categories of transactions are not eligible for client direction. Moreover, we will limit the aggregate amount of a client's trades that are directed to a broker/dealer if we believe that the limitation is reasonably necessary to allow us to seek Best Execution. These directed brokerage instructions are distinct from client instructions restricting broker selection or imposing other trading-related constraints with respect to that client's account, which may impact our ability



to seek Best Execution on trades made pursuant to those instructions. (See *Aggregation of Orders*, beginning on page 18.)

In rare circumstances, we use “step-outs,” a process by which one broker/dealer steps out of all or a portion of a transaction and allows another broker to act as the broker of commission credit, in connection with client-directed brokerage instructions, or to resolve unexpected problems in the trading process. Executing broker/dealers generally do not view step-out transactions as profitable business and thus may limit or refuse to engage in step-out transactions.

We generally do not recommend brokers to clients. However, we will occasionally recommend brokers to clients who solicit brokerage recommendations in connection with a specific trade or in connection with the client’s selection of a directed brokerage program. Neither our firm nor any of our personnel receives any product, research services or other remuneration for those recommendations.

#### *Trades Executed Using Broker Capital*

We engage broker/dealers as “at risk” counterparties to trades for client accounts (“capital trades”). Capital trades require broker/dealers to place their own capital at risk with respect to either the particular security or the collection of securities that is the subject of the client order. We use capital trades as part of the ongoing management of client accounts, as well as to facilitate account transitions. However, capital trades are not used proportionately across all client accounts and may not be used at all for some accounts. As with all transactions, we exercise our judgment in determining whether a capital trade is consistent with seeking Best Execution under the circumstances.

Although we may establish a stated commission rate in connection with these transactions, our assessment of Best Execution for these trades focuses on the prices our clients receive (taking into account all relevant factors), rather than the commissions paid. These prices may be influenced by the size of our past and future

business with respect to all of our clients’ trading activity with a broker/dealer. In any given situation, we may alter the terms of a principal bid trade after they have been agreed upon, if we believe that the terms negotiated have become unfair either to our clients or the broker/dealer due to changed circumstances.

#### *Affiliated Brokers*

We do not own or control a broker/dealer that executes securities trades for client accounts. Clients, including registered mutual funds, that have trading restrictions and/or reporting obligations with respect to principal or agency transactions with particular brokers or dealers are required to notify us in writing of those affiliations and any associated trading restrictions for their accounts.

### **D. How We Manage Other Trading-Related Costs**

A trader may fulfill a single order through a number of smaller transactions. The number of participating accounts, aggregation of other like orders, execution strategy, market structure, liquidity and the number of execution venues used can result in multiple transactions. The number of transactions per order tends to increase where the liquidity of the security is low or where the firm’s overall aggregate order size for a security is large. A client may incur significant trade ticket, custody and related fees due to multiple transactions. The impact of these costs tends to be higher for smaller accounts or for accounts invested in certain markets. We may, in our sole discretion, accept client instructions to impose minimum transaction amounts on that client’s account on a “best efforts” basis in order to manage the cost of trading the account. Instructions of this type are likely to cause the client’s order to be traded after any aggregated orders that do not have similar restrictions. (See *Aggregation of Orders*, beginning on page 18.)

## X. Review of Client Accounts

The Directors of the Asset Allocation Strategies, Equity Portfolio Management, Fixed Income Portfolio Management, Global Industry Research, Hedge Fund and Quantitative Portfolio Management Groups, together with their teams, review the portfolio managers within their respective investment groups on an ongoing basis. In addition, our Executive Committee has created several formal investment review groups. These groups are intended to support our firm's fiduciary responsibility to provide competent and professional investment management services to our clients by reviewing the investment process and performance of investment teams.

Every investment team is reviewed by one or more of the review groups listed below. The review groups are comprised of senior management personnel and investment professionals. Each group attempts to review each team assigned to it at least once per year. The review generally covers the team's investment philosophy, process, performance, compliance record and portfolio characteristics, as well as the people and resources that support the team's management of client accounts.

- Equity Review Groups I and II are responsible for reviewing the quality of portfolio management services provided to clients invested in certain equity investment approaches.
- The Multi-Strategy Review Group is responsible for reviewing the quality of portfolio management services provided to clients invested in multi-strategy or other non-traditional investment approaches, including asset allocation and quantitative equity portfolios.
- The Hedge Fund Review Group is responsible for reviewing the quality of portfolio management services provided to hedge fund portfolios.

- The Fixed Income Review Group is responsible for reviewing the quality of portfolio management services provided to clients invested in fixed income investment approaches.

Our Global Relationship Group provides a variety of reporting and other services to our clients. We provide detailed portfolio information on our client web site on an ongoing basis. On a quarterly basis, we typically provide a written reporting package, including an update of the holdings, transactions and performance of the client's account as well as commentary on current positioning. As part of this package, we typically share the portfolio manager's views on the economy and markets. In addition, we periodically provide our clients with white papers on asset allocation issues, investment strategy questions and other relevant topics.

Clients receive different levels of service from our firm or have varying access to our investment and other personnel, including varying opportunities to discuss current investment trends or themes. Some of our clients receive investment reports or analyses that other clients do not receive. We make decisions about the level of service offered to any client or group of clients based on a review of client needs and our business considerations.

## XI. Client Referrals and Other Compensation

### A. Solicitation of Business

We rely primarily on the business development and marketing activities of our personnel to solicit new business. However, we have entered into arrangements to pay third parties to solicit new business on behalf of our firm. In those circumstances, we require the third-party solicitor to provide an appropriate disclosure statement to clients and prospects regarding that arrangement.

We pay some third parties to include information about our investment approaches in databases that they maintain to describe the services provided by investment managers. We may pass the costs associated with participating in these databases on to the clients who utilize those databases. In these circumstances, those costs would affect the fee we charge to clients who use those databases.

## B. Our Relationships with Consulting Organizations and Other Intermediaries

Many of our clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. We have extensive dealings with investment consultants both in the consultants' role as advisors for their clients and in independent business relationships.

We provide consultants with information on accounts we manage for our mutual clients, pursuant to the clients' directions. We also provide information on our investment styles to consultants, who use that information in connection with searches they conduct for their clients. We also respond to requests for proposals in connection with those searches.

Other interactions we have with consultants include the following:

- We invite consultants to events or other entertainment hosted by our firm.
- In some cases, we serve as investment advisor for the proprietary accounts of consultants or their affiliates, or as advisor or subadvisor for funds offered by consultants and/or their affiliates.
- We purchase software applications, access to databases and other products or services from some consultants.
- We may pay for the opportunity to participate, along with other investment managers, in conferences organized by consultants. These conferences provide us with the opportunity to discuss a broad variety of business topics with consultants, clients, and prospective clients.

