



**Symphony Asset Management LLC**

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**This brochure provides information about the qualifications and business practices of Symphony Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at (415) 676-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Symphony Asset Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Material Changes**

There were no material changes to this Brochure dated March 31, 2014, from the previous version dated March 30, 2013. There were minor changes, including changes to related persons, and clarifications.

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## **ITEM 4            ADVISORY BUSINESS**

Symphony Asset Management LLC ("Symphony") has provided investment advisory services since 1994 to a wide variety of institutional and individual clients. Institutional clients include private investment funds, structured debt vehicles (primarily collateralized loan obligations), registered investment companies, and separately managed accounts. Symphony is general partner to private investment funds and is collateral manager to the structured debt vehicles.

Symphony provides investment advisory services to individual clients through managed account programs (wrap fee and dual contract) sponsored by broker-dealers and other financial intermediaries ("SMA Accounts").

Symphony is an indirect subsidiary of Nuveen Investments, Inc. ("Nuveen"). Nuveen is an indirect subsidiary of a holding company formed by equity investors led by Madison Dearborn Partners, LLC ("MDP"), a private equity investment firm. MDP advised private equity funds (specifically, MDCP Holdco (Windy), LLC, which is indirectly controlled by Madison Dearborn Partners V-A&C, L.P.) comprise the ultimate principal owner of Symphony. See Item 10.

### **Types of Advisory Services**

#### General

Symphony is a diversified investment manager that provides investment advice for alternative investment structures and benchmark-oriented strategies. Symphony invests opportunistically across the capital structure from senior secured debt to common equity, and uses specialized quantitative techniques and fundamental research methods that consider upside potential as well as downside risk of investment decisions.

Symphony provides investment advisory services to institutional clients including pension funds, private investment funds, collateralized loan obligations, registered investment companies, and to individuals through both comingled private investment funds and through separately managed account ("SMA") programs generally known as wrap fee programs. Symphony's investment advisory services are provided based on the stated objectives and guidelines of client accounts and private investment fund offering documents, as applicable. Symphony generally offers its investment advisory services for fees based on a percentage of assets under management, and for certain accounts may earn a performance fee. Symphony's fees are described in Item 5.

Symphony offers its services through a number of investment strategies which include debt and/or equity instruments, some of which employ hedging techniques. See Item 8. Symphony's portfolio managers are responsible for the investment decisions with respect to an investment strategy selected by an advisory account, including identification and selection of specific securities and investments to be purchased in light of current and anticipated economic and market conditions, and taking into account guidelines, limitations, legal restrictions, and information relating to the client. Symphony provides its services in single strategy accounts, and together with certain affiliated advisers, in multi-strategy accounts.

Symphony manages multiple accounts with different investment objectives, guidelines and policies, and with different fee structures. For example, certain accounts are long-only while other accounts are long-short. Further, certain accounts may pay performance fees. The management of these accounts gives rise to potential conflicts of interest because Symphony may have an incentive to favor one account over another. See Item 6.

### Institutional Separate Accounts

Symphony provides advisory services to institutions through separate accounts. The fees and services for each such arrangement are individually negotiated, depending on factors such as asset class, portfolio complexity, client type, and account size or other special circumstances. A client's advisory agreement may generally be terminated by the client and Symphony upon thirty (30) days' written. However, different termination provisions may be negotiated.

### Private Investment Funds

Symphony provides investment advice for a number of private funds which are generally organized as domestic limited partnerships ("Investment Partnerships"), or as Cayman Islands limited partnerships or exempted companies ("Offshore Funds" and, together with the Investment Partnerships, the "Private Funds"). Symphony is also general partner to certain of the limited partnerships. Private Funds may be organized as stand-alone funds or as part of master-feeder structures.

The Private Fund offering documents describe the terms and conditions of the fund, including fees and risk factors, and should be read carefully prior to investment. No offer to sell Private Funds is made by the descriptions in this Brochure, and Private Funds are available only to investors that are properly qualified.

### Collateralized Loan Obligations

Symphony provides investment advisory services, as collateral manager, for a number of structured debt vehicles, primarily collateralized loan obligations ("CLOs") which are generally organized in the Cayman Islands as exempted companies. The investment management relationship between Symphony and each CLO is governed by an investment advisory agreement and the constituent documents of the CLO.

The CLO offering documents describe the terms and conditions of the fund, including fees and risk factors, and should be read carefully prior to investment. No offer to sell CLOs is made by the descriptions in this Brochure, and CLOs are available only to investors that are properly qualified.

### Investment Companies

Symphony provides investment advisory services to certain registered investment companies ("Funds"), some or all of which may be sponsored by Symphony's affiliates. In connection with its advisory services to an investment company, Symphony or its related persons providing services to such investment company may receive advisory, administration, co-administration and/or distribution fees from the investment company and/or from other investment advisers to the investment company. This is not an offer for or solicitation to buy any registered investment companies. Clients should carefully review the Funds' prospectuses or other offering documents for more detailed information regarding a Fund advised or sub-advised by Symphony.

### SMA Accounts

Symphony provides investment advisory services to SMA Accounts through wrap fee and dual contract managed account programs. In traditional wrap fee programs, Symphony provides its advisory services pursuant to an advisory agreement with the wrap fee program sponsor. Wrap fee programs typically include comprehensive custody, financial advisory and certain trading (provided by the program sponsor) and investment advisory services (provided by the manager) for a bundled fee payable to the sponsor.

In a dual contract program, Symphony provides its advisory services pursuant to an advisory agreement directly with the client. A client may separately arrange with one or more third parties

for custody, financial advisory and certain trading services to be provided on a partially-bundled or unbundled basis. In a partially-bundled program, certain of such services (typically custody, financial advisory, and certain trading) are provided for a bundled fee arrangement. In an unbundled arrangement, such services are contracted, provided and paid for separately.

The services provided by Symphony to SMA Accounts may differ from the services provided to its Institutional Separate Accounts and other clients who do not participate in wrap fee programs. The investment strategies Symphony uses in managing SMA Accounts are similar to those offered to its other clients, but may involve fewer securities holdings due to smaller account sizes. Also, strategies vary among programs.

SMA Account clients should review all materials relating to their program (including the program brochure) regarding the program's terms, conditions and fees, and consider the advantages, disadvantages, the risk profile and overall appropriateness of the program in light of the client's particular circumstances.

A program client may generally terminate Symphony's investment advisory authority at any time upon written notice, depending on the terms of the particular program. Fees paid in advance are generally refunded on a pro-rata basis if the service is terminated within the payment period.

See Additional Notice to SMA Account Clients in the section entitled Additional Information.

#### Model-Based Programs

Symphony may also participate in model-based managed account programs in which Symphony provides a program sponsor or an overlay manager non-discretionary investment advice through model portfolios and, in certain cases, handles certain trading and other functions. The model-based program sponsor or overlay manager is responsible for investment decisions and performing many other services and functions typically handled by Symphony in a traditional discretionary managed account program. Depending on the particular facts and circumstances, Symphony may or may not have an advisory relationship with model-based program clients. To the extent that this Form ADV Part 2A is delivered to program clients with whom Symphony has no advisory relationship or under circumstances where it is not legally required to be delivered, it is provided for informational purposes only. Furthermore, because a model-based program sponsor or overlay manager generally exercises investment discretion and, in many cases, brokerage discretion, performance and other information relating to Symphony's services for which it exercises investment and/or brokerage discretion is generally provided for informational purposes only and may not be representative of model-based program client results or experience. Symphony is not responsible for overseeing the provision of services by a model-based program sponsor and cannot assure the quality of its services.

See Item 12.

### **Investment Restrictions**

#### Separate Accounts

Symphony's discretionary authority over an account may be subject to directions, guidelines and limitations imposed by the client or, in the case of an SMA Account, the program sponsor. Symphony will endeavor to follow reasonable directions, investment guidelines and limitations. Although Symphony seeks to provide individualized investment advice to its discretionary client accounts, Symphony will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with Symphony's investment approach, and may decline to accept or terminate client accounts with such restrictions. In addition, Symphony may decline to permit any account restriction that affects more than a stated percentage of the account.

### Funds and Other Pooled Investment Vehicles

Symphony seeks to exercise discretionary authority with respect to Funds, Private Funds or other pooled vehicles' assets in manner that is consistent with the fund's investment objectives, strategies and limitations as disclosed in the fund's registration statement or other applicable disclosure documents. Symphony's discretion may also be subject to the oversight of the fund's governing body (e.g., board of directors) and may be subject to the oversight of another investment adviser.

### **Assets Under Management**

As of December 31, 2013, Symphony's total regulatory assets under management (AUM) were approximately \$16.991 billion.

## **ITEM 5            FEES AND COMPENSATION**

Generally, Symphony's fees are based on a percentage of assets under its management. Symphony may also charge performance-based fees and may negotiate such fees for eligible client accounts.

Fees and services may be negotiable based on factors such as client type, asset class, portfolio complexity and account size or other special circumstances or requirements. Some clients may pay higher or lower fees than other clients.

When Symphony calculates fees, valuations of account assets are determined in accordance with its valuation procedures, which generally rely on third party pricing services, but may permit the use of other valuation methodologies in certain circumstances. Because the use of certain valuation methodologies presents a potential conflict for Symphony, in that its fees are generally based on the value of assets in a client's account, Symphony has adopted policies and procedures to seek to ensure that its valuations are fair. Symphony's determinations may differ from valuations reflected in a client's custodial statements. Fees are generally payable monthly or quarterly (either in advance or in arrears as negotiated, or in the case of SMA Accounts as determined by the sponsor) based upon monthly or calendar quarter-end market value, as the case may be.

Performance-based fees may create an incentive for Symphony to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. In these instances, Symphony's compensation may be larger than it would otherwise have been because the fee will be based on account performance instead of, or in addition to, a percentage of assets under management. See Item 6.

Holdings in a client's separate account may include investment companies or other pooled investment vehicles, such as private investment funds, for which a separate management fee is charged. In the event that client assets are invested in an investment company or other fund for which Symphony or an affiliate serves as adviser, those assets are generally excluded from the applicable advisory account fees. Symphony typically waives management fees and performance fees on assets Symphony manages for its employees.

### Institutional Separate Accounts

Symphony generally receives from each separate account client a standard fee equal to a percentage of the client's total assets under Symphony's management. Fee rates generally range from 1% to 2% (one to two percent) per annum on accounts for which Symphony uses short-selling as an investment management technique, and, depending on the strategy, type of account, and other factors, from 0.50% to 1% (one-half to one percent) per annum on accounts for which no short-selling is used. Fees may be negotiable depending on the circumstances of the client's account, service levels to client, or other factors. Symphony, in determining its fees, may consider certain services provided by the custodian to the account including, but not limited to, automatic downloads of client data and client servicing support. Fees are payable quarterly and in arrears or in advance.

Symphony may also charge certain separate account clients a performance fee, in compliance with Rule 205-3 promulgated under the Investment Advisers Act of 1940 (the "Advisers Act"), as amended, and all applicable laws relating to such a performance fee. Unless different terms are negotiated, the performance fee will generally contain the same economic terms as the performance fee arrangement for the Private Funds described below. Performance fees may be negotiable depending on the specific circumstances of a separate account.

