

Form ADV Part 2A

Item 1 – Cover Page



Piedmont Investment Advisors, LLC

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March 2014

This Brochure provides information about the qualifications and business practices of Piedmont Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (919) 688-8600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Piedmont Investment Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you use to determine to hire or retain an Adviser.

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

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV,” which amends the disclosure document that we provide to clients as required by SEC Rules.

Pursuant to these SEC rules, as part of our annual updating amendment, we are obligated to summarize material changes to our Brochure since our last annual update, filed on March 28, 2013. Since our last filing, the following material changes have occurred:

- During 2013, Piedmont’s Chief Compliance Officer, Ellen Sarah Ronnenberg, left Piedmont’s employment. Marion White assumed the position of Chief Compliance Officer.
- As of May 2013, Piedmont amended the fee schedule and minimum institutional account size for its Optimized SMid Core product.
- As of September 2013, the Optimized Large Cap Value product was closed.
- As of December 2013, the Optimized Midcap Core product was closed.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to current SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Dina Falzon, Director of Investor Services, at (919) 688-8600 or dfalzon@piedmontinvestment.com. Additional information about Piedmont Investment Advisors, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Piedmont Investment Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Piedmont Investment Advisor, LLC.

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Item 4 – Advisory Business

Piedmont Investment Advisors, LLC (Piedmont or the “Adviser”) was organized as a North Carolina Limited Liability Company on August 1, 2000. The business of the firm is asset management. It was created with a mission of operating a substantial investment management organization known for generating alpha on a consistent basis. Piedmont began managing tax-exempt funds in October 2000. The firm was registered as an Investment Adviser with the Securities and Exchange Commission on October 16, 2000. Piedmont had approximately \$2.731 billion in assets under management and 41 client accounts as of 12/31/13. Of that amount, \$2.643 billion was managed on a discretionary basis and approximately \$87.8 million on a non-discretionary basis.

On February 28, 2007, CalPERS, through their Manager Development Program II, purchased a 21.09% minority stake in Piedmont. As a result of this transaction, Piedmont employees’ ownership increased to 68.36%, and North Carolina Mutual Life Insurance Company, our early strategic partner, reduced its shares to 10.55%. Piedmont completed a buyback of North Carolina Mutual’s interest on November 30, 2010, thus increasing Piedmont’s employees’ ownership level to 76% and CalPERS’ ownership level to 24%. On April 28, 2011, Rosemont Partners II, L.P., a private equity fund of Rosemont Investment Partners, LLC, acquired a 30% interest in Piedmont. As a result of this transaction, the CalPERS position was redeemed, and the Piedmont employees’ position now stands at 70%.

Piedmont offers equity and fixed income investment strategies. In all cases, Piedmont’s goal is to generate a return on each client’s portfolio that exceeds that of the underlying benchmark. Clients typically provide Piedmont with performance objectives, guidelines, and restrictions, as well as any brokerage requirements, and Piedmont invests the client’s assets within an appropriate strategy accordingly.

In April 2009, Piedmont contracted with the U.S. Department of the Treasury (“Treasury”) to provide certain investment advisory services relating to the Capital Purchase Program. In the opinion of the Adviser, the services provided to the U.S. Department of Treasury by Piedmont fall outside of the definition of “investment supervisory services”.

Item 5 – Fees and Compensation

Piedmont generally bills its clients based upon assets under management. On occasion, Piedmont will agree to perform investment advisory services for a client in exchange for a performance-based fee pursuant to Rule 205-3 of the Investment Advisers Act of 1940. Fees based on the amount of assets under management are outlined below and are expressed in basis points (1% is equal to 100 basis points). Fees are charged to clients on a quarterly basis.

Product	First \$50M	Next \$50M	Over \$100M	Minimum Institutional Account Size
Strategic Core	65 BP	50 BP	40 BP	\$25 million

Market Plus	35 BP	30 BP	25 BP	\$25 million
Yield Advantage Opportunistic Core	35 BP	25 BP	20 BP	\$20 million
Y. A. Intermediate Govt./Credit	28 BP	24 BP	20 BP	\$20 million
Y. A. Limited Duration	17.5 BP	15 BP	10 BP	\$20 million

Product	First \$25M	Next \$25M	Next \$50M	Over \$100M	Minimum Institutional Account Size
Growth & Income	50 BP	45 BP	40 BP	37.5 BP	\$10 million

