



Pyramis Global Advisors, LLC

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This brochure provides information about the qualifications and business practices of Pyramis Global Advisors, LLC ("Pyramis"). Throughout this brochure and related materials, Pyramis may refer to itself as a "registered investment adviser" or as "being registered." These statements do not in any way imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 617-563-6265. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Pyramis is also available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Material changes have been made to this brochure since its last annual updating amendment filed on March 28, 2013 as described below.

- In the “Methods of Analysis, Investment Strategies and Risk of Loss” section, updates were made to disclose that Pyramis and/or its affiliates may limit investment flexibility in a particular country or issuers domiciled or traded in a particular country as a result of impractical or undesirable regulatory restrictions within that country.
- Throughout this brochure, changes have been made to reflect that FIL Limited and its affiliates will no longer share trading facilities with Pyramis and its affiliates.
- Updates have been made to the “Other Financial Industry Activities and Affiliations” section to indicate various changes in the status or name of certain entities, including the addition of Impresa Management LLC as a new affiliated investment adviser.
- Throughout this brochure, changes have been made to reflect that a subadviser to Pyramis may have different policies and procedures regarding trading, proxy voting and other matters.

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Advisory Business

Pyramis is an investment management firm providing advisory and sub-advisory services to various institutional clients. Pyramis has been in business since 2006. Pyramis is a Fidelity Investments company, and is wholly owned by Pyramis Global Advisors Holdings Corp., which in turn is owned by FMR LLC.

Pyramis' clients are generally institutional accounts, including pension and profit sharing plans, corporate entities, charitable organizations, state or municipal government entities, other investment advisers, non-US mutual funds/investment funds, US mutual funds or privately-offered unregistered investment funds. Pyramis may also sub-advise funds or accounts for affiliated advisers and unaffiliated advisers. Pyramis may serve as an adviser or subadviser to various accounts for which Pyramis' affiliates or FIL Limited, FIL's subsidiaries or affiliates ("FIL") have contracted to provide investment advisory services. These accounts include, among others, unit trusts and investment companies authorized in jurisdictions outside Canada and the United States. Pyramis disclaims that it is a related person of FIL.

Pyramis may, to the extent permitted by its management contracts, delegate investment discretion to a subadviser who manages all or a portion of the portfolio. If Pyramis has engaged FIL or another subadviser to a Pyramis account or a portion of a Pyramis account, the subadviser's trading and associated policies will apply to that account subject to applicable law. Pyramis may also use the services of affiliates, or utilize the services of certain personnel as supervised persons of Pyramis under personnel sharing arrangements or other inter-company arrangements entered into with affiliates of Pyramis. Pyramis may also have access to investment research from its affiliates and/or the services of personnel of an affiliate, certain of which have been deemed to be "Participating Affiliates" of Pyramis. As part of its non-discretionary advisory services, Pyramis or its affiliates provide investment research services, which include written research notes and ratings, which may be provided to affiliates and unaffiliated investment managers and financial institutions, including FIL. Pyramis or its affiliates may have access to investment research on a substantially delayed basis from various subsidiaries and affiliates of FIL, which are registered investment advisers operating principally in the United Kingdom, Japan and Hong Kong. Pyramis has access to investment research provided by its affiliates, however, written research notes and ratings regarding certain equity securities prepared by certain of Pyramis' affiliates are subject to a four-day lag after preparation before being shared with Pyramis. Under certain circumstances, Pyramis may provide non-discretionary consulting services to clients. Although Pyramis may advise the accounts it manages regarding certain commodity interests, Pyramis is not registered as a commodity pool operator or commodity trading advisor.

Pyramis and/or its affiliates may provide all necessary office facilities and personnel for servicing some of the accounts' investments, and pay the salaries and fees of officers of certain accounts and of personnel of certain accounts performing services relating to research, statistical and investment activities. In addition, Pyramis or its affiliates provide the management and administrative services necessary for the operation of some of the accounts and Pyramis or its affiliates have reimbursed certain costs or fees of Pyramis' clients. These services may include providing facilities for maintaining each client's organization; facilitating relations with custodians, transfer and pricing agents, accountants, underwriters and other persons dealing with clients; preparing all general shareholder communications and conducting shareholder relations; maintaining each fund's, if applicable, records and the registration and notice filing status of each client's shares under applicable law, respectively; developing management and shareholder services for each fund, if applicable; and furnishing reports, evaluations and analyses.