### Private Funds (Investment Partnerships and Offshore Funds)

Symphony receives an annual management fee in an amount generally ranging from 0.50% to 2% (fifty basis points to two percent), depending on the investment strategy, of the net asset value of each investor's capital account in the Investment Partnerships, and of the net asset value of each Offshore Fund. The fee and valuation methods used to determine the fee are described in more detail in the offering documents for the Private Funds. For Private Funds that are organized as master-feeder structures, Symphony will receive fees from with either the master or the feeder fund, or a combination thereof, such that total fees charged to investors will be in the amounts described below.

Symphony receives from most Investment Partnerships an annual performance-based special profit allocation and from each Offshore Fund an annual performance fee of generally 20% (twenty percent), depending on the investment strategy, of an Investment Partnership's or Offshore Fund's net profits after management fee and after any applicable performance hurdle. The offering documents for each Private Fund describe the manner in which net profits, special profit allocations and performance fees are determined and the timing of payments.

With respect to the Investment Partnerships, the management fee is payable in advance or arrears either at the beginning or end of each fiscal quarter or month, and is based on the net asset value of each investor's capital account on the first day of the fiscal quarter or month. An investor who is permitted to contribute capital to the Investment Partnership on a date other than the first day of a fiscal quarter or month will be charged a pro-rated management fee with respect to such capital contribution.

If an investor withdraws from an Investment Partnership or redeems from an Offshore Fund, Symphony may, depending on the investment strategy and the fund offering documents, receive a special profit allocation or performance fee with respect to the amount withdrawn or redeemed. Additionally, depending on the Private Fund, an investor that withdraws or redeems before a set date may be charged a performance allocation or performance fee with respect to the amount withdrawn, an administrative fee of 1% (one percent), or a withdrawal fee of 3% (three percent) (payable to the Private Fund) of the amount withdrawn, or a combination thereof.

### Collateralized Loan Obligations

Fees are generally payable quarterly in arrears and are generally based on assets under management. Each of the investment advisory agreements or other constituent documents generally provide for a management fee ranging from 0.30% to 0.50% (30 basis points to fifty basis points) per annum. In some cases Symphony is also eligible to receive a performance fee. The fee and valuation methods used to determine the fee are described in more detail in the offering documents for the CLOs.

### Investment Companies (Funds)

For registered investment companies, fees payable to Symphony are disclosed in the relevant prospectus or offering documents. Symphony will usually charge a management fee calculated on each business day based on average net assets and payable monthly in arrears. Management fees will either be based upon a flat rate (usually less than 1% on an annualized basis) or may be a graduated fee based upon the level of assets under management for a group of funds. For detailed information on the terms, conditions and fees of a particular Fund, see the relevant Fund's prospectus or other official offering materials.

### SMA Programs and Model-Based Programs

The portfolio management fee paid to Symphony for its portfolio management services to SMA Programs and Model-Based Programs is determined by an agreement between Symphony and



each program sponsor. In the case of wrap fee programs, Symphony's fee generally ranges up to 0.75% (75 basis points) annually. Total annual fees charged by wrap program sponsors are generally in the range of up to 3% (three percent) of the client's assets in the program. The unbundled advisory fee paid to Symphony for its portfolio management services is set forth in an agreement between Symphony and each unbundled program client. Symphony's standard fee for unbundled program clients generally ranges up to 1% (one percent) annually. Model portfolio services are furnished for a negotiated fee paid by the purchaser.

Symphony's wrap fees are generally paid monthly or quarterly, in advance or in arrears, as provided in the agreement with the client, based on the market value of the account(s) as specified in the investment management agreement or other governing document. Market values include accrued dividends and other income. For Institutional Separate Accounts and dual contract SMA Accounts, payment arrangements, including the timing (in advance or in arrears) and billing procedures (which may include sending an invoice and deduction of fees), will be agreed upon by Symphony and the client. In the case of wrap fee SMA Accounts and certain dual contract SMA Accounts, payment methods generally will be determined by the program sponsor. Wrap program sponsors typically collect the total wrap fee and remit Symphony's fee to Symphony. Certain dual contract program sponsors may collect and remit Symphony's fee to Symphony.

Generally, if an account is opened or closed during a billing period, the advisory fees are pro-rated for that portion of the billing period during which the account was open. In certain cases, fees may be deducted from client accounts as agreed upon with the client. Clients should contact their custodian for more information relating to the deduction of fees from client accounts.

See also Item 15.

### **Other Fees and Expenses**

Clients generally will separately incur brokerage and other transaction costs. See Item 12.

On behalf of certain of its clients, Symphony may invest in closed-end funds, open-end funds, exchange-traded funds (ETFs), exchange traded notes (ETNs), and other pooled investment vehicles. When Symphony invests client assets in funds, unless otherwise agreed and where permitted by law, the client will bear its proportionate share of fees and expenses as an investor in the fund in addition to Symphony's investment advisory fees.

In addition, Symphony may invest client assets or recommend that clients invest in shares or other interests in certain funds advised or administered by Symphony or its affiliates. To the extent that Symphony invests client assets in an affiliated fund, Symphony generally excludes such assets from the applicable advisory account fees so as to avoid double charging of fees.

Symphony's clients generally will incur brokerage and other transaction costs either separately or through a bundled fee in the SMA programs. In wrap programs that permit Symphony to trade away from the wrap sponsor or its broker-dealer affiliate when such sponsor or its affiliate cannot provide best price or execution under the circumstances, Symphony may trade away from such parties. In such cases, clients may incur transaction and other costs and fees in addition to the wrap fee. Program clients should review all materials available from a third party sponsor concerning the program, sponsor and the program's terms, conditions and fees. See Item 12.

From time to time, a client may instruct Symphony to suspend investment management services for their accounts for a period of time. Symphony may charge standard fees for all or a portion of such time to reflect the administrative costs associated with implementing such instructions. To the extent a client's investment management agreement or for an Institutional Separate Account or dual contract SMA Account provides that Symphony's fees are to be paid in advance, the unearned portion of such fees will be refunded to the client upon termination of the service.

For wrap fee program agreements that provide that Symphony's fees are to be paid in advance, Symphony will refund any prepaid, but unearned fees to the program sponsor. The sponsor is then responsible for refunding fees, as applicable, to the client upon termination of the service. The refunded amount will be determined on a pro-rata basis if the service is terminated within the payment period.

Related person sales personnel may be internally compensated for successful marketing or selling activities with respect to shares or interests in funds advised or subadvised by Symphony. See also Item 10.

## **ITEM 6                      PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Symphony manages multiple accounts with different investment objectives, guidelines and policies, and with different fee structures. See Item 5.

Symphony may receive both asset-based fees and performance-based fees as compensation for its advisory services. Performance-based fees may create an incentive for Symphony to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. In these instances, Symphony's compensation may be greater than it would otherwise have been, as the fee will be based on account performance instead of, or in addition to, a percentage of assets under management.

To the extent that Symphony manages accounts that are charged a performance-based fee side-by-side with accounts that are not charged a performance-based fee, Symphony addresses this conflict through the application of trade allocation procedures. See Item 12. Symphony periodically reviews allocations of investment opportunities and sequencing of transactions to determine whether accounts are treated fairly. Any exceptions or issues arising from the reviews shall be brought to the attention of Symphony's Compliance Management.

## **ITEM 7            TYPES OF CLIENTS**

Symphony provides investment advisory services to a wide variety of individual and institutional clients, including pension funds, private investment funds, structured debt vehicles (primarily CLOs), registered investment companies, and other pooled investment vehicles. Investors in Symphony managed strategies may include public and corporate pension funds, Taft-Hartley Plans, sovereign wealth funds, high net worth individuals, individuals through SMA programs, corporate non-pension accounts, endowments and foundations. Prior to investing in any funds or other pooled investment vehicles, an investor should review the relevant offering materials for important information concerning the objectives, policies, strategies, risks, fees, and other important information. Symphony reserves the right to refuse to accept any account for any reason.

### Institutional Separate Accounts

Symphony generally requires a minimum value for separate account assets under management in a range of \$50,000,000 to \$100,000,000 depending on the investment strategy. This minimum may be negotiated. Symphony, in determining its acceptable minimum account value, may consider arrangements with other financial service providers to the accounts and certain services provided by the custodian including, but not limited to, automatic downloads of client data and client servicing support.

### SMA Accounts

For SMA Accounts, Symphony generally requires a minimum account size of \$100,000, although the specific minimum accounts size may vary by program. Symphony may make exceptions to the minimum stated account size based on client type, asset class, pre-existing relationship with the client or a program representative and other factors.

### Investment Companies (Funds), Private Investment Funds and Structured Debt Vehicles

The prospectus, confidential private offering circular or private offering memorandum for each investment company, private investment fund and structured debt vehicle (including CLO) advised by Symphony includes information regarding the minimum investment requirements for each such fund.

## **ITEM 8                    METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Symphony uses fundamental and quantitative analysis methods in the provision of its advisory services. Symphony generally employs bottom-up security selection and performs analysis across the capital structure of investment candidates.

Symphony utilizes various data sources and proprietary computerized models in the provision of its advisory services. Symphony may consult with securities analysts, selected broker-dealers, market-makers, economists, and others in formulating investment strategies. Symphony may also attend company presentations and participate in interviews and inspections of certain companies. In addition to this research, Symphony may engage in discussions with management and others having business with the corporation. Symphony also regularly monitors newspapers, magazines, and trade journals; websites; information and research provided by affiliated and unaffiliated analysts and consultants; corporate rating services; annual reports, prospectuses, and other SEC filings; and information published by the company, such as press releases.

General descriptions of Symphony's investment strategies are included below. Symphony reserves the right to limit the availability of any particular strategy at any given time based on factors including asset class capacity, pre-existing relationships, minimum account sizes, fees and distribution channels. In addition, Symphony may develop other investment strategies from time to time and manage portfolios according to a client's specific investment guidelines or as a result of market opportunities, thus, strategies may vary by client account.

Certain strategies may be available only in certain channels or through a purchase of shares of registered investment companies, Private Funds, CLOs or other pooled investment vehicles. The descriptions of the investment strategies below are qualified in their entirety by the information provided by Symphony to its advisory clients, included in a fund prospectus or official offering documentation, or included in or provided with any program disclosure statement. Prior to investing in any investment company or other pooled investment vehicle, prospective investors are asked to review the relevant prospectus or offering memorandum for important information.

Symphony provides advisory services regarding fixed income investments, specifically senior loans, high yield bonds, asset backed securities, and convertible bonds, as well as equity investments. Symphony will generally make such investments through various strategies including, for fixed income investments, long only, long-short, convertible arbitrage and credit opportunities strategies and, for equity investments, long-only, long-short and market neutral equity strategies.

For Fixed Income strategies, described below, the loans and high yield bonds Symphony invests in are generally rated below investment grade

Short selling and derivative instruments may also be used in the portfolios of eligible clients, including but not limited to options on futures, forward rate agreements, interest swaps, credit default swaps, currency derivatives, swaptions, index options, interest rate caps, floors, collars and options on municipal futures contracts and other instruments. Short selling and investments in these types of investments are not suitable for all investors as they are speculative and carry a high degree of risk. Where permitted by law and the account agreement or pooled investment vehicle's prospectus or other offering materials, certain strategies may employ leverage (buying securities with borrowed money).