Product	First \$10M	Next \$15M	Next \$25M	Next \$25M	Next \$25M	Over \$100M	Minimum Institutional Account Size
Optimized SMid Core	85 BP	80 BP	75 BP	70 BP	65 BP	60 BP	\$10 million

The fees and institutional account minimums set forth in the schedules above are negotiable. The specific manner in which fees are charged by Piedmont is established in a client's Investment Management Agreement ("IMA") with Piedmont. No compensation will be due prior to the rendering of service. After the end of each quarter, clients will be invoiced in arrears for services rendered during the quarter just ended. Clients may either remit compensation directly to Piedmont, or alternatively, clients may instruct their custodian to compensate Piedmont for its services from the assets contained in the account. If the client has given permission to Piedmont that allows Piedmont to authorize their (the client's) custodian to deduct the fee directly from the client's account, the client must provide written authorization for such withdrawals as provided in their IMA or by a separate written agreement that permits the fee to be paid directly from the client's account.

Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The details of the above matter will generally be confirmed in the client's Investment Management Agreement. The account broker/custodian must provide the client, at least quarterly, a written statement that shows the amount of the advisory fee deducted from the account. The fee shown as deducted from the client's account should be identified as "management fee," "advisory fee," or other terms of similar meaning. Piedmont's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees, and commissions are exclusive of and in addition to Piedmont's fee, and Piedmont shall not receive any portion of these commissions, fees, and costs.

Piedmont provides the Treasury with certain investment advisory services relating to the assets acquired by the Treasury pursuant to the Capital Purchase Program. The Treasury pays Piedmont a fixed dollar amount for each financial institution for which Piedmont provides the Treasury with advisory services.

Item 12 further describes the factors that Piedmont considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

As a general firm practice, Piedmont does not offer a performance-based fee. In some cases, at a client's specific request, Piedmont has entered into performance fee arrangements. Such fees are subject to individualized negotiation with the client. Piedmont will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (The Advisers Act) in accordance with the available exemptions there under, including the exemption set forth in Rule 205-3. In measuring a client's assets for the calculation of performance-based fees, Piedmont shall include realized and unrealized capital gains and losses. It has been suggested that performance-based fee arrangements may create an incentive for Piedmont to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Piedmont has designed and implemented procedures to ensure that all clients are treated fairly and equally and to prevent conflicts potentially arising from performance-based fees from influencing the allocation of investment opportunities among clients.

In those limited cases that a client does have a performance-based fee, they are not treated differently than other clients. Piedmont uses a model portfolio management approach in which all accounts are mirrored to a selected model, creating substantially equal treatment in terms of investment strategy and investment opportunity. Piedmont's trading allocation policy is designed to ensure to the best of its ability that the allocation of trades among its client accounts is done in a manner that is fair and equitable to all clients. When consistent with client objectives, orders are aggregated if possible. If a block trade is filled in different lots with the same broker, these trades will be average priced to ensure that all the accounts executed in that block trade receive the same price.

Item 7 – Types of Clients

Piedmont provides portfolio management services to corporate pension and profit-sharing plans, public pension plans, Taft-Hartley plans, foundations, endowments, municipalities, and individuals.

Please refer to Item 5 for Piedmont's minimum account requirements.

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

Equity Investment Philosophy and Process

Piedmont's risk-aware equity investment philosophy focuses on extracting alpha from three interconnected parts of our process: Quantitative, Fundamental, and Macro. We believe that this combination offers us the best opportunity to outperform in the long term and maximize the return per unit of risk for our clients.

All of Piedmont's equity products use this three-pronged process with each component used in varying degrees for each product. Strategic Core is managed using a fundamental process but utilizes quantitative models as a source of ideas; macro insights are taken into consideration in the process of portfolio construction. For the Market Plus, Optimized SMid Cap, and Growth & Income products, the quantitative models are the primary drivers of stock selection and portfolio construction while fundamental and macro insights are used as inputs for risk control in the portfolio construction process.