From time to time, a manager, analyst or other employee of Pyramis or its affiliates may express views regarding a particular company, security, industry or market sector. The views expressed by any such person are the views of only that individual as of the time expressed and do not necessarily represent the views of Pyramis or its affiliates or any other person in their organizations. Any such views are subject to change at any time based upon market or other conditions, and Pyramis and its affiliates disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for an account managed by Pyramis or its affiliates are based on numerous factors, may not be relied on as an indication of trading intent on behalf of an account.

Pyramis or its affiliates generally have authority to determine which securities to purchase or sell, the total amount of such purchases and sales, and the brokers or dealers through which transactions are effected. However, with respect to each discretionary account, Pyramis' and its affiliates' authority is subject to certain limits, including applicable investment objectives, policies and restrictions. These limitations may be based on a variety of factors, such as regulatory constraints, as well as policies imposed by a client or its governing body (e.g., board of trustees) and may cause differences in commission rates. With respect to certain of Pyramis' pooled investment vehicle clients (e.g. investment company, private funds and undertakings for collective investment in transferable securities established pursuant to the Undertakings for Collective Investment in Transferable Securities Directive of the European Parliament and of the Council as amended from time to time (UCITS)), many of the applicable investment policies and limitations are set forth in each client's filings with the relevant authority. Pyramis does not generally provide class action filing services on behalf of its separate account clients unless it has agreed to do so in writing.

As of December 31, 2013, Pyramis managed \$42,012,313,979 of client assets on a discretionary basis. As of December 31, 2013, Pyramis did not manage any client assets on a non-discretionary basis.

Fees and Compensation

Investment management fees charged to Pyramis' clients are based on the type of product, vehicle and asset size. Fees are generally based on an account's average net assets but also may include performance fee and minimum fee arrangements. Generally, Pyramis' management fees for clients investing in fixed-income securities are lower than the fees for clients investing in equity securities.

Provided below is a general fee schedule of effective rates based on asset class. These fees will vary based on a variety of factors, including portfolio size, breakpoints, type of product structure, asset aggregation among accounts, and any performance or minimum fee arrangement. Fees may be subject to negotiation and are subject to review and approval by the client in accordance with the requirements of applicable law. In addition, certain clients of Pyramis may have arrangements providing for the lowest available fee for a particular investment strategy, or for a waiver of all or portion of their fees. Such arrangements may also take into account the scope of a client's relationship with Pyramis and its affiliates and provide for an additional discount from the rates noted below.

<u>Asset Class</u>	<u>Effective Rates</u>
• US Equity	26 – 90 bps
• Non-US Equity	27.5 – 120 bps
• Investment Grade Fixed Income	14.7 – 35 bps
• Non-Investment Grade Fixed Income	27 – 75 bps

The majority of Pyramis' clients pay all of their other operating expenses. However, certain of Pyramis' clients have all-inclusive fee arrangements, pursuant to which Pyramis' affiliates pay certain of the applicable client's expenses. Pyramis' affiliates' fees for providing these services are negotiated on an individual basis and vary significantly among clients and investment strategies. Pyramis and its affiliates also advise private funds and charge fees based on assets under management as well as performance fees. Pyramis' private funds will be subject to fee arrangements disclosed in each such fund's offering memorandum and/or subscription documents provided to an investor, which arrangement may include performance fees.

Pyramis or its affiliates may provide to or receive from other affiliated investment managers or financial institutions and/or FIL and its subsidiaries and affiliates non-discretionary advisory services in the form of research services. With respect to such services, fees are negotiable and depend upon a variety of factors.

Compensation to Pyramis is payable on a quarterly basis in arrears or on such other terms as Pyramis may from time to time agree or as Pyramis may be entitled to under the terms of operating agreements, investment management agreements and/or subscription documents of any privately-offered investment fund that Pyramis may advise. Agreements that Pyramis may enter into with its investment advisory or non-investment advisory affiliates may be of definite or indefinite duration as permitted by applicable law; however, the parties generally have the right to terminate the agreement on 30-90 days' advance written notice. In the case of investment companies registered under the Investment Company Act of 1940, as amended (the "1940 Act") and UCITS, the advisory or sub-advisory contract with Pyramis is subject to approval by the relevant boards of directors or trustees of any such investment companies and UCITS. Clients are generally billed for fees incurred. Fees may be deducted by a service provider for privately-offered investment funds that Pyramis may advise.

Pyramis receives its investment management fee from its clients. Clients typically have made independent arrangements for a custodian, for example, which they pay directly. In addition, clients will incur brokerage and other transaction costs. For information regarding Pyramis' brokerage arrangements, see "Brokerage Practices."