Upon request by individual clients, we provide information regarding the existence of a relationship between our firm and that client's consultant. In general, however, we rely on the consultant to make the appropriate disclosure to its clients of any conflict that the consultant believes to exist due to its business relationship with our firm.

From time to time, our Sponsored Products' prime brokers will introduce to us potential investors in those funds. Introductions are made either at conferences sponsored by the prime broker or through private meetings. We do not compensate the prime brokers for making those introductions and we conduct our own due diligence regarding the suitability of any potential investor referred by a prime broker.

## XII. Custody

Our clients deposit the assets we manage on their behalf in separate accounts maintained by third-party custodians. Our firm generally does not have possession, or the authority to obtain possession, of assets held in client accounts in our role as investment manager.

We nevertheless seek to safeguard client assets against unauthorized access or disposition in a number of ways. We separate investment management, trading, operations and client relationship management responsibilities. We maintain access controls around the systems used by trading and by portfolio management to ensure that trades are authorized. Finally, we periodically reconcile records of client funds and securities to the client's custodian records.

Our Sponsored Products also maintain their assets at third-party custodians. Because Wellington Management affiliates often serve as the trustee or the general partner of, or hold another comparable position with respect to, a Sponsored Product, we take additional measures to safeguard these assets. Our Sponsored Products provide audited financial statements to their investors on an annual basis. In addition,



clients with transition accounts that we manage in connection with an investment in our Sponsored Products will receive required account statements from the custodian at least quarterly.

Clients should carefully review any statements or other reports that they receive from a custodian and compare them to the client reports provided by us.

## XIII. Investment Discretion

We exercise investment discretion on behalf of our client accounts only when expressly authorized to do so in writing by the client. We exercise this discretion in accordance with client guidelines and limits we place on the aggregate ownership of individual equity securities across all client accounts.

### A. Client Guidelines

In exercising investment discretion, our portfolio managers manage client accounts in compliance with account guidelines, which are often customized to reflect a particular client's investment objective, benchmark, risk tolerance and other requirements. Initial client account guidelines are established by agreement between us and the client and are typically included as part of the investment management agreement. From time to time, we negotiate changes to account guidelines with a client. We document changes to client guidelines and provide those changes to the account's portfolio management team. We employ a variety of methods to assist portfolio managers in complying with client guidelines. This support includes dedicated compliance and legal personnel, compliance systems technology, exception identification and escalation, periodic training, consultation and review.

### B. Limits on Aggregate Ownership

We monitor the extent of the aggregate ownership of classes of equity securities across all client accounts over which we have investment discretion. As part of this effort, we have adopted a policy which places limits on our aggregate ownership levels. Those limits are based partly on regulatory and/or legal considerations related to large shareholdings and partly on investment risk management considerations. On occasion, a specific limit is imposed by law or regulation, but more frequently we impose ownership limits based on our subjective judgment. For example, we voluntarily limit aggregate ownership of some securities to avoid public reporting requirements for our firm or our clients. While we believe that our aggregate holdings limits generally represent a prudent level of investment risk, the size of our firm's aggregate holdings in a given security may affect the price at or speed with which we are able to liquidate client holdings.

In most cases, we place an initial limit of 9.9% of issued and outstanding shares on aggregate holdings of any public equity class of security of a given issuer across client accounts. Any investment professional may request an increase in the aggregate ownership level above this initial level. The firm's Legal and Compliance Group can increase the level following a review of legal, regulatory and market considerations. For increases above 15%, Legal and Compliance will obtain the approval of the line managers of the portfolio manager initiating the request and of any other portfolio manager who holds the shares in client accounts.

We may exceed the aggregate ownership limit for a security involuntarily as the result of a share buyback or other corporate action that reduces the number of shares outstanding. Although we do not have a policy that requires managers to reduce their holdings due to involuntary decreases in shares outstanding, we sometimes reduce a client's holdings to comply with applicable law or regulation or based on our subjective assessment of the risks associated with holding large positions of the

issuer. This action may cause the client to sell shares under adverse circumstances. We do not consider shares of a security that is nearing the aggregate ownership limit to be an inherently valuable and scarce investment opportunity. As a result, competing orders for those securities are allocated based on the general provisions of the firm's trade allocation policy, which is described in greater detail in *How We Trade Like Orders*, beginning on page 18. When we execute sell orders that bring our clients' ownership level below the aggregate ownership limit, we inform all investment personnel that additional purchases of shares are no longer restricted.

The limits we place on aggregate ownership of securities across client accounts can cause performance dispersion among accounts with similar investment guidelines managed by the same portfolio manager. For example, a portfolio manager would not be able to invest a new account's assets in a security when the security has reached the firm's aggregate ownership limit. This occurs more frequently with respect to accounts invested primarily in stocks in the small- and mid-capitalization ranges.

## XIV. Voting Client Securities

Clients often give us discretion to vote proxies on securities held in their accounts. Our ability to vote proxies depends on the client's custodian delivering the proxies in proper form and in a timely manner to us or our agent.

We vote proxies in the best interests of our clients as shareholders and in a manner that we believe maximizes the economic value of their holdings. Our proxy voting guidelines set forth general guidelines for voting proxies, but we evaluate each proposal on its merits. The portfolio manager for the client account has the authority to decide the final vote, absent a material conflict of interest. The vote entered on a client's behalf with respect to a particular pro-

posal may differ from the proxy voting guidelines and/or from the vote entered on behalf of another client.

### *Conflicts of Interest*

From time to time, we will have a business relationship with an issuer whose securities are held in a client account. The issuer may be a client or a lender. We have adopted and implemented policies and procedures that we believe are reasonably designed to manage the conflicts created by those business relationships, as described below.

The Corporate Governance Committee sets standards for identifying material conflicts based on our client or lender relationships and publishes those to individuals involved in the proxy voting process. If a proxy presents a material conflict of interest, the matter must be reviewed by designated members of the Corporate Governance Committee, who direct the vote in the interests of the client(s) for whom the proxy is being voted. Because identifying potential conflicts is a self-reporting process, if the apparent conflict is not raised by someone within the firm it may not be identified and reviewed by the Corporate Governance Committee.

### *Other Proxy Issues*

In some instances, we are unable to vote or may determine not to vote a proxy on behalf of one or more clients. For example, a proxy vote might not be entered because the securities involved have been lent out under a client's securities lending program. In a number of countries, the need to block or re-register shares in order to vote proxies may make voting undesirable. In addition, proxies may not arrive in a timely fashion. We may determine that the cost of executing the proxy is excessive, or may lack sufficient information to cast an appropriate vote. If a client wishes to direct the voting of their securities with respect to a particular solicitation, they may do so by providing us with timely, written instructions. We only agree to this type of direction on a best efforts basis and to the extent consistent with our regulatory obligations.