Fundamental Research

Stock selection is the primary driver of our fundamental research process. The goal is to identify stocks undergoing sustainable and positive changes which result in earnings growth prospects that are not yet fully appreciated in the consensus view. We believe consensus forecasts tend to underestimate improving fundamentals as analysts are prone to anchoring biases and are slow to adapt. Our research process is grounded in identifying stocks with investable themes within the following models of sustainability that have the potential to drive improvement in their fundamentals:

- **Brand Franchise/Technological Advantage** – These companies consistently use significant brand or technological advantages to generate greater than anticipated earnings power.
- **Improving Competitive Position** – These are companies that are poised to benefit from increased market share, consolidation, and/or expansion in the addressable market.
- **Value-Driven Restructuring** – These companies use restructuring activities to deliver shareholder value.
- **Cyclical Environment** – Companies that are poised to benefit from the cyclical environment.

Stocks are identified by the analysts using industry analysis and quantitative models as sources. Rigorous fundamental research and valuation work is completed to quantify the potential range of prices we believe these stocks can reasonably achieve over the next 12 to 18 months. Metrics such as Price-to-Earnings, Price-to-Sales, Price-to-Book, Price-to-Cash Flow, and Enterprise-Value-to-EBITDA ratios are used to calculate the upside and downside valuation ranges. Our analysis also includes sensitivity analysis to validate consensus earnings growth estimates and to test consensus assumptions. Bull and bear case scenarios are developed to bracket the range of earnings and/or revenue power for the company in the year ahead. As much of a stock's price movement, especially in the short term, is

influenced by how results vary from consensus estimates, we also evaluate research and estimates from leading Wall Street analysts. We test our internally generated assumptions on revenue, earnings growth, margins, and other factors used to establish our price targets. Finally, we listen to quarterly conference calls held by the management of companies that we either own or have under review. This enables us to track whether company fundamentals are progressing as expected.

Quantitative Models

Piedmont utilizes several internally-developed quantitative models that are objective representations of our investment philosophy. Our multi-factor cross-sectional and industry group models provide systematic tools that allow us to filter the investable universe of stocks and identify those with the greatest potential for excess return or "alpha." The factors utilized are metrics that reflect and measure fundamental drivers of growth, value, and profitability and have also been shown to be consistent and predictive drivers of long-term excess returns. Additionally, there is a dynamic component in our cross-sectional models, where the weightings of the factors are adjusted monthly, ensuring that stocks found attractive by the models reflect changing market conditions.

Risk Control

Portfolio risk control is critically important to our investment process. We use the Barra Risk Model to manage and monitor risk in our portfolios. This system allows us to decompose portfolio risk according to common factor exposures, and to evaluate how much of a portfolio's expected residual risk (ex ante) and excess return (ex post) in a given period was due to each common factor exposure and how much was due to stock selection.

For the Market Plus and Optimized SMid Cap products, we use the Barra Optimizer for portfolio construction. The optimizer uses the alpha scores generated by our quantitative models and the outputs of the Barra Risk Model in our monthly portfolio rebalancing programs. Each month, trades are generated through these optimizations which are geared towards moving the portfolio to their optimal risk-return profiles.

Macro Insight

Piedmont's unified investment platform allows for and encourages communication between our quantitative, fundamental equity and fixed income investment professionals. Together, we review a full set of economic indicators through our macro dashboard to estimate the direction of sentiment and the price of risk. We identify and track major global investment themes that we believe can override historic predictors of stock or bond performance. This approach provides two important outcomes: it gives us a new lens through which to view our current portfolio, and it allows us to find new investments that take advantage of key themes.

Fixed Income Investment Philosophy and Process

Piedmont Investment Advisors' fixed income investment philosophy entails constructing customized, yield-advantaged portfolios with the reasoned expectation of outperformance over a full market cycle. Our yield-advantaged style seeks to dampen performance volatility by encompassing moderate duration shifts, strategically overweighting spread sectors, and being opportunistic along the yield curve. These objectives are synthesized and implemented within the context of a quantitative backdrop. Active management by Piedmont connotes a constant assessment of relative value, that is, whether expected returns are commensurate with the level of risk taken.

Our bias is typically an overweight in the spread sectors. We construct well-diversified portfolios to give our clients the broad benefit of owning these sectors while remaining mindful of not unduly exposing the portfolio to any one issue. Conversely, security selection is emphasized, but within the context of its overall risk versus expected return. Our philosophy for the spread sectors parallel each other in that we consistently seek relative value. This incremental yield/value bias is attained by underweighting Treasuries. We maintain, however, the ability to match and exceed the Treasury weighting, depending on our relative value call. We perform bottom-up analysis on the corporate market, which is supplemented with research from our equity research team. The fixed income portfolio manager evaluates this fundamental equity analysis in the context of the portfolio, market, and the firm's overall macro thesis. Our mortgage-backed securities philosophy differs in that we look to make an over/underweight call on the sector, then deviate away from the index composition (either on coupon, vintage, or other factors), based on our yield curve view and prepayment assumptions.