Some clients may not be able to hold all types of investment securities or participate in certain corporate actions relating to portfolio holdings due to limitations or operational impediments associated with a client's custodian. Symphony therefore may not purchase certain securities or participate in certain corporate actions for some accounts where it believes it is not in the client's best interest because such impediments may have an adverse effect on Symphony's ability to manage the client's account.

Some accounts may not be able to hold foreign securities in ordinary form because of custodial limitations. Symphony may purchase ordinary shares of foreign securities in foreign markets and arrange for these ordinary shares to be converted into American Depositary Receipts (“ADRs”). Fees and costs associated with the conversion and purchase of ADRs are typically included in the net price of the ADR and incurred by the purchasing account. Some portion of such costs may be attributable to local broker fees, stamp fees, and local taxes. Trades on foreign exchanges may incur greater transaction charges than trades on U.S. exchanges.

At times Symphony or its personnel may come into possession of material, nonpublic information (“MNPI”) about a company. Symphony obtains MNPI to evaluate and invest in senior bank loans and also may obtain MNPI to evaluate and invest in privately placed debt securities. Symphony has in place procedural and systematic controls designed to ensure that portfolio managers do not place trades for client accounts using MNPI in violation of securities laws. Controls include limiting access to private information on companies, maintaining a list of restricted companies, and blocking trades in these companies. When making decisions as to whether or not to obtain MNPI for a company and thereby restrict trading of it, Symphony portfolio managers consider the potential adverse impact to client accounts caused by restricting trades of the company in client accounts. To the extent that possession of MNPI precludes portfolio managers from trading in certain companies, a client account may not be invested in securities that would otherwise be beneficial to such account.

The following strategy descriptions and investments provided below are general in nature and may vary by client account. Investing in securities involves risk of loss that clients should be prepared to bear.

### **Fixed Income**

**Long-Short Credit** strategy invests in or sell short securities, consisting principally, but not solely, of fixed income securities (including, without limitation, high yield, convertible and investment grade corporate bonds) that are traded in public and over-the-counter markets and derivatives (such as total return and credit default swaps) and indexes based on the foregoing instruments.

Many of the securities the strategy invests in are rated below investment grade, or are unrated but that Symphony determines to be below investment grade quality. Securities rated below investment grade quality are commonly known as “high yield/high risk” or “junk bonds.” Junk bonds, while generally offering higher yields than investment grade securities with similar maturities and features, involve greater risks, including the possibility of default or bankruptcy. They are regarded as predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal.

**Convertible Arbitrage** strategy invests in or sells short securities and other intangible investment instruments consisting principally, but not solely, of equity (including preferred and convertible preferred stocks) and fixed income securities (including corporate bonds) that are traded in public and over-the-counter markets and derivatives (such as total return and credit default swaps) and indexes based on the foregoing instruments. Generally, each position taken by the strategy is long a convertible bond, preferred stock, convertible preferred stocks and short the underlying common stock (or vice-versa), a combination that is intended to minimize the risk of each individual position and thereby the portfolio.

**Event Driven Opportunities** strategy invests in and sells short primarily, but not solely, U.S. and non-U.S. bonds (including high yield and convertible), loans, equity and equity-related securities, total return and credit default swaps on single name or index reference assets and other derivatives on those instruments. The strategy may also invest in collateralized obligations, notes, other indebtedness of any kind, exchange traded funds, preferred, convertible and other securities, options, warrants, rights, private claims, equity and debt derivatives, non-U.S.

currencies, futures, options on futures, other commodity interests, other securities and instruments of U.S. and non-U.S. issuers that are traded publicly and privately, money market instruments, cash and cash equivalents.

The Fixed Income strategies identified above regularly engage in short sales activity, and/or trading on margin, hedging and other investment strategies. Certain of the Fixed Income strategies identified above may employ leverage as an investment technique.

**CLO Opportunities** strategy invests primarily, but not solely, in the equity and debt tranches of U.S. and non-U.S. denominated collateralized obligations in both primary and secondary markets. For liquidity or short term market exposure purposes, or in connection with hedging, the strategy may also invest in the following, but is not limited to: U.S. and non-U.S. issued or denominated bonds (including high yield and convertible), loans, loan-focused closed end or open end mutual funds, equity and equity-related securities, equity and equity-related securities, total return and credit default swaps on the foregoing (including single name, index or collateralized obligation reference assets) and other derivatives on these notes, notes, exchange traded funds, preferred, convertible and other securities, equity and debt derivatives, and privately traded securities, cash and cash equivalents. The strategy also may engage in short selling, trading on margin, trading in publicly traded options, hedging and other investment strategies.

**Long-Only Fixed Income** strategies invest primarily in senior loans and/or high yield bonds. Assets may also be invested in subordinated loans, convertible securities, asset backed securities and other credit securities. Investments are described further in the risk sections below.

Certain Long-Only Fixed Income strategies will invest in adjustable rate, U.S. dollar-denominated secured and unsecured senior loans. The strategies also may invest in U.S. dollar-denominated senior loans that are organized or located in countries outside the U.S. Adjustable rate loans pay interest at rates that are reset periodically by reference to a base lending rate. Adjustable rate loans are made to U.S. or non-U.S. corporations, partnerships and other business entities that operate in various industries and geographical regions, which may include middle-market companies. The strategies may also invest in subordinated loans.

Long-Only Fixed Income strategies also invest in other fixed income securities, such as convertible securities, corporate bonds and other types of corporate debt instruments. The debt instruments may be traded over the counter or on an exchange. A majority or a substantial portion of Long-Only Fixed Income strategy assets may be invested in high yield securities. Certain strategies may also invest in derivatives, such as swaps and futures contracts on U.S. and non-U.S. bonds, to gain investment exposure.

The Long-Only Fixed Income strategies may also represent a portion of a multi-strategy or diversified strategy portfolio that also includes strategies that invest in equity securities.

## **Equity**

**Long-Short Equity** strategies are designed to capture investment opportunities in varying market conditions while adhering to stringent risk controls. The strategies primarily invest in and sell short large-cap equities and derivatives of U.S. and non-U.S. companies. Certain Long-Short Equity strategies may employ leverage as an investment technique.

**Market Neutral Equity Portfolios** are constructed to be market neutral, beta neutral and sector neutral where return is attributable to asset selection and not risk or industry biases. The portfolios primarily invest in and sell short large-cap equities and derivatives of U.S. and non-U.S. companies.

**Long-Only Equity** strategies generally invest in equity securities of large-cap, mid-cap, small-mid cap or small cap companies. Certain strategies may pursue a growth, value or core style of

investing. In addition, certain strategies invest primarily in non-U.S. equity securities of issuers located in developed countries, but also may invest in equity securities of companies located in emerging market countries.

As with any investment, loss of principal is a risk of investing in accordance with any of the investment strategies described above. Fixed Income and Equity strategies described above also are subject to the risks summarized below, among others.

In periods of market volatility, Symphony may be unable to invest new money contributed to an account, or proceeds from the sale of securities, as quickly as it might have been able to do under normal market conditions. Similarly, Symphony may be unable to sell securities to raise cash, or to accommodate a terminating client's request to sell securities, as quickly, or at favorable prices, as it might have been able to do under normal market conditions. Depending on market movements, such delays could have an adverse impact on client accounts. In such periods of market disruption, Symphony, when deemed advisable, also may deviate from its normal trading practices with respect to sequencing and allocation of transactions. Market volatility may also cause Symphony to deviate from applicable account guidelines. In such circumstances, Symphony will use reasonable efforts to restore the account to compliance with its guidelines in a prudent manner under the circumstances.

### **General Risks**

***Illiquid Securities Risk.*** Illiquid securities are securities that are not readily marketable and may include some restricted securities, which are securities that may not be resold to the public without an effective registration statement under the Securities Act of 1933 or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired or at prices approximating the value at which the securities are held.

***Non-U.S. Securities Risk.*** Investments in securities of non-U.S. issuers involve special risks not presented by investments in securities of U.S. issuers, including the following: (i) less publicly available information about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices; (ii) many non-U.S. markets are smaller, less liquid and more volatile, meaning that in a changing market, an Adviser may not be able to sell the portfolio's securities at times, in amounts and at prices it considers reasonable; (iii) potential adverse effects of fluctuations in currency exchange rates or controls on the value of the portfolio's investments; (iv) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; (v) the impact of economic, political, social or diplomatic events; (vi) possible seizure, expropriation or nationalization of the company or its assets; (vii) certain non-U.S. countries may impose restrictions on the ability of non-U.S. issuers to make payments of principal and/or interest to investors located outside the U.S., due to blockage of foreign currency exchanges or otherwise; and (viii) withholding and other non-U.S. taxes may decrease the portfolio's return. These risks are more pronounced to the extent that a portfolio invests a significant amount of its assets in companies located in one region. A portfolio may not enter into hedging transactions at times or under circumstances in which it might be advisable to do so.

Economies and social and political climates in individual countries may differ unfavorably from the United States. Non-U.S. economies may have less favorable rates of growth of gross domestic product, rates of inflation, currency valuation, capital reinvestment, resource self-sufficiency and balance of payments positions. Many countries have experienced substantial, and in some cases extremely high, rates of inflation for many years. Unanticipated economic, political and social developments may also affect the values of the portfolio's investments and the availability to the portfolio of additional investments in such countries. Non-U.S. securities risks are magnified for investments in developing or emerging markets. To the extent a portfolio invests in depositary



receipts (ADRs), a portfolio will be subject to many of the same risks as when investing directly in non-U.S. securities.

**Currency Risk.** Currency risk is the risk that fluctuations in the exchange rates between the U.S. dollar and non-U.S. currencies may negatively affect an investment. The value of securities denominated in non-U.S. currencies may fluctuate based on changes in the value of those currencies relative to the U.S. dollar, and a decline in applicable foreign exchange rates could reduce the value of such securities held by a portfolio. The values of non-U.S. investments and the investment income derived from them also may be affected unfavorably by changes in currency exchange control regulations.

**Inflation Risk.** Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money.

**Deflation Risk.** Deflation risk is the risk that prices throughout the economy decline over time, which may have an adverse effect on the market valuation of companies, their assets and revenues, and the valuation of real estate. In addition, deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the portfolio.

**Recent Market Conditions.** The global financial crisis over the past several years, including the European sovereign debt crisis, has resulted, and may continue to result, in an unusually high degree of volatility in the financial markets. Liquidity in some markets has decreased; the ability to obtain credit has become challenging worldwide; and the values of some sovereign debt and of securities of issuers that hold that sovereign debt have fallen. These market conditions may continue or possibly deteriorate further, and may add significantly to the risk of short-term volatility in accounts. Under such conditions, it may also become very difficult to execute portfolio transactions in affected markets. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibility that conditions in one country or region might impact issuers in a different country or region, sometimes adversely. In response to the crisis, the European Union, the U.S. and various governments, as well as the European Central Bank, the U.S. Federal Reserve and other central banks, have taken steps to support financial markets. Withdrawal of this support, failure of efforts in response to the crisis, or investor perception that such efforts are not succeeding, could adversely impact the value and liquidity of certain securities. The severity or duration of these conditions may also be affected by policy changes made by governments or quasigovernmental organizations. Because the situation is widespread and largely unprecedented, it may be unusually difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions, and therefore the effects of these potential events on an account is impossible to predict.