Performance-Based Fees and Side-By-Side Management

Pyramis accepts both performance-based fees and asset-based fees for the management of accounts, and certain of Pyramis' supervised persons manage both types of accounts. A conflict of interest may arise if a portfolio manager manages accounts simultaneously when one account has performance fee and incentive compensation arrangements and another account does not. In general, the management of multiple funds and accounts (including proprietary accounts of Pyramis or one or more affiliates of Pyramis) may give rise to potential conflicts of interest if, for example, the accounts have different objectives, benchmarks, time horizons, and fees as the portfolio manager must allocate his time and investment ideas across multiple funds and accounts. Because a portfolio manager must allocate his or her time and investment ideas across these multiple funds and accounts, the portfolio manager may be motivated to invest more effort on behalf of those funds and accounts that include a performance-adjusted component in order to increase their and/or the adviser's performance and hence the portfolio manager's compensation.

In addition, potential conflicts of interest may arise if the account's orders do not get fully executed due to being aggregated with those of other accounts managed by Pyramis and or its respective affiliates. Pyramis and its affiliates have adopted policies and procedures (for example, trade allocation procedures)

and maintain a compliance program designed to help manage these actual and potential conflicts. There can be no assurance, however, that all conflicts have been addressed in all situations.

Pyramis seeks to manage such competing interest for the time and attention of the portfolio managers by having portfolio managers focus on a particular investment discipline or certain disciplines, using similar investment strategies in connection with the management of multiple funds and accounts. Accordingly, portfolio holdings, position sizes and industry and sector exposures tend to be similar across similar accounts, which may minimize the potential for conflicts of interest. The separate management of the trade execution and valuation of funds from the portfolio management process also helps to reduce potential conflicts of interest. Moreover, if a portfolio manager identifies a limited investment opportunity that may be suitable for more than one account, the portfolio may not be able to take full advantage of that opportunity due to an allocation of that opportunity across all accounts. Pyramis seeks to manage such potential conflicts by using procedures intended to provide a fair allocation of buy and sell opportunities among accounts.

Pyramis and/or certain of its affiliates may execute transactions for an account that may adversely impact the value of securities held by another account of Pyramis and/or certain of its affiliates. For example, Pyramis and/or certain of its affiliates may manage accounts that engage in short sales, and could sell short a security for such an account that another account of Pyramis and/or certain of its affiliates also trades or holds. In the case of a portfolio manager trading on behalf of multiple accounts, and subject to limited exceptions consistent with each account's investment objectives and strategies, Pyramis generally does not allow such a portfolio manager to place trade orders that conflict with trade orders placed for any existing positions for which he or she has portfolio management responsibility without prior approval of Pyramis' Chief Investment Officer. Although Pyramis or its affiliates monitor these and other transactions to attempt to ensure equitable treatment of all accounts, there can be no assurance that the price of a security held by an account would not be impacted as a result of transactions entered for another account. Securities selected for some accounts may outperform securities selected for other accounts. Although Pyramis attempts to seek best execution on all orders, there may be instances in which it may appear that one client (or segment of clients) may receive a more favorable execution than another client (or segment of clients), depending upon the timing and nature of the order and other factors.

Pyramis' compliance program seeks to manage actual and potential conflicts associated with the contemporaneous management of long-short investment products ("long-short funds"), such as 130/30 funds, market neutral funds and associated separate accounts, and long-only products ("long-only funds"). This compliance program restricts certain conduct and trading and investment activity related to the long-short funds and short sales, and seeks to balance the needs of investors in long-short and long-only funds. There can be no assurance, however, that all conflicts associated with the contemporaneous management of long-short funds and long-only funds have been addressed in all situations. Furthermore, compliance with such program could result in accounts, including privately-offered funds managed by Pyramis or its affiliates, being restricted from making certain trades and investments that they would have otherwise made.

If Pyramis has engaged a subadviser to a Pyramis account or a portion of a Pyramis account, the subadviser's conflict of interest policies will apply to that account subject to applicable law.

The policies described here and elsewhere in this document, including Pyramis' trade allocation policies, seek to mitigate these potential conflicts of interest. There can be no assurance, however, that all conflicts have been addressed in all situations.

Types of Clients

Pyramis' clients are generally institutional accounts, including pension and profit sharing plans, corporate entities, charitable organizations, state or municipal government entities, other investment advisers, non-US mutual funds/investment funds, US mutual funds or privately-offered unregistered investment funds. Pyramis may also sub-advise funds or accounts for affiliated advisers and unaffiliated advisers. Pyramis may serve as an adviser or subadviser to various accounts for which Pyramis' affiliates or FIL have contracted to provide investment advisory services. These accounts include, among others, unit trusts and investment companies authorized in jurisdictions outside Canada and the United States.