Piedmont Equity and Fixed Income Product Offerings

Piedmont's Strategic Core product is a large cap equity product with a focused portfolio that typically has 40-50 holdings and offers high excess return potential. It utilizes both fundamental and quantitative research efforts and is benchmarked against the S&P 500 and Russell 1000 indices. Predicted tracking error target range is from 4% to 6%, using the BARRA US Equity Risk Model. It is targeted to return-seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Market Plus product is a low tracking error, large cap core product driven by our quantitative models. The portfolio typically holds 125-175 stocks and it's predicted tracking error target range is from 1% to 2%, using the BARRA US Equity Risk Model. This product offers controlled risk and excess return potential and is an attractive alternative to passive index funds.

Piedmont's Growth & Income product is a large cap equity product with a focused portfolio of 35-45 holdings. The goal of the strategy is to deliver a more stable return to investors than traditional equity investments by focusing on stocks that have low idiosyncratic risk and those that are delivering strong, sustainable and growing current dividend yield. The portfolio aims to generate higher current income than the broader market while maintaining enhanced reward-to-risk characteristics compared to the S&P 500.

Piedmont's Optimized SMid Core product is a SMid (small-to-midcap) core product driven by our quantitative algorithms. The portfolio typically holds fewer than 100 stocks, has a predicted tracking error target range from 5% to 8%, using the BARRA US Equity Risk Model, and is benchmarked against the Russell 2500 index. It is targeted to return-seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Yield Advantage products are opportunistic core fixed income vehicles featuring actively managed portfolios implemented within a risk aware construct. The level of interest rate risk (duration) ranges from 88-110% of the respective index/benchmark. Emphasis is placed on generating excess returns by achieving a yield advantage versus the benchmark. Customized portfolios are constructed and monitored using a top-down, whole market framework.

Investing in equity and fixed income securities involves risk of principal and the potential for losses that clients should be prepared to bear.

Item 9 – Disciplinary Information

Piedmont has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Piedmont is affiliated with Rosemont Investment Partners, LLC, which holds a 30% ownership position through its Rosemont Partners II, L.P. private equity fund.

Item 11 – Code of Ethics

Piedmont is required to adopt a Code of Ethics ("Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940. This Code of Ethics is based on the principle that Piedmont and each of its employees owe a fiduciary duty to its clients and a duty to comply with federal and state securities laws and all other applicable laws. Piedmont deems all of its employees and independent contractors to be Access Persons.

Pursuant to its Code, Piedmont requires that all Access Persons obtain written permission of the CCO before buying or selling the shares of a "Covered Security" in their personal brokerage accounts. Furthermore, no Access Person may purchase or sell a security during a period beginning five (5) business days before and ending five (5) business days after ("Blackout Period") a PIA client account transacts in the security of that issuer or a derivative of such security. An Access Person must hold a covered security for a minimum of a year before being allowed to sell the security. In addition, an Access Person may not participate in an IPO or purchase a security via private placement.

An Access Person must submit an Initial Holdings Report upon employment at Piedmont and subsequent Annual Personal Securities Holding. The report must provide the following information:

- The title, number of shares and principal amount (if fixed income securities) of each covered security in which the Access Person had any direct or indirect beneficial ownership interest or ownership;
- The name of any broker/dealer, bank, or other institution where the Access Person maintains an account in which any covered securities may be or are held for the direct or indirect benefit of the Access Person

The Code requires Access Persons to provide copies of all trade confirmations and duplicate account statements to Piedmont's Compliance Department. Piedmont also requires all employees to provide a quarterly certification attesting to the approved personal trading they did or did not conduct during the quarter.

At the end of each calendar quarter, Piedmont performs a thorough audit of the personal trading of all associates in order to verify there have been no violations of the firm's Code. Finally, Piedmont has a Material Non-Public Information and Insider Trading Policy and has implemented a number of informational barriers that significantly reduce the likelihood that an Associate will obtain or misuse material nonpublic information that may be in the firm's possession.

Current regulations impose strict limitations on business relationships with government entities that have received contributions from an investment adviser or any of its employees (Rule 206(4)-5 of the Investment Advisor's Act of 1940). Therefore, Piedmont has implemented a policy requiring pre-clearance of any contributions to political entities and officials.