**Derivatives Risk, Including the Risk of Swaps.** The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives. Whether the use of derivatives is successful will depend on, among other things, if the adviser correctly forecasts market values, interest rates and other applicable factors. If the adviser incorrectly forecasts these and other factors, the investment performance of a portfolio will be unfavorably affected. In addition, the derivatives market is largely unregulated. It is possible that developments in the derivatives market could adversely affect a portfolio's ability to successfully use derivative instruments.

Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of swaps requires an understanding not only of the referenced asset, rate or index, but also of the swap itself. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid. Moreover, a portfolio bears the risk of loss of the amount expected to be received

under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. It is possible that developments in the swaps market, including potential government regulation, could adversely affect the portfolio's ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

**Hedging Risk.** Portfolios may use derivatives or other transactions solely for purposes of hedging the portfolio's exposure to the risks including but not limited to increases in interest rates, common stock risk, high yield credit risk and foreign currency exchange rate risk that could result in poorer overall performance for the portfolio. There may be an imperfect correlation between a portfolio's holdings and such hedges, which may prevent the portfolio from achieving the intended consequences of the applicable transaction or expose the portfolio to risk of loss. Further, the use of derivatives or other transactions to reduce risk involves costs and will be subject to an adviser's ability to predict correctly changes in the relationships of such hedging instruments to the portfolio's holdings or other factors. An adviser's judgment in this respect may not be correct. Consequently, the use of hedging transactions might result in a poorer overall performance for a portfolio, whether or not adjusted for risk, than if the portfolio had not hedged its holdings. A portfolio may not enter into hedging transactions at times or under circumstances in which it would be advisable to do so.

A purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. There may be an imperfect correlation between a portfolio's holdings and futures contracts or options on futures contracts entered into by a portfolio, which may prevent the portfolio from achieving the intended hedge or expose the portfolio to risk of loss. The degree of imperfection of correlation depends on circumstances such as: variations in speculative market demand for futures, futures options and the related securities, including technical influences in futures and futures options trading and differences between the securities markets and the securities underlying the standard contracts available for trading. Further, a portfolio's use of futures contracts and options on futures contracts to reduce risk involves costs and will be subject to an adviser's ability to predict correctly changes in interest rate relationships or other factors.

**Short Sales Risk.** Portfolios may engage in selling securities short. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities or commodity interests sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the portfolio may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the portfolio's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss, except that short sales of fixed income securities, such as bonds, generally do not have an unlimited risk of loss.

To execute a short sale, the portfolio must borrow the securities being sold short. It may not be possible for the portfolio to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities or commodities markets. In addition, special rules, which differ from jurisdiction to jurisdiction, apply to short sales at prices below the last sale price, which may prevent the portfolio from executing short sales at the most desirable time. If the prices of securities sold short increase, the portfolio may be required to provide additional funds or collateral to maintain the short positions. This could require the portfolio to liquidate other investments to provide additional margin, and such liquidations might not be at favorable prices. Further, the lender of securities can request return of the borrowed securities and the portfolio may not be able to borrow those securities from other lenders. Consequently, this will cause a "buy-in" of the short position at a time which may be disadvantageous to the portfolio.

**Leverage Risk.** A portfolio may invest on margin and may employ other leveraging strategies, which can increase profit potential, but at the same time increase risk of loss and volatility. In

addition, margin trading requires the pledge of portfolio securities as collateral, and margin calls can result in the portfolio being required to pledge additional collateral or liquidate the portfolio's holdings, which could require a portfolio to sell portfolio securities at substantial losses that would not otherwise be realized.

**Counterparty Risk.** A portfolio may be subject to credit risk with respect to the counterparties to certain derivative and financing agreements entered into by the portfolio. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract or financing agreement due to financial difficulties, the portfolio may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The portfolio may obtain only a limited recovery or may obtain no recovery in such circumstances.

**Real Estate Risks.** Securities of companies in the real estate industry are subject to the risks associated with the direct ownership of real estate. These risks include:

- declines in the value of real estate
- risks related to general and local economic conditions
- possible lack of availability of mortgage funds
- extended vacancies of properties
- increased competition or overbuilding
- increases in property taxes and operating expenses
- changes in existing laws
- losses due to costs resulting from the clean-up of environmental problems
- liability to third parties for damages resulting from environmental problems
- casualty or condemnation losses
- limitations on rents
- changes in neighborhood values and the appeal of properties to tenants
- changes in interest rates

An economic downturn could have a material adverse effect on the real estate markets and on real estate companies.

### **Fixed Income Risks**

**CLO Risk.** There are numerous risks associated with investment in a CLO, including that interests in a CLO have limited liquidity and there are restrictions on their transfer; the CLO may have limited assets to make payment on the securities; certain securities issued by the CLO are subject to greater risk of nonpayment than more senior tranches; the holders of securities may have limited rights to proceed against defaulting borrowers; and the loans held by the CLO consist primarily of non-investment grade loans or interests in non-investment grade loans and high-yield debt securities, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. Investors should carefully review a CLO's private offering memorandum.

**Senior Loan Risk.** Senior loans are typically private corporate loans negotiated by one or more commercial banks and syndicated among a group of commercial banks and institutional investors. Borrowers often take out senior loans in connection with a highly leveraged transaction, often to finance internal growth, acquisitions, mergers, stock purchases, or for other reasons. Senior loans are typically at the most senior level of the capital structure, and are often secured by specific collateral, including but not limited to, intellectual property, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the borrower. Certain senior loans may be unsecured. Senior loans often contain restrictive covenants designed to limit the activities of the borrower in an effort to protect the right of lenders to receive timely payments of interest on and repayment of principal of the loans. Because of the provision of confidential information, the unique and customized nature of a loan agreement, and

the private syndication of the loan, senior loans are not as easily purchased or sold as a publicly traded security. Long-Only Fixed Income strategies may invest in senior loans that are rated below investment grade ("high yield"), or unrated but judged to be of comparable quality.

Senior loans may not be rated by a NRSRO at the time of investment, generally will not be registered with the Securities and Exchange Commission and generally will not be listed on a securities exchange. In addition, the amount of public information available with respect to senior loans generally will be less extensive than that available for more widely traded, registered and exchange-listed securities. Because the interest rates of senior loans reset frequently, if market interest rates fall, the loans' interest rates may be reset to lower levels, potentially reducing a portfolio's income.

The size of the trading market for senior loans is generally smaller than that for registered equities and investment grade rated bond securities; as such, senior loans may be relatively illiquid compared those types of securities. Liquidity relates to the ability of a portfolio to sell an investment in a timely manner at a price approximately equal to its value on the portfolio's books. A portfolio's ability to realize the full value of its assets may be impaired in the event of a voluntary or involuntary liquidation of any illiquid assets. However, many senior loans are of a large principal amount and are held by a wide array of institutional investors. The market for below investment grade rated senior loans is similar in size and liquidity to the market for below investment grade rated (or "high yield") bonds. In the event of an economic downturn, a substantial increase or decrease in interest rates, or other type of market dislocation, the market for senior loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. In those instances senior loans may be difficult to value and prices provided by external pricing services may not reflect the true fair value of the assets.

Borrowers under senior loans may default on their obligations to pay principal or interest when due. This non-payment would result in a reduction of income to a portfolio and a reduction in the value of a senior loan experiencing non-payment. Although some senior loans in which a portfolio will invest will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, the portfolio could experience delays or limitations in its ability to realize the benefits of any collateral securing a senior loan.

A portfolio also may purchase a participation interest in a senior loan and by doing so acquire some or all of the interest of the bank or other lending institution making the loan to a corporate borrower. A participation interest typically results in the portfolio having a contractual relationship with the lender and not the borrower. In this instance, the portfolio will have the right to receive payments of principal, interest and any fees to which it is entitled only from the bank or other lending institution selling the participation and only upon receipt by the bank or other lending institution of the payments from the borrower. Since the portfolio has only acquired a participation in the loan made by a third party (i.e. the banker or other lending institution), the portfolio may not be able to control the exercise of any remedies that such third party would have under the senior loan. Although the participation interest is in a senior loan, there can be no assurance that the principal and interest owed on the senior loan will be repaid in full.

**Loan Settlement Risk.** Portfolio transactions in loans may settle in a period equal to or less than seven days but typically can take up to two or three weeks, and in some cases much longer. Unlike the securities markets, there is no central clearinghouse for loan trades, and the loan market has not established enforceable settlement standards or remedies for failure to settle

**Credit Risk.** Credit risk is the risk that an issuer may be unable or unwilling to make dividend, interest and principal payments when due and the related risk that the value of a debt instrument may decline because of concerns about the issuer's ability to make such payments.

Credit risk may be heightened for the portfolios that invest a substantial portion of their assets in “high yield” debt or loans with low credit ratings. These securities, while generally offering higher yields than investment-grade debt with similar maturities, involve greater risks, including the possibility of interest deferral, default or bankruptcy, and are regarded as predominantly speculative with respect to the issuer’s capacity to pay dividends or interest and repay principal. Companies that issue high yield debt or loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy.

**High Yield Risk.** Securities of below investment grade quality are regarded as having predominately speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as junk bonds. Issuers of high yield securities may be highly leveraged and may have fewer methods of financing available. The prices of these lower grade securities are typically more sensitive to negative developments, such as a decline in the issuer’s revenues or a general economic downturn, than are the prices of higher grade securities. The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on a portfolio’s ability to dispose of a particular security. There are fewer dealers in the market for high yield securities than for investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and ask price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, a portfolio could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded.

**Income Risk.** If interest rates fall, the income from the portfolios will decline as the portfolios invest the proceeds from new share sales, or from matured or called debt instruments, at interest rates that are below the portfolio’s current earnings rate.

**Interest Rate Risk.** Interest rate risk is the risk that fixed-income securities, and to a lesser extent dividend-paying common stocks, will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Market interest rates in the U.S. and certain other countries currently are near historically low levels.

**Prepayment Risk.** During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing a portfolio to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

**Extension Risk.** During periods of rising interest rates, the average life of certain types of securities may be extended by the issuer because of lower than expected principal payments. This may lock in a below market interest rate, increase the security’s duration and reduce the value of the security. This is known as extension risk. Market interest rates for investment grade fixed-income securities are currently significantly below the historical average rates for such securities. This decline may have increased the risk that these rates will rise in the future; however, historical interest rate levels are not necessarily predictive of future interest rate levels.

**Reinvestment Risk.** Reinvestment risk is the risk that income from a portfolio will decline if and when the portfolio invests the proceeds from matured, traded or called bonds at market interest rates that are below the portfolio’s current earnings rate.

**Preferred Stocks Risk.** Preferred stocks involve credit risk, which is the risk that a preferred stock in a portfolio will decline in price or fail to make dividend payments when due because the issuer of the security experiences a decline in its financial status. In addition to credit risk, investments in preferred stocks involve certain other risks. Certain preferred stocks contain provisions that allow an issuer under certain circumstances to skip distributions (in the case of “non-cumulative” preferred stocks) or defer distributions (in the case of “cumulative” preferred stocks). If a portfolio owns a preferred stock that is deferring its distributions, the portfolio may be required to report income for tax purposes while it is not receiving income from that stock. In certain varying circumstances, an issuer may redeem its preferred stock prior to a specified date in the event of certain tax or legal changes or at the issuer’s call. In the event of a redemption, a portfolio may not be able to reinvest the proceeds at comparable rates of return. Preferred stocks typically do not provide any voting rights, except in cases when dividends are in arrears for a specified number of periods. Preferred stocks are subordinated to bonds and other debt instruments in a company’s capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt instruments.