We provide our clients with information on how we voted securities in their respective accounts, as well as our Global Proxy Policy and Procedures, upon request.

## XV. Ancillary Services

We provide a range of ancillary services to a subset of our clients. We generally do not charge separate fees for these services, which include those described below.

### *Marketing Support Services*

We provide technical expertise to support the marketing efforts of some of our mutual fund and other subadvisory clients. Some clients receive more marketing support than others. Projects in which our marketing team collaborates directly with clients include: assistance with the development of product and marketing strategies; assistance with the development of marketing materials, including presentations, newsletters, brochures and investment communications; and product and investment training for the clients' sales personnel. In each case, marketing strategies and materials are subject to the ultimate oversight, approval and control of the client. The client also remains responsible for its compliance with applicable laws and regulations. We may also, on a case-by-case basis, provide financial support for marketing events when requested by certain mutual fund or other subadvisory clients. As with client service, decisions regarding marketing support services and financial support are based on our business considerations.

### *Strategic Asset Allocation Services*

We consult with some of our clients on their strategic investment issues. In some cases, we make recommendations or decisions about the long-term investment structure of clients' accounts. Those recommendations and deci-

sions are based on our subjective assessment of each client's needs and the asset allocation strategist's outlook for returns and risks in various segments of the markets. Our recommendations may differ among clients at any given point in time based on these subjective factors. The implementation of the different recommendations may result in different fees for our firm.

### *Consulting Services*

We also provide various consultative services to a number of our clients, including insurance companies. These services include consulting on: a client's general account assets, including asset and liability matching; cash flow analysis; the timing of impairment of assets; and implications for the client's general account assets resulting from asset restructurings, capital redeployments, asset sales and other transactions contemplated by the client. In addition, from time to time we provide investment risk advice and analysis with respect to a client's portfolio. Our clients retain all decision-making responsibility on these matters.

In the course of these consultations, we may receive information that is material to a client's operations. In some instances, the client may be a public company whose debt or equity securities we hold on behalf of other clients. Our possession of material inside information may affect our ability to transact in those securities for our other clients. Greater detail on our policies and procedures to prevent the misuse of material, non-public information is discussed in *Control Over Use of Material, Non-Public Information*, beginning on page 32.

### *Educational Services*

We provide educational opportunities and services to a limited number of clients, including roundtable forums or investment institutes where clients meet and exchange investment ideas and techniques with our personnel. We select the clients who participate in these events at our discretion.

Some educational programs include an entertainment component. While we take responsibility for our own compliance with legal restrictions on our ability to provide gifts or entertainment to clients, we cannot monitor or track our clients' compliance with applicable laws or other requirements. We rely on the recipients and/or attendees of these events to comply with these laws, as well as their own internal ethical and reporting policies.

## XVI. Other Investment Information

### **A. Pricing and Valuation**

We seek to maintain accurate market valuations of the holdings in our client accounts. We determine values of all securities and other instruments held in client accounts at least monthly. Where reliable third-party vendor prices are readily available, we update those values daily. In addition, we determine fair values for securities and other instruments for which market quotations are not readily available or when the price provided by a pricing source does not, in our view, represent fair value. This pricing is done primarily to assist our portfolio managers in managing client accounts, although certain clients have agreed to use these prices when calculating the market value of their accounts for purposes of calculating our management fees.

We do not act as the pricing agent of record in our capacity as advisor or subadvisor for client accounts, though we will provide assistance

to the official pricing agents of those accounts, usually custodian banks or accounting agents, upon request. For example, we provide recommendations regarding the appropriate pricing methodology for fair-valued securities held in client accounts and often will act as the primary or sole pricing source for fair-valued securities held by our Sponsored Products. In each instance, however, the official pricing agent retains responsibility for determining the value of the securities in question.

### **B. Restrictions on Our Products and Services**

#### *Availability of Investment Services*

We retain sole discretion to decide when and to which clients we will provide investment services, subject to any specifically negotiated contractual obligations to particular clients. We offer the same or substantially similar investment products and services to more than one client, including mutual fund clients that compete with each other. We may refuse to accept a prospective client or investment mandate for any reason.

We may make the decision to discontinue an investment approach, close an investment approach to new assets or to accept new assets only from specific clients or through the firm's Sponsored Products. In addition, we may make certain investment approaches available only to certain clients or certain categories of clients, or offer an investment approach only through our Sponsored Products. Once an investment approach is closed for any reason, we may reopen or offer the investment approach at any time, and may offer that approach to some clients but not others.

#### *Impact of Client Decisions*

We frequently hold a particular security in multiple accounts for unrelated clients, especially those accounts managed in the same investment style. Some of our investment approaches have one investor, or a small number of investors, whose assets make up a significant portion of the total assets we manage in that investment



approach. As a result, trading activity in one client account may adversely affect the price of securities held in other client accounts. In addition, a client's decision to redeem or liquidate an account could adversely affect the price of securities in other accounts and impair the liquidity and ability to redeem or liquidate all similar accounts. On the equity side, these risks are greater in small- and micro-cap equity investment approaches, which invest in thinly traded and less-liquid securities. With respect to fixed income investments, these risks are greater in emerging market, high yield and certain municipal securities. However, in times of market distress these risks can impact broad categories of investments. We have no control over clients' decisions to terminate our services and the vast majority of our client assets under management are managed pursuant to contracts that can be terminated on thirty days' notice. In practice, we typically honor a client's request to waive that notice provision, so we may have very little advance warning of the liquidation of an account.

#### *Portfolio Manager Capacity*

We do not track the time a portfolio manager spends on a single portfolio or account, nor do we make specific time commitments to specific clients. Senior management with oversight responsibility for our investment professionals periodically assesses whether a portfolio manager has adequate time and resources to manage his or her various client mandates effectively.

A portfolio manager's capacity to manage assets for one or more clients may be limited based upon a variety of factors, including the number of clients and amount of client assets under management, the complexity of the investment product and the portfolio manager's other responsibilities within the organization. A particular portfolio manager or portfolio management team may be unavailable to manage additional assets due to capacity constraints on the manager's or team's time and resources. In some cases, not every client for a particular investment approach will have the same lead

portfolio manager. We may limit or lower the amount of assets that an individual portfolio manager or portfolio management team manages for a new or existing client.

#### *Operational Issues*

Our firm generally does not invest cash flows in client separate accounts prior to obtaining confirmation from the relevant custodian that the assets have been received by the custodian into the account over which we have investment discretion. However, in our sole discretion, we may agree to a client's request to place trades ahead of the confirmed receipt of cash. That decision will be based on a number of factors that, in our judgment, provide adequate assurances that the cash will be received by the custodian prior to the settlement date for the transactions. Any losses or other costs incurred because a client failed to deliver cash or securities as indicated in valid client instructions to us are that client's obligation. Our Sponsored Products have differing policies with respect to the investment of cash contributions.