Pyramis will generally accept only institutional accounts on a fully discretionary basis. Other accounts may be considered on a case-by-case basis, and may be subject to a minimum asset amount. Investment companies managed by Pyramis may have different minimum initial investment amounts according to their respective offering documents.

Methods of Analysis, Investment Strategies and Risk of Loss

Pyramis utilizes a variety of methods of security analysis, including fundamental, quantitative, technical and macro-economic analysis in managing client accounts. Inputs and incorporation of these different forms of analysis will vary, depending on product mandate, and may vary over time depending on internal and external factors as well as market environment. As part of due-diligence in fundamental analysis, Pyramis may use extensive corporate visits and interviews with issuer management teams as a source of information.

Pyramis and its affiliates may also transact in futures contracts, swap transactions and swaptions, including interest rate, total return and credit default swaps; written covered call options, futures transactions, currency forward transactions, currency forward trading and other currency related derivatives in pursuit of mandate investment objectives. Margin may be required in connection with certain client futures, options, swaps and other derivatives transactions or in connection with short sales. Pyramis does not engage in the purchase of securities on margin, except it may do so in connection with clearance and settlement of securities and permitted derivatives transactions and with regard to its privately-offered fund clients.

Pyramis or its affiliates may engage in securities lending to parties such as broker-dealers or other institutions. Pyramis or its affiliates have established allocation policies for its clients reasonably designed to ensure that lending opportunities are allocated appropriately among participating clients in the same program over time. When supply/demand is insufficient to satisfy all eligible clients, lending opportunities are generally allocated among participating clients based on the client's security position size as a percentage of the client's net assets in that particular security.

Investing in securities involves a risk of loss that clients need to be prepared to bear. With respect to Pyramis' privately-offered funds, more detailed information relating to the investment strategies used to manage a particular fund and the risks of investing in the fund are set out in the applicable fund's confidential offering memorandum. Investment risks that may apply, depending upon the mandate, include but are not limited to market risk, currency risk, sovereign risk, concentration risk, market capitalization risk, liquidity risk and counterparty risk.. Not all risks are described and other risks may apply to any investment.

From time to time, Pyramis and/or its affiliates may determine that, as a result of regulatory requirements that may apply to Pyramis and/or its affiliates due to investments in a particular country, investments in the securities of issuers domiciled or listed on trading markets in that country above certain thresholds (which may apply at the account level or in the aggregate across all accounts managed by Pyramis and its affiliates) may be impractical or undesirable. In such instances, Pyramis may limit or exclude clients' investment in a particular issuer, which may include investment in related derivative instruments, and investment flexibility may be restricted. In addition, to the extent that client accounts already own securities that directly or indirectly contribute to such an ownership threshold being exceeded, Pyramis may sell securities held in such accounts in order to bring account-level and/or aggregate ownership below the relevant threshold. In the event that any such sales result in realized losses for client accounts, those client accounts may bear such losses depending on the particular circumstances. Additionally, funds and accounts may be subject to operational risks, which can include risks of loss arising from failures in internal processes, people or systems, such as routine processing errors or major systems failures, or from external events, such as exchange outages.

For All Investment Strategies

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money. Performance results for individual accounts will differ from performance results for composites and representative accounts due to factors such as portfolio size, account objectives and restrictions, and factors specific to a particular investment structure. None of Pyramis' investment strategies are insured by a bank and/or the Federal Deposit Insurance Corporation.

The value of a strategy's investments will vary day to day in response to many factors, including in response to adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Nearly all accounts are subject to volatility in non-US markets, either through direct exposure or indirect effects on U.S. markets from events abroad, including fluctuations in foreign currency exchanges rates and, in the case of less developed markets, currency illiquidity.

For International Investment Strategies

The performance of international strategies depends upon currency values, political and regulatory environments, and overall economic factors in the countries in which they invest. Foreign markets, particularly emerging markets, can be more volatile than the US market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the US market. Foreign exchange rates also can be extremely volatile. The risks are particularly significant for strategies that focus on a single country or region, or single group or type of countries.