**Convertible Security Risk.** Convertible securities generally offer lower interest or dividend yields than non-convertible fixed-income securities of similar credit quality because of the potential for capital appreciation. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security’s market value also tends to reflect the market price of the common stock of the issuing company, particularly when the stock price is greater than the convertible security’s conversion price. The conversion price is defined as the predetermined price or exchange ratio at which the convertible security can be converted or exchanged for the underlying common stock. As the market price of the underlying common stock declines below the conversion price, the price of the convertible security tends to be increasingly influenced more by the yield of the convertible security than by the market price of the underlying common stock. Thus, it may not decline in price to the same extent as the underlying common stock, and convertible securities generally have less potential for gain or loss than common stocks. However, mandatory convertible securities (as discussed below) generally do not limit the potential for loss to the same extent as securities convertible at the option of the holder. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before that company’s common stockholders. Consequently, an issuer’s convertible securities generally entail less risk than its common stock. However, convertible securities fall below debt obligations of the same issuer in order of preference or priority in the event of a liquidation and are typically unrated or rated lower than such debt obligations. In addition, contingent payment convertible securities allow the issuer to claim deductions based on its nonconvertible cost of debt, which generally will result in deductions in excess of the actual cash payments made on the securities (and accordingly, holders will recognize income in amounts in excess of the cash payments received).

Mandatory convertible securities are distinguished as a subset of convertible securities because the conversion is not optional and the conversion price at maturity is based solely upon the market price of the underlying common stock, which may be significantly less than par or the price (above or below par) paid. For these reasons, the risks associated with investing in mandatory convertible securities most closely resemble the risks inherent in common stocks. Mandatory convertible securities customarily pay a higher coupon yield to compensate for the potential risk of additional price volatility and loss upon conversion. Because the market price of a mandatory convertible security increasingly corresponds to the market price of its underlying common stock as the convertible security approaches its conversion date, there can be no assurance that the higher coupon will compensate for the potential loss.

**Regulatory Risk.** To the extent that legislation or state or federal regulators that regulate certain financial institutions impose additional requirements or restrictions with respect to the ability of such institutions to make loans, particularly in connection with highly leveraged transactions, the availability of senior loans or adjustable rate loans for investment may be adversely affected.

Further, such legislation or regulation could depress the market value of senior loans or adjustable rate loans.

**New Types of Securities.** New types of securities that pay tax-advantaged dividends, including preferred securities having features other than those described herein, may in the future be offered. Portfolios may invest in such securities if doing so would be consistent with a portfolio's investment objective. Because the market for these instruments would be new, a portfolio may have difficulty selling them at a suitable price and time. These instruments may present other risks, such as high price volatility.

**Sovereign Debt Risk.** The ability of a non-U.S. sovereign issuer, especially in an emerging market country, to make timely and ultimate payments on its debt obligations will be strongly influenced by the sovereign issuer's balance of payments, including export performance, its access to international credits and investments, fluctuations of interest rates and the extent of its foreign reserves. A country whose exports are concentrated in a few commodities or whose economy depends on certain strategic imports could be vulnerable to fluctuations in international prices of these commodities or imports. To the extent that a country receives payment for its export in currencies other than dollars, its ability to make debt payments denominated in dollars could be adversely affected. If a sovereign issuer cannot generate sufficient earnings from foreign trade to service its external debt, it may need to depend on continuing loans and aid from foreign governments, commercial banks, and multinational organizations. There may not be bankruptcy proceedings similar to those in the U.S. by which defaulted interest may be collected.

A portfolio may invest in debt of issuers located in countries considered to be emerging markets, and investments in such securities are particularly speculative. Heightened risks of investing in emerging markets sovereign debt include:

- Risk of default by a governmental issuer or guarantor. In the event of a default, a portfolio may have limited legal recourse against the issuer and/or guarantor.
- Risk of restructuring certain debt obligations. This may include reducing and rescheduling interest and principal payments or requiring lenders to extend additional credit, which may adversely affect the value of these investments.

In addition, risks of investing in emerging markets securities include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales; future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

**Repurchase Agreement Risk.** If the party agreeing to repurchase specific securities should default, a portfolio may seek to sell the securities which it holds as collateral. This could involve transaction costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. Repurchase agreements maturing in more than seven days are considered to be illiquid securities.

### **Equity Risks**

**Common Stock Risk.** Although common stocks historically have generated higher average returns than fixed-income securities, common stocks also have experienced significantly more

volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock. Also, prices of common stocks are sensitive to general movements in the stock market and a drop in the stock market may depress the price of common stocks held by a portfolio or to which it has exposure.

**Market Risk/Mid-Cap and Small-Cap Company Risk.** The market values of securities owned by the portfolios may decline, at times sharply and unpredictably. This risk is generally greater for lower market capitalization companies because they tend to have more limited product lines, markets and financial resources than larger, more established companies. Stocks of small and mid-sized companies may trade less frequently, may trade in smaller volumes and may fluctuate more sharply in price than stocks of larger companies. Smaller companies may not be widely followed by the investment community, which can lower the demand for their stocks. In addition, smaller companies tend to have fewer key suppliers and customers and may have a greater reliance on certain key personnel than larger companies.

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The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment strategy. Prospective clients and clients are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager for a particular strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed herein.



## **ITEM 9                    DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of Symphony or its management persons.

## **ITEM 10                  OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As discussed above, Symphony is a subsidiary of Nuveen Investments. Nuveen Investments is an indirect subsidiary of Windy City Investments Holdings, L.L.C. ("Holdings"), a holding company formed by equity investors led by MDP, an investment adviser. Equity investors of Holdings include certain MDP private equity funds and other institutional investors including divisions or subsidiaries of U.S. Bancorp and other financial services companies. Except for MDP, none of the other investors has an economic position in Holdings that is greater than 9.5%. See Item 4.

The equity securities of Holdings do not confer voting rights. All management authority of Holdings resides with its board of managers (the "Board"). The current Board structure contemplates: (i) six manager positions designated by investors affiliated with MDP; (ii) one manager position designated by an investor affiliated with U.S. Bancorp; (iii) one manager position held by the Nuveen Investments Chief Executive Officer; and (iv) three independent manager positions agreed upon by a majority of the members of the Board after consultation with MDP.

As a result of the facts described above, MDP is considered a "control person" of Symphony under the Investment Advisers Act of 1940, as amended ("Advisers Act"); an "affiliated person" of Symphony under the Investment Company Act; and an "affiliate" of Symphony under the Employee Retirement Income Security Act of 1974 ("ERISA"). With respect to Symphony, except for MDP, no other investor in Holdings is subject to restrictions arising from such status under the Advisers Act, Investment Company Act and ERISA, respectively.

Neither MDP nor the other investors in Holdings will have any involvement in the day-to-day investment or other business operations of Symphony, including with respect to Symphony's investment and voting determinations on behalf of clients. Symphony exercises its own independent investment and voting discretion in accordance with its investment philosophy, fiduciary duties and client guidelines.

At any given time, each of Symphony, on one hand, and MDP and other investors in Holdings and their affiliates, on the other hand, will engage in their own respective commercial activities with a view toward advancing their own respective business interests. These activities and interests potentially include multiple advisory, transactional, financial, and other interests in securities, financial instruments and companies, and a wide variety of financial services activities. Symphony is committed to putting the interests of its clients first and seeks to act in a manner consistent with its fiduciary and contractual obligations to its clients and effected in accordance with applicable law. At times, Symphony may determine, in an exercise of its discretion, to limit or refrain from entering into certain transactions, for some or all clients, in order to seek to avoid a potential conflict of interest, or where the legal, regulatory, administrative or other costs associated with entering into the transaction are deemed by Symphony to outweigh the expected benefits. Further, certain regulatory and legal restrictions or limitations and internal policies may restrict certain investment or voting activities of Symphony on behalf of its clients.

MDP, through a separate investment fund, controls National Financial Partners Corp. ("NFP"), a benefits, insurance, and wealth management business operating through over a hundred subsidiaries in the financial industry ("NFP Affiliates"). The NFP Affiliates are not part of Nuveen Investments business enterprise, and are operated and managed completely separately. In most cases, there are no formal business arrangements with these entities, and in cases where there are arrangements (e.g., regarding distribution or use of Nuveen Investments products and services, such as Nuveen Funds), such arrangements are conducted on an arms-length basis

and are not material to Symphony's advisory business or its advisory clients as a whole. With respect to the NFP Affiliates, Nuveen Investments believes that MDP's control does not create a conflict of interest from an Advisers Act perspective. NFP Affiliates and their clients may wish to consult their own advisors in connection with using Symphony or Nuveen Investments products and services.

To the extent permitted by the Advisers Act, the Investment Company Act, ERISA, and other law, as applicable, Symphony may give advice, take action or refrain from acting in limiting purchases, selling existing investments, or otherwise restricting or limiting the exercise of rights, including voting rights, in the performance of its duties for certain client accounts that may differ from such advice or action, or the timing or nature of such advice or action, for other client accounts including, for example, for clients subject to one or more regulatory frameworks.

Symphony is under common control with Tradewinds Global Investors, LLC, Nuveen Investments Advisers Inc., Nuveen Asset Management, LLC, NWQ Investment Management Company, LLC, Santa Barbara Asset Management, LLC, Winslow Capital Management, LLC., Nuveen Fund Advisors, LLC ("NFA LLC"), and Gresham Investment Management LLC ("Gresham"), each an investment adviser registered with the SEC that provides services to individual and/or institutional clients (which may include registered investment companies and/or Private Funds). NFA LLC is a commodity pool operator and Gresham is a commodity pool operator and commodity trading advisor. "Nuveen Investments" is sometimes used to refer collectively to the advisory businesses of Nuveen Investments. Certain personnel may provide services for multiple Nuveen Investments advisory affiliates. Symphony is also under common control with Nuveen Global Operations ("NGO"), a division of Nuveen Investments Holdings, Inc., which performs administrative services for Symphony and certain affiliates. Symphony is also under common control with Nuveen Investments Canada Co., which markets certain investment advisory services of its affiliated investment advisers in Canada. Symphony is also under common control with Nuveen Global Investments Limited, an exempt CAD firm registered with the U.K. Financial Conduct Authority, which markets certain products and services of its affiliated investment advisers in certain jurisdictions outside the U.S., and with Nuveen Commodities Asset Management, LLC, a commodity pool operator. Symphony and its advisory affiliates maintain procedures (including certain information barriers) designed generally to provide for independent exercise of investment and voting power. Symphony's arrangements with its affiliates may or may not be material to its advisory business at any particular time.

Symphony is also under common control with Nuveen Securities, LLC, a registered broker-dealer. Certain employees of Symphony and its related persons also may be affiliated with Nuveen Securities, LLC and in that capacity, may engage in marketing or selling activities with respect to shares or interests in investment companies or Private Funds affiliated with Symphony or its related persons. See Item 5.