#### *Liquidation of Client Accounts*

We may be unable to sell or close all holdings in a client account in full or partial liquidation. This may result in a client having to take investment responsibility over certain holdings and/or employ a third party to convert these holdings into cash. For example, forward contracts with expirations less than 90 days will generally not be closed prior to their settlement date.

### **C. Control Over Use of Material, Non-Public Information**

We encourage our investment professionals to visit companies in which they might invest and to meet with senior executives within these firms. Generally, those meetings are not open to the public. In discussions with corporate insiders or others (including suppliers, competitors, and brokers), our investment personnel are expected to direct questions toward customary subjects of investment interest, such as current and long-range business and industry trends,

production and marketing policies and programs, quality and depth of management, and financial standards and controls. The purpose of these meetings is not to seek material, non-public information, but to develop knowledge of the company and the industry in a manner consistent with applicable law.

While our investment professionals do not actively seek material, non-public information, they sometimes receive it, typically through meetings such as the ones described above or from a client with publicly traded securities. If this occurs, employees must contact our Legal and Compliance Group, which then reviews the situation. Legal and Compliance is authorized to take measures designed to protect our firm and our personnel from unlawful trading or the appearance of unlawful trading based upon that information. Those measures can include the imposition of information barriers or a restriction on trading in the relevant securities. We sometimes impose trading restrictions even in the absence of a legal requirement to do so, based on our determination that the interests of our firm or our clients are best served by avoiding even the appearance of trading on material, non-public information.

When a temporary restriction on trading in a security is imposed, a portfolio manager may be required to forgo an investment decision he or she would otherwise make in client accounts, which could cause certain of those accounts to experience a loss or be otherwise disadvantaged.

## XVII. Our Human Resources Policies

Our firm has adopted policies regarding our personnel that may affect some aspects of the management of client accounts. We believe that these policies are necessary and appropriate to preserve our business interests. We may change or amend these policies from time to time in our sole discretion.

### *Non-Competition Agreement*

Each partner of WMC has signed, and each newly admitted partner will sign, WMC's Partnership Agreement. This agreement provides, among other things, that the partner will not compete with WMC for a period of three years following withdrawal from the partnership and will not do business with the firm's clients for another two years beyond that. Although the firm's Managing Partners have the ability to waive these restrictions to permit particular activities that, in the judgment of the Managing Partners, will not harm the firm's goodwill, no partner has a right to such a waiver.

### *Incentive Compensation Arrangements*

Our portfolio managers and analysts typically receive incentive payments related to the portfolios they manage or to which they contribute investment ideas. Those payments are usually determined by a formula based on revenues we receive for those accounts. In many cases, portfolio managers have incentive compensation arrangements that are also tied to the performance of the account in question relative to the client's benchmark or objective. In some cases, the incentive benchmark differs from the client's benchmark. When we enter into a performance-based fee arrangement with a client, the portfolio manager's incentive arrangement will typically be a portion of the fee earned by the firm. A portfolio manager may allocate a portion of his or her incentive compensation to team members, research analysts or other investment personnel in recognition of their contributions to the performance of the portfolios he or she manages. All incentive compensation arrangements are reviewed by our Incentive Compensation Committee.

The compensation of investment personnel is not based on their contributions to business development. However, all Wellington Management personnel are eligible for bonuses based on the firm's financial success and the individual's overall contribution to our business. Bonuses paid on this basis constitute a significant part of the compensation of many of our senior business and investment professionals.

## XVIII. Conflicts of Interest

Throughout this document, we have tried to identify for you the conflicts that arise in the ordinary course of our business. Some of those conflicts are inherent in any large, global investment management business, while others are a result of our business model. We seek to avoid or minimize these conflicts where reasonably possible. However, some conflicts cannot be avoided, and although others could be, we have determined that doing so would require changes to business or investment practices that, on balance, provide a significant benefit to our firm and/or our clients.

Any conflicts that we cannot or have chosen not to avoid are managed through policies and procedures that we believe are sufficient to protect the interests of our clients and fulfill our fiduciary obligations to our clients. Key conflicts are described below, along with the principles upon which we attempt to manage them.

### *Conflicts Among Clients*

This section summarizes some of the information discussed above relating to situations in which the interests of one client or set of clients may conflict with those of our other clients.

Our firm has a large and diverse client base. Our fee arrangements with our clients vary greatly, even among clients receiving essentially similar portfolio management services from the same personnel. In addition, our clients differ in their ability to affect the firm's business interests for reasons including the amount of assets under that client's control, a client's ability to influence the decisions of other potential clients regarding the purchase of investment management services or the client's reputation and prestige within a particular market.

We recognize that our business interest in serving clients who are perceived to be more influential or more valuable to the firm poses a risk that we would favor those clients over other clients. In order to manage this risk, we

commit that we will not differentiate or favor certain clients over others with respect to the allocation of investment opportunities, trade allocation or the voting of proxies. These are all areas that touch our fiduciary obligations to our clients. In areas where our fiduciary obligations are not implicated, such as the frequency of client reporting or the offering of educational opportunities, we may exercise our business judgment to treat clients appropriately, but differently, depending on their circumstances.

Our firm has adopted policies designed to allocate investment opportunities, including shares of equity IPOs, among our clients in a fair and equitable manner. The specific procedures we use to ensure compliance with those policies differ depending on what we believe to be the inherent value of particular investment opportunities and/or the risk of favoritism presented by various parts of our business. Our policies and procedures reflect our belief that our clients benefit from the diversity of investment opinion within the firm and the individualized, subjective judgments of each portfolio manager with respect to each client account. Accordingly, we will not mandate that a portfolio manager include all client accounts in any particular investment opportunity, although we require a portfolio manager to provide us with an explanation of certain decisions. For example, we do not attempt to make a firmwide decision to purchase a particular equity IPO, but often require portfolio managers who participate in equity IPOs to provide an explanation of their decision to exclude a particular client account if other accounts they manage do participate. We may also restrict certain investment opportunities to avoid conflicts of interest, such as equity IPOs in which client accounts that we manage will be selling shares to the public. In addition, we perform after-the-fact monitoring and review of client accounts to assess dispersion among accounts with similar mandates.

When managing client accounts that can invest in multiple investment approaches and asset classes, a portfolio manager may decide to allocate a portion of those accounts to Sponsored



Products that we manage. Our portfolio managers and other investment personnel who make these allocation decisions have access to information about those funds that is not available to other participants in the same funds. While we believe that access to this information is necessary to manage asset, sector and issuer exposures across multiple investment approaches and asset classes, we recognize our duty to disclose any material information related to Sponsored Products that we manage in a fair and equitable manner to all participants. Where we think it appropriate, we have adopted policies and procedures to identify and disclose material information and to manage any related conflicts that may arise, including use of information barriers and restrictions on contributions and withdrawals.