For Emerging Markets Strategies

The securities, derivatives and currency markets of emerging market countries are generally smaller, less developed, less liquid, and more volatile than the securities, derivatives and currency markets of the United States and other developed markets and disclosure and regulatory standards in many respects are less stringent. There also may be a lower level of monitoring and regulation of markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations may be extremely limited. Government enforcement of existing market regulations is limited, and any

enforcement may be arbitrary and the results may be difficult to predict. Emerging market countries are more likely than developed market countries to experience political uncertainty and instability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries. In many cases, governments of emerging market countries continue to exercise significant control over their economies. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries.

For Strategies with Investments that Are Denominated in non-US Currencies

Currency Risks: Investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Currency Hedging: Some investments denominated in non-US currencies may not hedge foreign exchange risk. Accordingly, any hedging of currency exposure that is implemented will primarily involve hedging back to the US dollar or the Canadian dollar, but in certain circumstances may involve other hedging activities. In addition, any currency hedging strategy used may not successfully limit any foreign exchange risk.

For Small to Mid-Capitalization Investment Strategies

Stock markets and issuers of small and mid cap companies are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Investments in smaller companies may involve greater risks than those in larger, better known firms. The value of securities of smaller and medium size less well known issuers can perform differently from the market as a whole and other types of stocks and may be more volatile than those of larger issuers. Smaller issuers can have more limited product lines, markets, and financial resources.

For All Fixed Income Investment Strategies

The performance of fixed income strategies will change daily based on changes in interest rates and market conditions and in response to other economic, political or financial developments. Debt securities are sensitive to changes in interest rates depending on their maturity, and may involve the risk that their prices may decline if interest rates rise or, conversely, if interest rates decline, their prices may increase. Debt securities carry the risk of default, prepayment risk and inflation risk. Changes specific to an issuer, which may involve its financial condition or economic environment, can affect the credit quality or value of an issuer's securities. Lower-quality debt securities (those of less than investment grade quality, also referred to as high yield debt securities) and certain types of other securities are more volatile and are often considered to be speculative and involve greater risk due to increased sensitivity to adverse issuer, political, regulatory and market developments, especially in periods of general economic difficulty. The value of mortgage securities may change due to shifts in the market's perception of issuers and changes in interest rates, regulatory or tax changes.

For All Real Estate Investment Strategies

The real estate industry is particularly sensitive to economic downturns. The value of securities of issuers in the real estate industry can be affected by changes in real estate values and rental income, property

taxes, interest rates, tax and regulatory requirements, overbuilding, extended vacancies of properties, and the issuer's management skill. As a consequence, investments related to real estate may be more volatile than other investments. Mortgage-backed securities are subject to the risk that mortgagors may not meet their payment obligations and/or to prepayment risk. Each investment also has its unique interest rate and payment priority characteristics.

For Investment Strategies that Use Derivatives

Derivatives may be volatile and involve significant risk, including but not limited to credit risk, currency risk, leverage risk, counterparty risk, liquidity risk and valuation risk. Using derivatives can disproportionately increase losses and reduce opportunities for gains in certain circumstances. Derivatives involve leverage because they can provide investment exposure in an amount exceeding the initial investment. Leverage can magnify investment risks and cause losses to be realized more quickly. A small change in the underlying asset, instrument, or index can lead to a significant loss. Assets segregated to cover these transactions may decline in value and are not available to meet redemptions. Government legislation or regulation could affect the use of these transactions and could limit the ability to pursue such investment strategies.

For Investment Strategies that Use Leverage

The use of leverage may result in a portfolio controlling substantially more assets than it has equity. Leverage increases the return on investments purchased with borrowed funds if the return on such investments is greater than the cost of borrowing. However, the use of leverage exposes the strategy to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case in the absence of such borrowing to make the investments, (ii) margin calls or changes in margin requirements that may force premature liquidations of investment positions at inopportune times and/or at depressed values and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of leverage related to such investments. In the event of a sudden, precipitous drop in value of assets, assets might not be able to be liquidated quickly enough to repay borrowings, further magnifying the losses incurred by the strategy.

For Market Neutral Strategies

The types of trading risks incurred by market neutral strategies generally relate to either spreads or price differentials between related securities and/or their derivatives, or the volatility of security prices or spreads or the level of market liquidity. At times of heightened systemic market risk, these market neutral risks tend to increase, which may lead to underperformance of a market neutral portfolio. In addition, market neutral strategies are structured to mitigate market risk, while profiting from individual issue selections. Mis-estimation of non-systematic risks such as beta, market cap, and sector exposure may result in the strategy having a positive or negative bias to these risk factors. Market volatility may have a material influence on the behavior of these factors, resulting in an under-estimation of the risk profile of the strategy.