Symphony has arrangements with certain of its affiliates under which Symphony may provide investment advisory (as adviser or sub-adviser), administrative, marketing or educational services to or for such affiliated adviser or its clients. Symphony or its clients may also receive such services from its affiliates. Symphony's affiliates may provide it with account administration, trading, operations, client service, sales and marketing, risk management, and legal and compliance services. Symphony and certain affiliated advisers also may refer clients to each other.

With respect to SMA Accounts, NGO's administrative services to Symphony may include receipt, review and processing of new account documentation; implementation and execution of investment directions; certain account monitoring; and/or other administrative and operational services. The scope of NGO's services varies depending on the particular strategy, distribution channel, program and client type.

As stated above, Symphony serves as general partner and/or investment adviser to a number of Private Funds. Clients should consult their financial adviser about investments in a Private Fund.

**ITEM 11            CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT  
TRANSACTIONS AND PERSONAL TRADING**

**Code of Ethics**

Symphony has adopted policies and procedures ("Code of Ethics") designed to detect and prevent conflicts of interest relating to personal trading by its employees, and to ensure that Symphony effects transactions for clients in a manner that is consistent with its duty to its clients and in accordance with applicable law. Symphony's employees who wish to purchase or sell most types of securities may do so only in compliance with certain procedures outlined in the Code of Ethics, such as pre-approval by compliance personnel and periodic holdings reporting. Symphony's Code of Ethics also prohibits the misuse of material nonpublic information and confidential information. A copy of Symphony's Code of Ethics will be provided upon request of any client or prospective client. See the cover page to this Brochure for contact information.

Initially and from time to time, employees of Symphony and its affiliates may invest in an affiliated Fund or Private Fund (collectively, "Related Fund") of Symphony or its affiliates. Such investments may represent all of or a significant percentage of the Related Fund's assets. Symphony or its affiliated entities also may establish proprietary separate accounts, including seed capital accounts.

To the extent that Symphony or its employees have established a separate proprietary account or have made investments in a Related Fund that is equal to or greater than 25% of the Related Fund's assets, such Related Funds or proprietary accounts are managed in a manner consistent with Symphony's duty to its other clients to address the resulting potential conflicts of interest. Symphony's policy is that Related Funds or proprietary accounts should receive neither special advantages nor disadvantages. In addition, as stated above in response to Item 4, Symphony serves as investment manager to Private Funds.

Symphony and its related persons may invest in securities for their personal accounts that are also recommended to Symphony clients. Potential conflicts may arise in this situation because Symphony or its related persons may have a material interest in or relationship with the issuer of a security, or may use knowledge about pending or currently considered securities transactions for clients to profit personally. To address these potential conflicts, each employee is required to provide Symphony and/or certain related persons with securities trading activity reports and securities holding reports upon commencement of employment and thereafter on a quarterly and annual basis. In addition, employee transactions are subject to limitations regarding the type and timing of transactions, including certain trading prohibitions, and pre-approval and monitoring by compliance professionals and/or certain related persons.

Symphony, its employees and its affiliates may give advice and take action in the performance of their duties for some clients that may differ from advice given, or the timing or nature of actions taken, for other clients or for their proprietary or personal accounts.

Subject to the restrictions described above, Symphony and its employees may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which a client account may have an interest from time to time. Symphony has no obligation to acquire for a client account a position in any investment which it, acting on behalf of another client, or an employee, may acquire, and the client accounts shall not have first refusal, co-investment or other rights in respect of any such investment.

In the event that a client account transacts within seven (7) days preceding or following an employee's transaction in the same (or related, or equivalent) security, the employee may be required to dispose of the security and/or disgorge any profits associated with his or her transaction. Such disposal and/or disgorgement may be required notwithstanding any prior written approval granted.

### Cross Trades

For certain client accounts, in accordance with applicable law, Symphony may effect cross trades between the accounts of clients advised by it or its affiliates in appropriate circumstances, which include: (i) to manage client account capital flows and levels of cash available for investment; (ii) to maintain compliance with guidelines and/or tests specific to client accounts; or (iii) when it is necessary to sell a particular security in a Symphony client account (for reasons unrelated to the attractiveness of the security) and Symphony believes that the security remains attractive for Symphony clients and may not otherwise be readily available in the market.

Pursuant to the above, Symphony may effect cross trades between client accounts and accounts in which Symphony or its employees are invested ("related accounts"), which may present a conflict of interest for Symphony because it may favor related accounts over non-related accounts.

Cross trades present a potential conflict of interest because of the opportunity to favor one client account over another client account or a related account. To address this potential conflict of interest, prior to each cross trade transaction, Symphony will determine that the transaction is in the best interests of all accounts involved based on the investment objectives and portfolio characteristics of each account and the perceived benefit of effecting the cross trade versus placing the trade instead in the open market. Additionally, cross trades must be reviewed and approved by senior Operations and Compliance persons who are independent from the trading and portfolio management functions prior to being effected. Symphony generally utilizes third party broker-dealers to assist in effecting cross trades, and clients may incur transaction fees in connection with such use. Symphony and its affiliates do not receive any commission, transaction fees or other transactions compensation in connection with effecting cross trades.

## **ITEM 12      BROKERAGE PRACTICES**

### **Broker-Dealer Selection**

Each discretionary client's investment advisory agreement with Symphony generally grants Symphony full authority to determine (without obtaining client consent or consulting with the client on a transaction-by-transaction basis) the brokers or dealers through whom all transactions will be executed. Where a client authorizes Symphony to select the brokers and/or dealers through whom transactions for the client's account are executed, Symphony will allocate those transactions to such brokers or dealers for execution on such markets, at such prices and at such brokerage commission rates (which may be in excess of the prices or rates that might have been charged for execution on other markets or by other brokers or dealers) as in Symphony's good faith judgment are appropriate, subject to Symphony's duty of best execution.

When selecting broker-dealers to execute transactions in equity securities, Symphony considers not only the available prices and transaction brokerage commission rates, but also other relevant factors, which may include, without limitation, execution capabilities, research provided, the efficiency and accuracy of clearance and trade settlement, and amount of trade price improvement. At times Symphony receives research reports and other materials from broker-dealers. Symphony's portfolio managers and analysts may consult with analysts provided by brokers. Symphony also has agreements with various broker/dealers who act as Prime Brokers for the Private Funds and separate accounts. Symphony executes trades through such Prime Brokers, subject to best execution, who may also provide services to Symphony in addition to acting as Prime Broker.

For fixed income and loan transactions, Symphony takes into consideration not only best price, execution capacities and research provided, but other factors relating to the asset class such as financial exposure and the ability to provide liquidity.

Fixed income securities may be purchased from the issuer or a primary market-maker acting as principal for the securities on a net basis, with no brokerage commissions being paid by the client, although the price usually includes certain undisclosed compensation to the dealer. Transactions placed through dealers serving as primary market-makers reflect the spread between the bid and asked prices. Securities also may be purchased from underwriters at prices that include underwriting fees. Symphony expects that substantially all portfolio transactions for fixed income securities will be affected on a principal (as opposed to an agency) basis and accordingly, does not expect to pay significant amounts of brokerage commissions for those transactions. On a limited basis, Symphony may execute fixed income transactions on an agency basis with brokers and dealers.

Symphony has established a Trade Oversight Committee that oversees and assesses trading counterparty and execution issues. Committee membership includes senior management and representatives from trading, compliance, and operations departments. The Committee meets twice per year and conducts a review of Symphony's trading counterparty and execution issues as part of the firm's responsibility to obtain best execution.

Symphony may execute securities and investment transactions through financial firms that use, offer or include products or services of Symphony or its affiliates in a particular program or preferred list. Symphony does not take into account such business arrangements when selecting firms for securities and investment transactions.

For most wrap fee programs, clients are not charged separate commissions or other transaction costs on each trade so long as the program sponsor (or its broker-dealer affiliate) executes the trade. A portion of the wrap fee generally is considered as in lieu of commissions or other transaction costs. Where permitted by the wrap fee program terms, Symphony may execute a transaction through a broker-dealer other than the program sponsor where Symphony believes

that such trade would result in the best price and execution under the circumstances. In such cases, transaction and other fees may be included in the net price of the security. However, in many situations trades will be executed with the program sponsor (or its broker-dealer affiliate) so as to avoid incurring brokerage costs or other transaction costs by using other broker-dealers, in addition to the wrap fee. When clients direct Symphony to use the program sponsor for all trades, Symphony will not be free to seek best price and execution by placing trades through other broker dealers.

For more information regarding broker-dealer selection and fees for SMA Accounts, see Additional Notice to SMA Account Clients in section Additional Information.

### **Research and Other Soft Dollar Benefits**

Where more than one broker or dealer is believed to be capable of providing the best combination of price and execution with respect to a particular transaction, Symphony may pay a broker or dealer higher commissions than that charged by another broker-dealer, where the selected broker-dealer provides it with research products or services ("research") of the kinds designated under Section 28(e) of the Securities Exchange Act of 1934 - so-called "soft dollars." Such products and services include, but are not limited to, economic forecasts, investment strategy advice, written reports, fundamental and technical advice on individual securities, valuation advice and market analysis. In some cases, such research may be produced by third parties but are provided to Symphony by or through broker-dealers.

When Symphony uses client brokerage commissions (or markups or markdowns) to obtain research, it receives a benefit because it does not have to produce or pay for it. To the extent Symphony uses client transactions to obtain from a broker-dealer research that Symphony would otherwise acquire at its own expense, Symphony may have incentive to place a greater volume of transactions with or pay higher commissions to that broker-dealer than would otherwise be the case. Subject to Symphony's duty of best trade execution, Symphony internally allocates business to those broker-dealers who have provided research and endeavors to direct sufficient commissions to them to ensure the continued receipt of research Symphony believes are useful. However, Symphony does not accrue soft dollar credits or other balances with any broker-dealer, or arrange for any broker-dealer to make any payment, for research or otherwise, on Symphony's behalf.

Symphony pays cash for certain research services received from external sources. As a practical matter, it would not be possible for Symphony to generate all of the information presently provided by brokers and dealers. Research services received from brokers and dealers are supplemental to Symphony's own research effort and, when utilized, are subject to internal analysis before being incorporated by Symphony into its investment process. Research products or services provided by brokers may be used in servicing any or all of the clients of the firm and such research products or services may not necessarily be used by Symphony in connection with the accounts which paid commissions to the broker providing such products or services.

As a general matter, the research products and services that Symphony receives from broker-dealers are used to service all of Symphony's advisory accounts. However, any particular research product or service may be used to service fewer than all advisory accounts, and may not benefit the particular account(s) that generated the brokerage commissions used to acquire the product or service. For example, accounts that do not generate any commissions used to acquire research products and services may benefit from those that do.

### **Directed Brokerage**

Where a client directs Symphony to effect all transactions for the client's account through a specified broker or dealer, Symphony may not negotiate brokerage commissions with respect to transactions executed by that broker/dealer for the account. Rather, the client and the

broker/dealer may agree on the commission rate that the broker will charge for transactions. As a result, and depending upon (a) the client's arrangement with the specified broker (if applicable), (b) such factors as the number of securities, instruments or obligations being bought or sold for the clients, whether round or odd lots are being acquired for the client and the market for the security, instrument or obligation and (c) the fact that the client will be foregoing any benefit from savings on execution costs that Symphony could obtain for its clients through negotiating volume commission discounts on batched (or "blocked") transactions, the client may pay higher commissions than those paid by clients who have not directed Symphony to execute transactions through a specified broker or dealer. In addition, the client may not receive the best available price with respect to certain transactions effected for the client's account.