Our trade allocation policies and procedures for situations where multiple client accounts participate simultaneously in a buy or sell order for the same security strive to assure fair and equitable treatment of all client accounts participating in those orders. The firm's policies and procedures on trade allocation are discussed in the section entitled *Brokerage Practices*, beginning on page 18. Finally, the firm's policies regarding the voting of proxies where we believe a client relationship with the issuer poses a material conflict are discussed in the section entitled *Voting Client Securities*, beginning on page 29.

### *Conflicts Between Clients and Wellington Management*

We recognize that our firm has the opportunity to benefit from the authority our clients have given us to direct the management of their assets and from the business that we are able to direct to other firms as a result. We receive valuable products and services from vendors, specifically broker/dealers, to whom we direct substantial amounts of client commissions over which we have control. Some services provided by these broker/dealers are paid for by client

commission arrangements, which are generated based on our placement of client trades through those broker/dealers. If we were unable to obtain those products and services through the use of client commissions, we would need to pay for them directly. Other products and services would simply be unavailable, as the broker/dealers in question will not provide those services in an unbundled manner.

Because we receive products and services from broker/dealers, there exists a risk that we might place trades with particular broker/dealers in order to obtain those products and services, rather than to seek the Best Execution for client trades. We manage that risk in several ways.

By policy, we have limited our use of client commissions to the acquisition of Research Services. Broadly speaking, that research benefits the firm's clients through its contribution to the investment process, although there is no particular correlation between the amount of client commissions generated by trading activity in a client's account and the use of research in the management of that particular client's investments. Our policy also establishes Best Execution as the primary requirement in the selection of a broker/dealer to execute trades. We monitor trade executions to assess our execution quality, including the use of third-party analysis where available.

Information that we provide to clients regarding the value of certain securities held in accounts we manage for them poses a risk of conflict. We generally base our fees on the value of the accounts under our management. When a security held in one of those accounts does not have a readily available market value, our interests would be served by placing the highest possible value on that security. Even though we do not provide official prices for client accounts (other than our Sponsored Products), we have adopted pricing policies and procedures and established a Pricing Committee to manage the conflict posed by pricing securities for which there is no readily available market value.

We do not manage any accounts or assets for our own account and thus, in the ordinary course of business, we do not compete with our clients in the market for securities. Sometimes, however, we directly or indirectly acquire exposure to individual securities as a result of an error that we have made in a client account. In those situations we have an interest in limiting our losses or maximizing our gains. That interest may be best served by trading with, ahead of, or on the other side of our clients.

In these circumstances, we have adopted a policy against trading in a security acquired in error while we are trading for a client account in that security. Exceptions to that policy may be made only when the firm's Error Resolution Council determines that the client trades will not be materially affected by the firm's correction of the error.

#### *Conflicts Between Clients and Wellington Management Personnel*

We are aware that our personnel have the opportunity to benefit financially, as individuals, from their access to information about trading activity in client accounts. Some of those individuals may also benefit personally due to their ability to direct investment or trading activity in client accounts. Those opportunities create the risk that individuals will use confidential client information for their own benefit or exercise their discretionary control over client accounts for their own benefit.

Our Code of Ethics was adopted in part to manage the conflicts posed by access to information about activity in client accounts. We systematically review personal trading activity to monitor compliance with the provisions of the Code. The Code also restricts, but does not prohibit, the receipt of personal benefits, such as gifts and entertainment opportunities, from clients, broker/dealers and others with whom we do business. Those provisions of the Code are monitored by senior business managers and the firm's Ethics Committee.

Our Code of Ethics does not prohibit our personnel from investing in pooled vehicles managed by our firm. A substantial percentage of our personnel do, in fact, invest in such vehicles either through their accounts in the Wellington Retirement Plans, as investors in our Sponsored Products or as shareholders in publicly offered mutual funds. In certain cases, a portfolio manager may own substantially all of the interests in a Sponsored Product that he or she manages. These investments pose a risk that our firm or individuals who are in a position to control the allocation of investment opportunities to those vehicles will favor these vehicles in order to obtain a personal benefit.

We believe that it is valuable for our personnel to invest in vehicles we manage because it aligns those individuals' interests with those of our clients. We recognize that the nature of pooled vehicles offers limited opportunities for an individual to gain personally through the allocation of investment opportunities and correspondingly limited ability for us to prevent personal gains. Our conflict management measures take these limitations into account. Where we think it appropriate, the firm has adopted policies and procedures to manage the conflicts that might arise from our personnel's investments in accounts they manage.

We treat Wellington Management personnel invested in our Sponsored Products the same as other investors in those vehicles, with one key exception: Wellington Management personnel invested in hedge funds sponsored by the firm are not permitted to participate in first day gains in equity IPOs in which the fund invests. We can implement that policy in the hedge funds due to their use of partnership accounting methods. The other pooled vehicles sponsored by the firm do not use partnership accounting and cannot implement the same restriction. However, collective investment funds and common trust funds offered by Wellington Trust Company, NA do

not participate in equity IPOs unless more than 50% of the assets of the pool come from unaffiliated clients.

Our personnel have access to information that is not available to other participants in investment vehicles that we manage. While this information is generally not material to an investor's decision to buy or sell interests in a fund, we recognize our duty to disclose material information only in a manner that is fair and equitable to all investors in a fund. We have adopted policies and procedures to identify and disclose material information relating to these investment vehicles and to manage any related conflicts that may arise, including information barriers and restrictions on contributions and withdrawals in our Sponsored Products.

Most of our investment personnel receive some form of incentive compensation. That compensation may be based on performance of an account against a benchmark return, applied to revenues received by the firm for the management of that account. It may also be based on receipt of a percentage of any performance-based fee paid to the firm for management of that account. In both instances, we believe that these incentive compensation arrangements play a valuable role in aligning the interests of our portfolio managers and other investment team members with those of our clients. However, just as our firm has an incentive to favor clients with whom we have more lucrative fee arrangements, portfolio managers and other investment team members have an incentive to favor accounts that have the potential to provide higher incentive compensation for them as individuals. We manage the conflict created by these incentive arrangements through our policies on the allocation of investment opportunities, including the allocation of equity IPOs, as well as after-the-fact monitoring and review of client accounts to assess dispersion among accounts with similar mandates.