For Investment Strategies Utilize Short Selling

Strategies that utilize short selling are subject to the risk of additional volatility and decreased liquidity. Potential losses from an uncovered short position in an equity security are unlimited. Losses could occur if short sales were poorly correlated with the strategy's other investments, or if the manager were unable to liquidate its positions because the market for securities subject to short sales is or becomes illiquid. Short sales may be restricted in response to market events and/or regulation. Furthermore, additional

costs may be incurred in connection with short sale transactions, and the ability to continue to borrow a security is not guaranteed. Such restrictions and costs may prevent the full implementation of such investment strategies and may have a material adverse effect on them.

For Lifecycle and Asset Allocation Investment Strategies

Investment performance of the Pyramis lifecycle products and asset allocation strategies depends on the performance of the underlying investment options and on the proportion of the assets invested in each underlying investment option. The performance of the underlying investment options depends, in turn, on their investments. The performance of these investments will vary day to day in response to many factors. The investment risk of each lifecycle product changes over time as its asset allocation changes but generally always retains an equity allocation even after the target date has been met. The lifecycle products and asset allocation strategies are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, commodity-linked, and foreign securities. Principal invested is not guaranteed at any time, including at or after the lifecycle products' target dates.

For Investment Strategies that Use Quantitative Investing

As a result of the factors used in the quantitative analysis, the weight placed on each factor, and changes in the factor's historical trends, securities selected using quantitative analysis can perform differently from the market as a whole, or securities selected using only fundamental analysis. The factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security's value. If the factors that do affect a security's value change over time and are not adequately reflected in the quantitative model, the strategy may fail to achieve its investment objective.

For Relative Value Strategies

Relative value strategies generally take long positions in securities believed to be undervalued and short or underweight positions in securities believed to be overvalued. In the event that the perceived mispricings underlying a strategy's trading positions were to fail to converge toward, or were to diverge further from expectations, the strategy might incur a loss.

For Sector Strategies

Non-Diversification: The strategy may be primarily invested in a specific industry or sector. The strategy may not be widely diversified among a wide range of industries, sectors, issuers, geographic areas, capitalizations or types of securities. Accordingly, the strategy may be subject to more rapid change in value than otherwise.

Consumer Sector Concentration: The consumer discretionary industries can be significantly affected by the performance of the overall economy, interest rates, competition, consumer confidence and spending, and changes in demographics and consumer tastes.

Energy Sector Concentration: Companies in the energy service industry can be significantly affected by the supply of and demand for specific products or services, the supply of and demand for oil and gas, the price of oil and gas, exploration and production spending, government regulation, world events and economic conditions. Correspondingly, securities of companies in the energy field are subject to swift price and supply fluctuations caused by events relating to international politics, energy conservation, the success of exploration projects, and tax and other governmental regulatory policies. In addition,

companies in the energy sector can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Financials Sector Concentration: Companies in the financials sector are subject to extensive government regulation, can be subject to relatively rapid change due to increasingly blurred distinctions between service segments, and can be significantly affected by availability and cost of capital funds, changes in interest rates, the rate of corporate and consumer debt defaults and price competition. In addition, changes in government regulation, including increases in regulatory capital requirements and associated issues, may have an effect on companies in the financial sector.

Health Care Sector Concentration: Companies in the health care sector can be significantly affected by government regulation and reimbursement rates, as well as government approval of products and services, which could have a significant effect on price, and availability, and can be significantly affected by rapid obsolescence and patent expirations.

Industrials Sector Concentration: Companies in the industrials sector can be significantly affected by general economic trends, changes in consumer sentiment and spending, commodity prices, legislation, government regulation and spending, import controls, and worldwide competition, and can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Materials Sector Concentration: Companies in the materials sector can be significantly affected by the level and volatility of commodity prices, the exchange value of the dollar, import controls, worldwide competition, liability for environmental damage, depletion of resources, mandated expenditures for safety and pollution control, and political risk, including royalty and tax changes, permitting, and expropriation of assets.

Technology Sector Concentration: Companies in the technology sector can be significantly affected by obsolescence of existing technology, patent expirations, short product cycles, falling prices and profits, competition from new market entrants, research and development costs, availability and price of components, global demand and general economic conditions.

Biotechnology Sector Concentration: Companies in the biotechnology industry can be significantly affected by patent considerations, intense competition, rapid technological change and obsolescence, and government regulation. These companies are also affected by regulatory approval for new drugs and medical products, product liability, and similar matters. The biotechnology sector may experience considerable volatility in reaction to research and other business developments which may affect only one, or a few companies within the sector. The market values of investments in the biotechnology industry are often based upon speculation and expectations about future products, research progress, and new product filings with regulatory authorities. In addition, compared to more developed industries, there may be a thin trading market in biotechnology securities.