A client who directs brokerage should periodically review the terms of their directed brokerage arrangements to ensure that such arrangements are in the clients continuing best interest. Conflicts of interest may exist under directed brokerage arrangements for Symphony when its client directs brokerage to a financial intermediary who refers clients to Symphony. Symphony may place orders for directed brokerage accounts after it places orders for accounts where Symphony has broker-dealer selection discretion. A client also may provide instructions to Symphony prohibiting the use of certain broker-dealers.

### **Aggregation and Allocation of Trades**

Symphony manages various types of clients that pursue one or more different investment strategies and objectives. Certain clients share similar investment strategies and objectives while others differ. At times a particular investment may be deemed suitable for one client but not another, or may be deemed potentially suitable for a range of client accounts. When Symphony has deemed an investment suitable for more than one account, in order to achieve efficient execution and lower transaction costs, Symphony often aggregates orders for groups of client accounts in order to trade blocks of securities. In such circumstances, each client account generally participates in the aggregated order at the executed price, and all transactions costs, if any, are shared on a pro rata basis or equally depending on the type of cost. To the extent that Symphony is able to only partially fill an aggregated trade order, or is unable to aggregate orders for reasons described in the following or otherwise, Symphony's policy is to seek to allocate investment opportunities to clients fairly and equitably over time.

Relevant factors for consideration in particular allocations of securities ("Allocation Factors") may include, without limitation: account capital value; investment objectives, policies, guidelines and restrictions; transaction fees; account type and regulatory status (e.g., ERISA, Investment Company Act of 1940, etc.); risk tolerances; turnover tolerance, cash availability; liquidity requirements; structured product portfolio tests; internal or external account-level or overall issuer concentration and position size limits; receipt of new capital or distribution of capital; other specific trade or account considerations. Symphony will also consider the extent with which a particular client account is deemed to be fully invested or "ramped" when aggregating trade orders and allocating investment opportunities.

The Allocation Factors also apply with respect to new issues (typically new issue fixed income securities and loans). For example, to the extent that a new issue presents greater or particular risks and/or is expected to be held only on a very short-term basis, such new issues may be allocated to accounts with greater tolerance for such risks and/or turnover. In many cases, such accounts are private funds and other unregistered pooled investment vehicles (including CLOs). To the extent that these accounts pay higher fees and/or performance fees relative to other accounts, Symphony may have a conflict in the allocation of new issues.

Additionally, Symphony may be unable to aggregate an order for an account because of client instructions with respect to broker-dealer use. For instance, Symphony may execute transactions for clients in programs through a broker/dealer designated by the respective program sponsor



because of transaction fee considerations. (The wrap fees or bundled fees charged by a program sponsor to the accounts in the program generally include costs of executing transactions through a designated broker/dealer. The use of a different broker/dealer would generally result in additional transaction fees.) Symphony generally employs trade rotation methodologies to execute trade orders for accounts with specific brokerage use requirements. When a trade order is placed in a trade rotation, the order is executed in sequence with other trade orders. Trading in rotation is subject to operational delays that may slow trade execution to the detriment of other clients for which Symphony is able to utilize block order trading. In such instances, Symphony may execute transactions for rotational accounts after taking action for other client accounts (such as institutional separate accounts) that are included in block order trades. After transacting a block order, Symphony may then proceed to utilize a rotational approach with respect to rotational accounts and other accounts which were not part of the block order trade. The market impact of executing securities transactions for rotational accounts, including program accounts, after Symphony has taken the same action for other client accounts may cause the rotational accounts to pay higher prices when buying securities, or receive lower prices when selling securities, compared to the other accounts depending on the size of the trades and the liquidity of the securities.

#### Trade Errors

In the event of a trade error made by Symphony, it is Symphony's general policy to reimburse clients for any losses sustained, and that clients retain any gains that result from trade errors. For errors in SMA Accounts, Symphony error correction procedures may be subject to the relevant program guidelines or directions of the program sponsor. Certain program sponsors may establish trade error accounts for their programs whereby gains for certain errors in client accounts managed by Symphony may be offset by losses in other client accounts managed by Symphony in the same program(s) over varying time periods. For trade errors identified before settlement, Symphony may reallocate the subject securities to the account of another client in accordance with certain procedures designed to mitigate the conflicts of interest with such reallocation, provided that the subject securities are appropriate for the recipient account considering its investment guidelines, restrictions and limitations. Correcting some trade errors may result in losses or gains to Symphony or its affiliates.

See also Cross Trades in Item 11.

## **ITEM 13      REVIEW OF ACCOUNTS**

Symphony reviews each portfolio on an ongoing basis for conformity with investment style, asset allocation and changes to performance of individual securities. Reviews also include monitoring cash equivalent positions and other position limits, as well as settlement issues regarding transactions. Additionally, Symphony reviews accounts when it is notified of changes in client objectives, guidelines or financial circumstances, among other factors, and also at times of client addition or withdrawal of assets.

Various reviews are conducted by members of Symphony's investment management teams (including portfolio managers and their delegates), operations teams, and compliance department. For SMA Accounts, Nuveen Global Operations conducts reviews of program account client portfolios at the direction of Symphony. There is no formal limit on the number of portfolios assigned to any reviewer.

Factors that may trigger an account review may include, but are not limited to (i) performance of individual securities, (ii) rating changes of securities held in the account, (iii) changes in a separate account client's financial profile as communicated to Symphony, and (iv) changes recommended in overall investment policy or strategy by Symphony's portfolio managers.

### **Client Reports**

#### SMA Programs

Generally, program clients will receive periodic written reports from the program sponsor and/or custodian. Symphony may periodically provide strategy or economic commentary.

#### Institutional Separate Accounts, Private Funds, and CLOs

Each separate account client and investors in a Private Fund will typically receive periodic written reports which may include (a) current value; (b) recent and since inception performance; and (c) comparisons to benchmarks. Investors in CLOs will receive similar regular monthly written reports from the Trustee to the CLO.

#### Investment Companies (Funds)

Symphony may furnish special reports to board of directors/trustees of registered investment companies for which Symphony provides investment advisory services.

See Item 15.

## **ITEM 14            CLIENT REFERRALS AND OTHER COMPENSATION**

### Payment to Others – General

In the ordinary course of business, Symphony or a related person may send corporate gifts or pay for meals and entertainment such as golfing and tickets to cultural and sporting events for individuals of firms that do business with Symphony or its affiliates. Symphony employees also may be the recipients of corporate gifts, meals and entertainment. The giving and receipt of gifts and other benefits are subject to limitations under Symphony's Code of Ethics.

Symphony may pay fees to consultants for their advice and services, industry information or data, or conference attendance. If a particular payment constitutes, in Symphony's judgment, a client solicitation arrangement under Rule 206(4)-3 under the Advisers Act, Symphony will comply with the provisions of the Rule.

Symphony also may make payments to or use the services of firms or individuals who use, offer or include products or services of Symphony or its related persons in a particular program or preferred list.

Symphony is affiliated with the Nuveen Investments Wealth Management Services group, a division of Nuveen Investments that provides free general educational services to financial intermediaries who typically offer or use products or services of Symphony and/or its advisory affiliates. Nuveen Investments Wealth Management Services makes available various financial and educational tools, reports, materials and presentations on current industry topics relevant to a financial advisor. Certain financial tools and illustrations may use data provided by a financial advisor. Materials and services provided by Nuveen Investments Wealth Management Services group are not intended to constitute financial planning, tax, legal, or investment advice and are for educational purposes only.

### Payments to Others – Separate Accounts

Symphony or a related person may from time to time compensate, directly or indirectly, third parties for referrals of separate account clients. All solicitation arrangements will comply with Rule 206(4)-3 under the Advisers Act and any other law as applicable.

In addition, Symphony (or an affiliate on its behalf) may make payments to firms or persons that use, offer or include products or services of Symphony in a particular program, include Symphony in a preferred list of advisers, or refer clients to Symphony. These payments may take the form of conference, program or event attendance, participation or exhibition fees, educational and training fees, or fees linked to program participation or specific marketing initiatives within an existing program. In accordance with applicable laws and rules, Symphony may pay travel, meal and entertainment expenses for a firm's representatives and others who visit Symphony's offices or other locations (including hotels and conference centers) to learn about its products and services.

Symphony also may make charitable contributions or underwrite or sponsor charitable events at the request of others. Payments described above may vary significantly from firm to firm depending on the nature of Symphony and its affiliated investment advisers' separate account activities with the firm and the amount of the firm's separate account client assets under Symphony's and its affiliated investment advisers' management. Payments are subject to Symphony's internal review and approval procedures.

SMA Account clients are encouraged to request and review materials from program sponsors (such as a sponsor's program brochure) describing business and financial terms and arrangements between program sponsors and investment advisers.

#### Payments to Others – Funds

Symphony or an affiliate may make payments to firms or individuals that use, offer or sell shares of the Funds advised by Symphony, or place the Funds on a recommended list. Fund investors should review a Fund's prospectus (or statement of additional information) for important information about such Fund-related payments.

## **ITEM 15      CUSTODY**

Symphony's clients who receive quarterly or monthly account statements from the bank, broker-dealer, or other financial services firm that serves as qualified custodian, should carefully review those statements. Investors in Private Funds advised by Symphony will generally receive financial statements audited by an independent public accountant instead. Clients who do not receive such account statements are encouraged to follow-up directly with their custodian and request such statements. Clients who receive additional reports from Symphony are urged to compare these reports to the account statements they receive from the qualified custodian or administrator to their account. Symphony's reports are generally preliminary and may vary from custodial statements based on accounting procedures, reporting dates, valuation methodologies and other factors. They are not intended to be a substitute for account statements provided by a qualified custodian, and should not be used for official purposes.

In the event of an inadvertent receipt of check or other financial instrument payable to a client, Symphony would send the check or instrument to either the client or its custodian or to the original sender, depending on what procedure it believes provides the best overall protection for the underlying assets.

Individual clients who seek direct transfers or payments from their separate account to third parties (e.g. to pay bills or transfer funds) should directly contact and instruct the account's custodian and/or primary financial advisor. It is generally outside the scope of Symphony's authority and services to process or intermediate such instructions.

## **ITEM 16            INVESTMENT DISCRETION**

Symphony is generally granted discretionary authority to manage securities accounts on behalf of clients. For Institutional Separate Accounts and SMA Accounts through dual contract programs, Symphony generally obtains a client's written consent to its discretionary authority with respect to the client's assets in the form of an executed investment management agreement or other comparable services agreement prior to providing discretionary advisory services.

For SMA Accounts through wrap fee programs, Symphony is appointed to act as an investment adviser through a process documented and administered by the program sponsor. Clients participating in a program, generally with assistance from the sponsor, may select Symphony to provide investment advisory services for their account (or a portion thereof) in a particular strategy. Symphony provides investment advisory services based upon the particular needs of the program client as reflected in information provided to Symphony by the sponsor, and will generally make itself available for direct consultations as reasonably requested by clients and/or sponsors. Clients are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager in a particular strategy and participating in a wrap or other program. In the course of providing services to program clients who have financial advisors, Symphony may rely on information or directions communicated by the financial advisor acting with apparent authority on behalf of its client.