In some client accounts, portfolio managers have discretion to invest client assets directly or to make allocations to particular Sponsored Products or investment approaches that we offer. Some accounts in which we exercise this discretion pay a variable fee based on the management fees charged by the underlying Sponsored Products or investment approaches selected by the portfolio managers, while others pay a fixed management fee. When managing an account with a variable management fee, a portfolio manager has an incentive to maximize firm revenues by selecting a Sponsored Product or investment approach that has higher fees. Conversely, he or she has a personal financial incentive to exclude underlying Sponsored Products or investment approaches with higher management fees when managing an account with a fixed fee. In both cases, a portfolio manager may also have a personal financial incentive to select other Sponsored Products or investment approaches that he or she manages. We manage the conflicts created by these contrasting incentives through a combination of specific client disclosures, internal review processes, and enhanced oversight.

## XIX. Closing

We hope this document has enhanced your understanding of Wellington Management and our business practices. We remain committed, as always, to justifying the trust you have placed in us as your fiduciary.

## Appendix: Description of Affiliates

**Wellington Management Company, LLP** (“WMC”), the parent company of the Wellington Management global organization, is a Massachusetts limited liability partnership and a registered investment adviser with the SEC. WMC is also registered with the US Commodity Futures Trading Commission (“CFTC”) as a commodity trading advisor (“CTA”) and serves as a CTA to registered commodity pool operators and commodity pools.

**Wellington Management International Ltd** (“WMIL”) is a limited company registered in England and Wales and an indirect subsidiary of WMC. WMIL is authorized to provide investment management services in the UK by the Financial Conduct Authority (“FCA”) and is also authorized to provide similar services in numerous other European jurisdictions. WMIL has a branch in Frankfurt, Germany, which is authorized and regulated by the FCA and, in respect of certain of its activities, by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”). WMIL is also a registered investment adviser with the SEC.

WMIL provides client liaison, investment monitoring and business development services for Wellington Management and its clients in Europe, the Middle East, and Africa (“EMEA”). WMIL also provides research, portfolio management and trading services to Wellington Management and its clients.

WMIL serves as the contractually named investment manager for certain EMEA clients who choose or are required by law to enter into an investment management agreement directly with WMIL. In those cases, certain functions, including portfolio management, trading and/or account

administration may be delegated to WMC or another investment advisory affiliate in whole or in part on a fully disclosed basis.

**Wellington International Management Company Pte Ltd** (“WIM”) is a limited liability company organized under Singapore law, with its main office in Singapore and branches in Sydney and Tokyo. WIM is an indirect subsidiary of WMC. WIM holds a Capital Markets Services Licence under the Securities and Futures Act and is regulated by the Monetary Authority of Singapore to conduct fund management activities. In Japan, WIM is authorized to conduct investment management, investment advisory and agency business and investment trust management, as well as limited marketing of sponsored funds. In Australia, WIM is authorized to provide investment management services under an Australian Financial Services Licence. WIM is also a registered investment adviser with the SEC.

WIM provides client liaison, investment monitoring and business development services for Wellington Management and its clients in the Asia-Pacific region. WIM also provides research and portfolio management services to Wellington Management and its clients.

WIM serves as the contractually named manager for certain clients in Singapore, Japan and Australia who choose, or are required by law, to enter into an investment management agreement directly with WIM. In those cases, certain functions, including portfolio management, trading and/or account administration may be delegated to WMC or another investment advisory affiliate in whole or in part on a fully disclosed basis.

**Wellington Global Investment Management Limited** (“WGIM”) is a private limited company organized under the laws of the Hong Kong Special Administrative Region of the People’s



Republic of China. WGIM is an indirect subsidiary of WMC. WGIM is authorized to provide investment management services in Hong Kong by the Securities and Futures Commission. WGIM is also a registered investment adviser with the SEC and has a representative office in Beijing, the People's Republic of China, which is authorized and regulated by the China Securities Regulatory Commission.

WGIM provides client liaison, investment monitoring and business development services for Wellington Management and its clients in Northern Asia including Hong Kong, mainland China, Taiwan and Korea. WGIM also provides research and portfolio management services for Wellington Management and its clients.

WGIM serves as the contractually named investment manager for certain clients in Hong Kong. In those cases, certain functions, including portfolio management, trading and/or account administration may be delegated to WMC or another investment advisory affiliate in whole or in part on a fully disclosed basis.

**Wellington Trust Company, NA** ("WTC") is a limited-purpose nationally chartered trust company and a subsidiary of WMC. WTC provides a range of trust services, including asset management, asset allocation and account custody and administration. WTC sponsors common trust funds and collective investment funds that are exempt from registration under the US Investment Company Act of 1940, as amended. WMC provides investment advice on a non-discretionary basis to WTC with respect to client assets managed by WTC. WMC also provides WTC with administrative and support services needed by WTC in the conduct of WTC's business.

**Wellington Global Administrator, Ltd.** ("WGA") is a limited liability company organized under the laws of Bermuda and a subsidiary of WMC. WGA serves as the distributor for certain Wellington Management-sponsored investment funds.

**Wellington Luxembourg SA** ("WLSA") is a company in the form of a société anonyme organized under the laws of the Grand Duchy of Luxembourg, and an indirect subsidiary of Wellington Management. WLSA is authorized under Luxembourg law as a management company for mutual investment funds domiciled in Luxembourg. Wellington Management serves as the investment advisor for 14 portfolios domiciled in Luxembourg, and, upon the request of WLSA, may provide other general management services for those portfolios.

**Wellington Luxembourg II SA** ("WLSA II") is a company in the form of a société anonyme organized under the laws of the Grand Duchy of Luxembourg and an indirect subsidiary of Wellington Management. WLSA II is authorized under Luxembourg law as a management company for public and private investment portfolios domiciled in Luxembourg. Wellington Management serves as the investment advisor to three portfolios domiciled in Luxembourg and, upon the request of WLSA II, may provide other general management services for those portfolios.

**Wellington Management Advisers, Inc.** ("WMA") is a limited-scope broker/dealer registered with FINRA and organized under the laws of Delaware. WMA's sole line of business is introducing prospects on a private placement basis to certain Wellington Management investment funds offered within the United States.