Disciplinary Information

On March 5, 2008, the SEC issued a settlement order that contained the following findings, which Fidelity Management & Research Company (“FMR”) and an advisory affiliate (“Fidelity”) neither admitted nor denied: (1) Fidelity failed to reasonably supervise its employees’ receipt of travel, entertainment and gifts from brokers; (2) Fidelity failed to seek best execution for its clients’ securities transactions; (3) Fidelity failed to disclose the material conflict of interest arising from the receipt by

certain employees of travel, entertainment and gifts from brokers; (4) Fidelity made materially false and misleading statements and omissions about its selection of brokers; and (5) Fidelity failed to keep certain communications with brokers concerning the placing or execution of orders to purchase or sell securities. Pursuant to the settlement order, Fidelity agreed to (1) cease and desist from certain conduct, (2) a censure, (3) payment of an \$8,000,000 fine to the United States Treasury, and (4) compliance with various undertakings relating to the engagement of an independent compliance consultant.

Other Financial Industry Activities and Affiliations

Certain of Pyramis' management persons are registered representatives of a registered broker-dealer, Pyramis Distributors Corporation LLC.

Broker-Dealers

Pyramis has relationships or arrangements with the following broker-dealers:

Fidelity Distributors Corporation (FDC), a wholly-owned subsidiary of FMR LLC, acts as principal underwriter and general distribution agent of the registered investment companies advised by Fidelity Management & Research Company (FMR). FDC is a registered broker-dealer under the Securities Exchange Act of 1934, as amended ("Exchange Act").

Fidelity Brokerage Services LLC (FBS), a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., is a registered broker-dealer under the Exchange Act, and provides brokerage products and services, including the sale of shares of investment companies advised by FMR to individuals and institutions including retirement plans administered by affiliates. Pursuant to referral agreements and for compensation, representatives of FBS may refer customers to various services offered by FBS' related persons. FBS also acts as a placement agent for certain privately-offered investment funds advised by Pyramis. In addition, FBS is the distributor of insurance products, including variable annuities, which are issued by Pyramis' related persons, Fidelity Investments Life Insurance Company (FIL) and Empire Fidelity Investments Life Insurance Company (EFIL). FBS may provide shareholder services to certain of Pyramis' or Pyramis' affiliates' clients.

Fidelity Global Brokerage Group, Inc., a wholly-owned subsidiary of FMR LLC, wholly-owns three broker-dealers Fidelity Brokerage Services LLC, National Financial Services LLC, and Fidelity Clearing Canada ULC, and also has an equity interest in eBX LLC (eBX), a holding company and a registered broker-dealer under the Exchange Act, which was formed for the purpose of developing, owning and operating an alternative trading system, the "Level ATS." Transactions for clients of Pyramis, other affiliates of Pyramis or other entities for which Pyramis or its affiliates serve as adviser or subadviser or provide discretionary trading services, as well as clients of Pyramis' affiliates, may be executed through the Level ATS. Such transactions may present a conflict of interest as Pyramis may have an incentive to direct transactions to its affiliate. Please see a discussion of Pyramis' brokerage and trading policies in the "Brokerage Practices" section for more information. Pyramis disclaims that it is a related person of eBX.

Pyramis Distributors Corporation LLC (PDC), a wholly owned subsidiary of Pyramis Global Advisors Holdings Corp., acts as a placement agent for privately-offered investment funds advised by Pyramis and its affiliates in the US. PDC is a registered broker-dealer under the Exchange Act. Certain employees of FMR and its affiliates may be registered representatives of PDC.

Fidelity Clearing Canada ULC (FCC), is engaged in the institutional brokerage business and provides clearing and execution services for other brokers. FCC is a wholly-owned subsidiary of Fidelity Global Brokerage Group, Inc., a holding company that provides administrative services to FCC.

National Financial Services LLC (NFS), is engaged in the institutional brokerage business and provides clearing and execution services for other brokers. NFS is a wholly-owned subsidiary of Fidelity Global Brokerage Group, Inc., a holding company that provides administrative services to NFS. Fidelity Capital Markets (FCM), a division of NFS, may execute transactions for Pyramis' investment company and other clients. Additionally, NFS operates CrossStream, an alternative trading system that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. NFS charges a commission to both sides of each trade executed in CrossStream. CrossStream may be used to execute transactions for Pyramis' investment company and other clients if it reasonably believes the quality of the transaction is comparable to what it would be with other qualified broker-dealers. NFS is a registered broker-dealer under the Exchange Act and NFS is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended ("Advisers Act"). NFS may serve as a clearing agent for client transactions that Pyramis places with certain broker-dealers. NFS may provide transfer agent or subtransfer agent services to certain of Pyramis' or Pyramis' affiliates' clients.