Symphony's discretionary authority over an account may be subject to directions, guidelines and limitations imposed by the client or, in the case of an SMA Account, the program sponsor. Symphony will endeavor to follow reasonable directions, investment guidelines and limitations. Although Symphony seeks to provide individualized investment advice to its discretionary client accounts, Symphony will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with Symphony's investment approach, and may decline to accept or terminate client accounts with such restrictions. In addition, Symphony may decline to permit any account restriction that affects more than a stated percentage of the account. See Item 4.

In addition to the foregoing, Symphony may provide its services on a non-discretionary and model portfolio basis.

For additional information about Symphony's investment advisory services and investment restrictions, see Items 4 and 8.

## **ITEM 17      VOTING CLIENT SECURITIES**

### Proxy Voting

Symphony's authority may include proxy voting. Symphony has adopted and implemented proxy voting guidelines to ensure that proxies are voted in the best interest of its Clients. In determining how to vote proxies, Symphony will follow the Proxy Voting Guidelines of the independent third party which Symphony has retained to provide proxy voting services ("Symphony's Proxy Guidelines").

Symphony has created a Proxy Voting Committee to periodically review Symphony's Proxy Guidelines, address conflicts of interest, specific situations and any portfolio manager's decision to deviate from Symphony's Proxy Guideline, (including the third party's guidelines). Under certain circumstances, Symphony may vote one way for some Clients and another way for other Clients. For example, votes for a Client who provides specific voting instructions may differ from votes for Clients who do not provide proxy voting instructions. However, when Symphony has discretion, proxies will generally be voted the same way for all Clients.

In addition, conflicts of interest in voting proxies may arise between Clients, between Symphony and its employees, or a lending or other material relationship. As a general rule, conflicts will be resolved by Symphony voting in accordance with Symphony's Proxy Guidelines when: Symphony manages the account of a corporation or a pension fund sponsored by a corporation in which Clients of Symphony also own stock; an employee or a member of his/her immediate family is on the Board of Directors or a member of senior management of the company that is the issuer of securities held in Client's account; or Symphony has a borrowing or other material relationship with a corporation whose securities are the subject of the proxy.

Proxies will always be voted in the best interest of Symphony's Clients. Those situations that do not fit within the general rules for the resolution of conflicts of interest will be reviewed by the Proxy Voting Committee who will determine how the proxy should be voted.

Clients with questions about how particular proxies are voted for their account may request such information from Symphony by calling (415) 676-4000. SMA Account clients may obtain this information for their accounts by calling (800) 847-6369. Clients may also obtain a copy of Symphony's Policies and Procedures for Proxy Voting upon request.

### Class Actions

Symphony is under no obligation to advise or act for clients in legal proceedings including, but not limited to, bankruptcies and class actions involving securities purchased or held in client accounts. For SMA Accounts, Nuveen Global Operations, on behalf of Symphony, generally notifies or transmits copies of legal materials it receives to the program sponsors on behalf of clients, client custodians or other client representatives that are known to Symphony. In certain situations, Symphony may opt to send notices directly to clients. Although not required to do so, Symphony may provide administrative assistance, as is feasible, given the circumstances surrounding the legal action.

## **ITEM 18 FINANCIAL INFORMATION**

Symphony does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and thus has not included a balance sheet of its most recent fiscal year. Symphony is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to clients, nor has Symphony been the subject of a bankruptcy petition at any time during the past ten years.

### **ADDITIONAL INFORMATION**

#### **Notice to Canadian Investors**

Symphony is exempt from registration as an adviser in Ontario as it meets all of the conditions of an “exempt international adviser.” It is required to take certain steps to rely on that exemption, one of which is to provide its clients with notice of certain matters. Notice is hereby given that: 1) Symphony is not registered as a ‘portfolio manager’ in any province or territory of Canada; 2) Symphony has its head office at 555 California Street, Suite 2975, San Francisco, CA 94104, U.S.A.; 3) the local address for service of process in Ontario against Symphony is Torys, LLP, 79 Wellington St. West., Toronto, Ontario M5K 1N2; and, 4) there may be difficulty enforcing legal rights against Symphony because it is resident outside Canada and all or substantially all of its assets may be situated outside of Canada.

Any nonpublic information Symphony receives from Canadian clients will be stored in the U.S. and, as a consequence, may become subject to disclosure in accordance with U.S. laws.

#### **Additional Notice to SMA Account Clients**

In consideration for providing investment management services to SMA Accounts, Symphony receives a portion of the wrap fee paid by program participants.

SMA Account clients are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager for a particular strategy and participating in a wrap or other managed account program. In the course of providing services to SMA Accounts who have financial advisors, Symphony may rely on information or directions communicated by the financial advisor acting with apparent authority on behalf of its client.

Symphony seeks to commence management of an account as soon as practicable after review of the account documentation, acceptance of its appointment as adviser and contribution of assets to the client’s account. The time required to commence management may vary depending on the time required to complete these steps and the efficiency of the program sponsor and/or other third parties, and the time required to establish an appropriate portfolio.

For new accounts, Symphony will evaluate securities initially contributed and may sell all or a portion of such securities to the extent that such securities would not be included in Symphony’s normal portfolio holdings for such account (unless such securities are subject to another arrangement). For illiquid or thinly traded securities, Symphony may not receive favorable prices. The client is responsible for any tax liabilities that result from all initial and ongoing sales transactions within the account.

In most instances, Symphony expects that clients will authorize and direct the custodian selected by the client to automatically invest all cash in a money market fund (unaffiliated with Symphony or its affiliated advisers) selected by the client or its financial advisor.



Depending upon the level of the wrap fee charged by a wrap sponsor, the amount of portfolio activity in a client's account, the value of the custodial and other services that are provided under a wrap arrangement and other factors, a wrap fee client should consider whether the wrap fee would exceed the aggregate cost of such services if they were to be provided separately. Similarly, a non-wrap fee program client paying separate fees should consider whether the fees charged by different parties for custody, advisory services, portfolio management services, securities execution and other services would exceed the aggregate cost of such services if they were provided in a wrap fee arrangement. Some broker-dealers serving as custodian charge fees for settling transactions executed through other broker-dealers.

#### Brokerage Services for Programs

Symphony may also affect a step-out trade so as to direct a trade to a different broker or dealer as part of the modification of the terms of the trade. For most step-out trades, the step-out broker will participate in the clearance and settlement of the transaction in return for a share of the commissions. As a result of a step-out, from time to time, the client may incur certain fees or costs as the result of participating in an aggregated trade order.

Use of step-out transactions may result in the imposition of commissions or transaction fees on the affected accounts in addition to the program fees charged to the accounts. Such additional costs may be separately charged and/or included in the "net" price of a security; however, as a matter of policy Symphony does not include such costs in the net price of a security. For a net step-out trade, the price shown on the trade confirmation may include a mark-up or mark-down charged by the step-out broker for executing the transaction, but the amount of this mark-down or mark-up, as is the case with all transactions involving a mark-up or mark-down, is not disclosed on the trade confirmation. For example, a security that cost \$10 per share with a 2 cent per share fee resulting from the step-out will be shown as costing \$10.02 per share on the trade confirmation.

Symphony may use alternative trading systems (ATSs) and/or electronic communication networks (ECNs) in step-out transactions when it believes that the use of an ATS or ECN will achieve a better execution. ATSs and ECNs are electronic trading systems that allow firms and market participants to deal directly with each other and transact potentially large blocks of securities efficiently and typically anonymously. ATSs and ECNs normally charge commissions or service fees for systems access and execution that range from one to three cents (\$.01 to \$.03) per share, and report these commissions or fees to their customers separately from the security price. If a program sponsor (or other custodian) does not have the capability to show stated commissions or services fees separately from the security price, on either a transaction confirmation or a client's quarterly statement, the transaction will be shown net, as described above, of the ATS or ECN fee.

Symphony also may execute a step-out transaction on a net basis with a market maker or other broker-dealer (e.g., block positioner) when it believes that doing so will result in better execution. In such cases, transaction compensation to the market maker or other broker-dealer is included in the net price of the security, as described above.

While sponsors generally can offer competitive prices for transactions or will permit certain step-out transactions, this may not be case in the future. In addition, a sponsor may charge additional fees for settling step-out transactions. A client should evaluate whether a particular program is suitable for his or her needs in light of the program fee, the package of services provided, the amount of portfolio activity in the account, and the value of custodial and portfolio monitoring services. The program fee may be higher or lower than the total cost of all the services provided and paid for separately.

### Model-Based Programs

The recommendations implicit in the model portfolios provided to the sponsor or overlay manager may reflect recommendations being made by Symphony contemporaneously to, or investment advisory decisions made contemporaneously for, similarly situated discretionary clients of Symphony. As a result, Symphony may have already commenced trading before a sponsor or overlay manager has received or had the opportunity to evaluate or act on Symphony's recommendations. In this circumstance, trades ultimately placed by a sponsor or overlay manager for its clients may be subject to price movements, particularly with large orders or where the securities are thinly traded, that may result in model-based program clients receiving prices that are less favorable than the prices obtained by Symphony for its discretionary client accounts. On the other hand, a sponsor or overlay manager may initiate trading based on Symphony's recommendations before or at the same time Symphony is also trading for its discretionary client accounts. Particularly with large orders where the securities are thinly traded, this could result in Symphony's discretionary clients receiving prices that are less favorable than prices that might otherwise have been obtained absent sponsor or overlay manager's trading activity. Symphony generally seeks to minimize the market impact of the recommendations provided to a sponsor or overlay manager on accounts for which Symphony exercises investment discretion. However, because Symphony does not control any sponsor or overlay manager's execution of transactions for the sponsor or overlay manager's client accounts, Symphony cannot control the market impact of such transactions to the same extent that it would for its discretionary client accounts.

### **Privacy Policy Notice**

Symphony Asset Management LLC, an indirect subsidiary of Nuveen Investments, Inc., and its affiliated investment advisers, funds, and broker dealer considers your privacy our utmost concern. In order to provide you with individualized service, we collect certain nonpublic personal information about you from information you provide on applications or other forms (such as your address and social security number), and information about your account transactions with us (such as purchases, sales and account balances). We may also collect such information through your account inquiries by mail, email or telephone.

We do not disclose any nonpublic personal information about you to anyone, except as permitted by law. So that we may service and effect transactions in your account, we may disclose the information we collect, as described above, to companies that perform administrative services on our behalf, such as custodians, lawyers, accountants, printers and mailers that assist us in the distribution of written materials. These companies will use this information only for the services for which we hired them, and are not permitted to use or share this information for any other purpose.

If you decide at some point either to close your account(s) we will continue to adhere to the privacy policies and practices described in this notice. With regard to our internal security procedures, we restrict access to your personal and account information to those employees who need to know that information to service your account. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

If you have questions about our privacy policy, or would like additional copies of this notice, please let us know by calling Symphony's Compliance Department at (415) 676-4000 or emailing us at [Compliance@symphonyasset.com](mailto:Compliance@symphonyasset.com).