**Wellington Hedge Management, LLC** ("WHM, LLC") is a Massachusetts limited liability company and a subsidiary of WMC. WHM, LLC is registered as a commodity pool operator with the CFTC. WHM, LLC is the managing general partner of each of the following privately offered Delaware limited partnerships (collectively, "WHM Hedge Funds"):



- Archipelago Partners, L.P. (“Archipelago”) *Fund of Funds (Long/Short Equity)*
- Arrow Creek Partners, L.P. (“Arrow Creek”) *Global Macro*
- Bay Pond Partners, L.P. (“Bay Pond”) *Financial Services*
- Hawkes Bay Partners, L.P. (“Hawkes Bay”) *Health Care*
- Hazelbrook Partners, L.P. (“Hazelbrook”) *Technology*
- High Haith Partners, L.P. (“High Haith”) *Capital Cycles*
- Iguazu Partners, L.P. (“Iguazu”) *Emerging Markets*
- Ithan Creek Partners, L.P. (“Ithan Creek”) *Financial Services*
- Ithan Creek Partners II, L.P. (“Ithan Creek II”) *Financial Services*
- J. Caird Partners, L.P. (“J. Caird”) *Contrarian*
- Kirykos Partners, L.P. (“Kirykos”) *Capital Appreciation*
- North River Partners, L.P. (“North River”) *Health Care*
- Pagosa Partners, L.P. (“Pagosa”) *Fund of Funds (Low/Variable Beta)*
- Placer Creek Partners, L.P. (“Placer Creek”) *Natural Resources*
- Quissett Partners, L.P. (“Quissett”) *Capital Appreciation*
- Salthill Partners, L.P. (“Salthill”) *Biotechnology*
- Spindrift Partners, L.P. (“Spindrift”) *Energy*
- Tise Peak Partners, L.P. (“Tise Peak”) *Asia Contrarian*
- Wolf Creek Partners, L.P. (“Wolf Creek”) *Financial Services*

- Wyandotte Partners, L.P. (“Wyandotte”) *Systematic*

WHM, LLC also serves as managing general partner of Arrow Creek Investors (Cayman) L.P. (“Arrow Creek Investors”); Arrow Creek Master Investors (Cayman) L.P. (“Arrow Creek Master Investors”); Hawkes Bay Investors (Cayman) L.P. (“Hawkes Bay Investors”); Hawkes Bay Master Investors (Cayman) L.P. (“Hawkes Bay Master Investors”); High Haith Investors (Cayman) L.P. (“High Haith Investors”); High Haith Master Investors (Cayman) L.P. (“High Haith Master Investors”); Iguazu Investors (Cayman) L.P. (“Iguazu Investors”); Iguazu Master Investors (Cayman) L.P. (“Iguazu Master Investors”); Ithan Creek Investment Partnership (Cayman) II, L.P. (“Ithan Creek Investment Partnership II”); Ithan Creek Investors (Cayman) L.P. (“Ithan Creek Investors”); Ithan Creek Master Investment Partnership (Cayman) II, L.P. (“Ithan Creek Master Investment Partnership II”); Ithan Creek Master Investors (Cayman) L.P. (“Ithan Creek Master Investors”); Kirykos Investors (Cayman) L.P. (“Kirykos Investors”); Kirykos Master Investors (Cayman) L.P. (“Kirykos Master Investors”); Tise Peak Investors (Cayman) L.P. (“Tise Peak Investors”); Tise Peak Master Investors (Cayman) L.P. (“Tise Peak Master Investors”); Wyandotte Investors (Cayman) L.P. (“Wyandotte Investors”); and Wyandotte Master Investors (Cayman) L.P. (“Wyandotte Master Investors”), each a Cayman Islands limited partnership with investment mandates similar to those of Arrow Creek, Hawkes Bay, High Haith, Iguazu, Ithan Creek, Ithan Creek II, Kirykos, Tise Peak and Wyandotte as applicable, described above (collectively, the “Cayman Limited Partnerships”).

WMC serves as investment manager to Arrow Creek, Arrow Creek Investors, Arrow Creek Master Investors, Bay Pond, Hawkes Bay, Hawkes Bay Investors, Hawkes Bay Master Investors, Hazelbrook, High Haith, High Haith Investors, High Haith Master Investors, Iguazu, Iguazu Investors, Iguazu Master Investors, Ithan Creek, Ithan Creek II, Ithan Creek Investment Partnership II, Ithan Creek Investors, Ithan

Creek Master Investment Partnership II, Ithan Creek Master Investors, Kirykos, Kirykos Investors, Kirykos Master Investors, J. Caird, North River, Placer Creek, Quissett, Salthill, Spindrift, Tise Peak, Tise Peak Investors, Tise Peak Master Investors, Wolf Creek, Wyandotte, Wyandotte Investors and Wyandotte Master Investors. Limited partnership interests in Archipelago, Bay Pond, Hawkes Bay, Hazelbrook, Iguazu, Ithan Creek, Ithan Creek II, J. Caird, Kirykos, North River, Pagosa, Placer Creek, Quissett, Salthill, Spindrift, Tise Peak, Wolf Creek and Wyandotte are privately offered to eligible investors (although one or more of the WHM Hedge Funds may be closed to new investors at any point in time). Additional hedge funds may be privately offered in the future.

**Wellington Hedge Administrator, LLC** (“WHA, LLC”) is a limited liability company and a subsidiary of WMC. WHA, LLC is a general partner of each of the WHM Hedge Funds and the Cayman Limited Partnerships. WHA, LLC is registered as a commodity pool operator with the CFTC.

WHA, LLC serves as General Partner of the following Bermuda limited partnerships (collectively, “WHA Bermuda Hedge Funds”):

- Bay Pond Investors (Bermuda) L.P.  
*Financial Services*
- Hazelbrook Investors (Bermuda) L.P.  
*Technology*
- J. Caird Investors (Bermuda) L.P.  
*Contrarian*
- North River Investors (Bermuda) L.P.  
*Health Care*
- Placer Creek Investors (Bermuda) L.P.  
*Natural Resources*
- Quissett Investors (Bermuda) L.P.  
*Capital Appreciation*
- Salthill Investors (Bermuda) L.P.  
*Biotechnology*

- Spindrift Investors (Bermuda) L.P.  
*Energy*
- Wolf Creek Investors (Bermuda) L.P.  
*Financial Services*

Interests in WHA Bermuda Hedge Funds are exclusively held by separate classes of Wellington Management Investors (Bermuda), Ltd. (“WMIB”), a limited liability company organized under the laws of Bermuda as a mutual fund company. WMC serves as investment subadvisor to each WHA Bermuda Hedge Fund. Shares of WMIB are privately offered in separate classes and series to eligible investors (although one or more classes of shares may be closed to new investors at any point in time).

WHA, LLC also serves as the General Partner of the following Cayman limited partnership:

- WHM Falconwood Investors (Cayman) L.P.  
 (“WHM Falconwood Investors”)  
*Financial Services*

WMC serves as investment manager to WHM Falconwood Investors. Limited partnership interests in WHM Falconwood Investors are privately offered to eligible investors.

**Archipelago Holdings, Ltd.** (“Archipelago Holdings”) is a limited liability company organized under the laws of Bermuda as a mutual fund company. WHA, LLC serves as Manager to Archipelago Holdings. Archipelago Holdings invests in classes of WMIB corresponding with several of the WHA Hedge Funds, HBIC and TPIC and privately offers shares to eligible investors.