Piedmont encourages all of its employees to make charitable contributions to organizations of their choice. Nevertheless, there may be situations in which an individual charitable contribution may create a conflict of interest for Piedmont. In situations where there is a reasonable likelihood that a conflict of interest exists, Piedmont will ask the individual to withhold the contribution.

Piedmont has a Gift and Entertainment Policy that establishes monetary caps for gifts that Piedmont employees may give or may receive. This policy also covers entertainment that Piedmont employees may provide to clients and prospects. Associates of Piedmont and members of their immediate families are prohibited from accepting meals, refreshments, or other forms entertainment except for in situations that are covered in the policy's exemption for investment-related and educational events or functions.

Piedmont has an Outside Business Interests Policy that states that prior to accepting a position as a member, officer, trustee, or director of a non-profit entity or outside enterprise or employment in any other capacity in an outside enterprise, Piedmont employees and members of their immediate families must disclose such information to the CCO.

Employees are required to certify quarterly that they have complied with all provisions of the firm's Personal Securities Transactions Policy, Political Contributions Policy, Charitable Contributions Policy, Gift & Entertainment Policy and Outside Business Interests Policy.

Piedmont may manage assets of individuals or institutions that may have a managerial or ownership interest in the company. To mitigate such conflicts of interest, as a practice, Piedmont uses a model portfolio management approach in which all accounts are mirrored to a selected model, creating substantially equal treatment in terms of investment strategy and investment opportunity. Piedmont's trading allocation policy is designed to ensure to the best of its ability that the allocation of trades among its client accounts is done in a manner that is fair and equitable to all clients. When consistent with client objectives, orders are aggregated if possible. If a block trade is filled in different lots with the same broker, these trades will be average priced to ensure that all the accounts executed in that block trade receive the same price.

Each client may obtain a complete copy of Piedmont's Code of Ethics by contacting Marion White, Chief Compliance Officer, at (919) 688-8600 or at mwhite@piedmontinvestment.com.

Item 12 – Brokerage Practices

As an investment manager, Piedmont is a fiduciary to its clients. Consequently, Piedmont owes its clients a number of critical obligations and must always seek to put its clients' best interests first, while avoiding any appearance of conflicts of interest. Among the specific obligations is the requirement to obtain the best price and execution of client securities transactions when the Adviser is in a position to direct brokerage transactions.

Piedmont has established a Best Execution Committee that is charged with providing oversight on all matters related to the Firm's trading, brokerage, trading errors, and other practices affecting client accounts. The Committee draws membership from different functional areas of the firm, including representatives from senior management, operations, compliance, and portfolio management.

Piedmont maintains a list of approved broker/dealers. The Best Execution Committee is responsible for the selection and approval of broker/dealers to be incorporated and used. Minimum requirements for approval include a review of the broker/dealer's financial information from their FOCUS report and audited financial reports, any regulatory issues, and an evaluation of the strength of the relationship established by our team with the broker/dealer. A list of approved broker/dealers and their financial details is maintained in accordance with the broker/dealer selection and approval process.

Periodically, Piedmont will perform transactions for client (equity) accounts with broker/dealers that provide research services or investment decision making tools that have a demonstrable benefit to client accounts (collectively, "soft dollar items"). Soft dollar payments must be used only for bona fide research, trade execution, or market information services. Typically, soft dollar items are used to service all client accounts; however, a particular client account may not benefit to the full extent of the soft

dollar items provided every time. Negotiated commissions paid to broker/dealers supplying soft dollar items may not represent the lowest obtainable commission rate; although, the amount of these commissions must be reasonable in relation to the value of the brokerage and soft dollar items provided by the broker/dealer and are viewed in terms of either the particular transaction or the overall brokerage relationship. Piedmont acts in compliance with the provisions of Section 28(e) under the Securities Exchange Act of 1934 with respect to soft dollar items and other applicable laws in force from time to time.

In certain circumstances, Piedmont has determined that a particular research product or service provides both a demonstrable benefit in the making of investment decisions and also serves functions that are unrelated to the making of investment decisions, such as accounting, compliance or record keeping – a “mixed-use” product. In such a situation, Piedmont makes a good faith estimate in determining the appropriate percentage allocation of between hard and soft dollars and maintains records to support the firm’s determination. Piedmont has a fiduciary duty under the Investment Advisers Act of 1940 to treat all client accounts fairly and equitably in the allocation and distribution of securities. There are, however, differences in client needs, investment criteria, investment objectives, account size, cash availability, and additional brokerage fees including custodial brokerage, institutional desk, and trade away fees, which prevent all client accounts from being treated equally in all circumstances.