Interests in Arrow Creek Investors are exclusively held by Arrow Creek Investors (Cayman), Ltd. (“ACIC”), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of ACIC are privately offered in separate classes and series to eligible investors.

Interests in Hawkes Bay Investors are exclusively held by Hawkes Bay Investors (Cayman), Ltd. ("HBIC"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of HBIC are privately offered in separate classes and series to eligible investors.

Interests in High Haith Investors are exclusively held by High Haith Investors (Cayman), Ltd. ("HHIC"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of HHIC are privately offered in separate classes and series to eligible investors.

Interests in Iguazu Investors are exclusively held by separate classes of Iguazu Investors (Cayman), SPC ("IIC"), a segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands. Shares of IIC are privately offered in separate classes and series to eligible investors (although one or more classes of shares may be closed to new investors at any point in time).

Interests in Ithan Creek Investment Partnership II are exclusively held by Ithan Creek Investors (Cayman) II, Ltd. ("ICIC II"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of ICIC II are privately offered in separate classes and series to eligible investors.

Interests in Ithan Creek Investors are exclusively held by Ithan Creek Investors (Cayman), Ltd. ("ICIC"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of ICIC are privately offered in separate classes and series to eligible investors.

Interests in Kirykos Investors are exclusively held by Kirykos Investors (Cayman), Ltd. ("KIC"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of KIC are privately offered in separate classes and series to eligible investors.

Interests in Tise Peak Investors are exclusively held by Tise Peak Investors (Cayman), Ltd. ("TPIC"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of TPIC are privately offered in separate classes and series to eligible investors.

Interests in Wyandotte Investors are exclusively held by Wyandotte Investors (Cayman), Ltd. ("WIC"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of WIC are privately offered in separate classes and series to eligible investors.

Interests in WHM Falconwood Investors are exclusively held by WHM Falconwood Fund Limited ("WFFL"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. Shares of WFFL are privately offered in separate classes and series to eligible investors.

[Pagosa Investors \(Cayman\), Ltd.](#) ("Pagosa Investors") is an exempted company incorporated under the laws of the Cayman Islands. WHM, LLC serves as Manager of Pagosa Investors. Pagosa Investors invests in classes of WMIB corresponding with certain of the WHA Hedge Funds, HBIC, IIC, TPIC and WIC and privately offers shares to eligible investors.

[Wellington Management Investment, Inc.](#) ("WMII") is a corporation organized under the laws of Delaware. WMII serves as the managing member of WHM, LLC and WHA, LLC and holds common shares of WGH and WGA. WMII is owned by WMC.

[Wellington PPIF Holdings, Inc.](#) ("WPH, Inc.") is a corporation organized under the laws of Delaware and is wholly owned by Wellington Management. WPH, Inc. is the managing member of WMP, LLC.

[Wellington Global Management, LLC](#) ("WGM") is a Delaware limited liability company which serves in a cash management function for certain of its affiliates.

**Wellington Hedge Management, Inc.** (“WHM, Inc.”) is a corporation organized under the laws of Massachusetts. WHM, Inc. is owned by WMC.

**Wellington Management Global Holdings, Ltd.** (“WMGH”) is a Bermuda limited company. WMGH serves as a holding company for off-shore operating entities organized in Hong Kong, Singapore and the United Kingdom. WMGH is owned by WMC and WHM, Inc.

**Wellington Management, Ltd.** (“WML”) is an exempted company incorporated in the Cayman Islands with limited liability. WML serves as the general partner of Wellington Partners, L.P. The limited partners of WML are partners of WMC.

**Wellington Partners, LP** (“WPLP”) is a Cayman Islands limited partnership whose purpose is to serve as a seed money investor in the WMP Funds.

**Wellington PPIF Management, LLC** (“WPM, LLC”) is a Delaware limited liability company and is owned by Wellington Management and WPH, Inc. WPM, LLC is the general partner of each of the following Delaware limited partnerships:

- Wellington Management Legacy Securities PPIF Master Fund, LP;
- Wellington Management Legacy Securities PPIF Fund, LP; and
- Wellington Management Legacy Securities PPIF (Offshore), LP.

Interests in Wellington Management Legacy Securities PPIF (Offshore), LP are held by Wellington Management Legacy Securities PPIF (Offshore), Ltd. (“WMLSP (Offshore), Ltd.”), a company incorporated with limited liability under the laws of the Cayman Islands, and by certain other investment vehicles not sponsored by Wellington Management or its affiliates. Shares of WMLSP (Offshore), Ltd. are privately offered in separate classes and series to eligible investors.

**WMP Management, Inc.** (“WMP, Inc.”) is a corporation organized under the laws of Delaware. WMP, Inc. serves as the managing member of WMP, LLC. WMP, Inc. is owned by WMC.

**WMP Management, LLC** (“WMP, LLC”) is a Delaware limited liability company and a subsidiary of WMC. WMP, LLC is registered as a commodity pool operator with the CFTC. WMP, LLC is the general partner for the following privately offered Delaware limited partnership:

- WMP Global Equity Absolute Return Partners, L.P. (“WMP GEAR”) *Quantitative*
- WMP Unconstrained Global Agriculture Partners, L.P. (“WMP UGA”) *Agriculture*

WMP, LLC also serves as general partner of WMP Global Equity Absolute Return Master Fund (Cayman) L.P. (“WMP GEAR Master Fund”) and WMP Unconstrained Global Agriculture Master Fund (Cayman) L.P. (“WMP UGA Master Fund”), each Cayman Islands limited partnership with an investment mandate similar to that of WMP GEAR and WMP UGA, as applicable, as described above.

WMC serves as the investment manager to WMP GEAR, WMP GEAR Master Fund and WMP UGA and WMP UGA Master Fund. Additional partnerships may be offered in the future.





Wellington Management Company, LLP is an independently owned investment adviser registered with the US Securities and Exchange Commission (SEC) and commodity trading advisor registered with the US Commodity Futures Trading Commission that, along with its subsidiaries and affiliates (collectively, Wellington Management), provides investment management and investment advisory services to institutions around the world. Located in Boston, Massachusetts, Wellington Management also has offices in Chicago, Illinois; Radnor, Pennsylvania; San Francisco, California; Beijing; Frankfurt; Hong Kong; London; Singapore; Sydney; and Tokyo.

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In Japan, Wellington International Management Company Pte Ltd (WIM) has been registered as a Financial Instruments Firm with registered number: Director General of Kanto Local Finance Bureau (Kin-Sho) Number 428. WIM is a member of the Japan Investment Advisers Association (JIAA) and the Investment Trusts Association, Japan (ITA).

WMIL, WGIM and WIM are also registered as investment advisers with the SEC; however, they will comply with the substantive provisions of the US Investment Advisers Act only with respect to their US clients.