Where possible, client orders in the same securities are aggregated or “bunched” for the purposes of gaining best execution. Piedmont is not required to bunch client orders and will not do so if this action works to the detriment of our clients. Aggregated orders must be averaged for price, and transaction costs must be shared pro rata.

Should a client instruct Piedmont to use a specific broker/dealer (“Directed Brokerage”), Piedmont cannot guarantee that the client will receive best execution because of these instructions. The client may pay higher brokerage commissions because Piedmont may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices. Additionally, all Directed Brokerage instructions must be communicated to Piedmont in writing.

Piedmont is not affiliated with a broker/dealer, and therefore does not enter into transactions with an affiliated broker/dealer.

Piedmont’s Best Execution Committee meets periodically to review the quality of executions received by Piedmont’s clients during the previous period. The Best Execution Committee reviews commissions paid on client transactions and then attempts to make a good faith determination on whether the client commissions paid were reasonable in relation to the brokerage and research services received by Piedmont. Trading effectiveness is measured by a third party provider, Global Trading Analytics (GTA), using a VWAP methodology. GTA provides quarterly reports of trading costs separated by broker, portfolio manager, product, trader, etc., which the Best Execution Committee also reviews. In addition, the Best Execution Committee oversees the firm’s research broker and soft dollar budgets and regularly verifies that the research and brokerage services received by Piedmont pursuant to Section 28(e) of the

1934 Act conform to the guidance promulgated by the Securities and Exchange Commission and other regulators.

Item 13 – Review of Accounts

Piedmont monitors compliance with a client’s guidelines and investment objectives through the Client Account Review Committee. The Committee conducts a thorough account review on no less than an annual basis to ensure compliance with all guidelines and investment objectives. The portfolio manager of the strategy in which the client is invested signs off on the Client Account Review Report. In addition, if a client materially changes their IMA, Investment Policy, investment guidelines or restrictions, Piedmont follows an “Account Change” process with appropriate procedures to document the amendment(s) and make sure all systems are updated accordingly.

Trading activities are monitored quarterly at the Best Execution Meeting. Overall compliance is monitored through periodic forensic tests conducted by the Compliance Area throughout the year for all functional areas of the firm.

Piedmont provides monthly and quarterly reports to its clients along with any requested special or customized reports. Monthly reports include a Summary of Transactions Report, Portfolio Holdings, and Performance Return information. Quarterly reports include a Quarterly Market Commentary, Transactions Report, Portfolio Holdings and Performance. Customized client reports include—but are not limited to—Dividend and Interest Reports, Analytical Reports, Brokerage Reports, Soft Dollar Reporting, and Realized Gains & Losses.

Item 14 – Client Referrals and Other Compensation

Piedmont has no information applicable to this Item.

Item 15 – Custody

Piedmont has no information applicable to this Item.

Item 16 – Investment Discretion

Piedmont usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. This discretionary authority is granted through the Investment Management Agreement between the client and Piedmont, and the discretion is limited to trading in a client's account.

When selecting securities and determining amounts, Piedmont observes the investment policies, limitations, and restrictions of the clients for which it advises. Client must provide their investment guidelines and restrictions in writing to Piedmont.

Item 17 – Voting Client Securities

Piedmont currently subscribes to ISS Proxy Voting Services, which includes ISS' end-to-end voting service, as well as research & recommendations on the various issues subject to shareholder vote. These services are delivered via an electronic delivery platform.

Piedmont votes the shares that it manages according to ISS' 2014 U.S. Proxy Voting Guidelines. If a client has a custom voting policy, we vote in line with their policy.

Piedmont has a Proxy Committee that meets no less than semi-annually to review proxies and provides proxy reports to those clients on whose behalf Piedmont votes proxies.

Clients may obtain a copy of Piedmont's complete proxy voting policies and procedures and the results of any proxies voted on their behalf upon request by contacting Dina Falzon, Director of Investor Services at (919) 688-8600 or dfalzon@piedmontinvestment.com.

Item 18 – Financial Information

Piedmont has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.