Fidelity Investments Institutional Services Company, Inc. (FIISC) primarily markets Fidelity mutual funds and other products advised by FMR or an affiliate thereof to third party financial intermediaries and certain institutional investors. . FIISC is a registered broker-dealer under the Exchange Act and a registered municipal adviser. FIISC also acts as a solicitor for Pyramis' investment management services.

Investment Company or Other Pooled Investment Vehicle

Pyramis provides portfolio management services as subadviser for a number of unaffiliated registered investment companies. Pyramis disclaims that it is a related person of the investment companies for which it provides investment management services. Pyramis provides portfolio management services as adviser for a number of affiliated, privately-offered funds. Pyramis may also advise other non-US pooled vehicles.

Related persons of Pyramis may be a general partner of a partnership or a managing member of an LLC or other pooled investment vehicle, such as a privately-offered unregistered investment fund, in which clients of Pyramis may be solicited to invest and Pyramis may advise. These unregistered investment companies may invest in a wide variety of interests, including securities and derivatives instruments, real estate and other privately-offered funds.

Other Investment Advisers

Pyramis has relationships or arrangements with the following investment advisers:

Fidelity Management & Research Company (FMR) is a wholly-owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. FMR principally provides portfolio management services as an adviser or subadviser to registered investment companies. FMR may provide portfolio management services as a subadviser to certain of Pyramis' clients. FMR or its affiliates may provide certain administrative services to Pyramis and its affiliates, including, but not limited to, securities execution, investment compliance and proxy voting. Certain FMR investment management personnel may provide investment management services to Pyramis under personnel sharing arrangements.

FMR Co., Inc. (FMRC) is a wholly-owned subsidiary of FMR and a registered investment adviser under the Advisers Act. FMRC may provide portfolio management services as a subadviser to certain of Pyramis' clients. FMRC may also provide portfolio management services as an adviser or a subadviser to clients of other affiliated and unaffiliated advisers. Certain FMRC investment management personnel may provide investment management services to Pyramis under personnel sharing arrangements.

Fidelity Investments Money Management, Inc. (FIMM), is a wholly-owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. FIMM provides portfolio management services as a subadviser to certain of FMR's or Pyramis' clients, including investment companies in the Fidelity Group of Funds or as an adviser. Certain FIMM investment management personnel may provide investment management services to Pyramis under personnel sharing arrangements.

Strategic Advisers, Inc. (SAI), is a wholly-owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. SAI acts as the investment manager to registered investment companies that invest in affiliated and unaffiliated funds. Pyramis provides sub-advisory services to investment companies advised by SAI. Certain SAI investment management personnel may provide investment management services to Pyramis under personnel sharing arrangements.

Fidelity Management & Research (U.K.) Inc. (FMR (U.K.)), a wholly-owned subsidiary of FMR, is registered as an investment adviser under the Advisers Act and has been authorized by the U.K. Financial Conduct Authority to provide investment advisory and asset management services. FMR (U.K.) provides investment advisory and portfolio management services as a subadviser to Pyramis' and its affiliates' clients, including investment companies in the Fidelity group of funds, and may also provide trading services to Pyramis and its affiliates. FMR (U.K.) may provide portfolio management services as an adviser or subadviser to clients of other affiliated and unaffiliated advisers. FMR (U.K.) is also registered with the Central Bank of Ireland. Certain FMR (U.K.) investment management personnel may provide investment management services to FMR Investment Management (UK) Limited under personnel sharing arrangements.

Fidelity SelectCo, LLC (SelectCo) is a wholly-owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. SelectCo may provide portfolio management services as an adviser to certain of FMR's clients and Fidelity Funds.

Northern Neck Investors LLC (Northern Neck) is controlled by various shareholders and employees of FMR LLC, and is a registered investment adviser under the Advisers Act. Northern Neck serves as investment adviser and general partner to or manager of employee securities companies and related investment entities owned by Pyramis' related persons. Northern Neck may place orders in public securities with Pyramis' affiliates' trading personnel for execution.

Impresa Management LLC (Impresa) is owned by trusts, the trustees of which are individuals, certain of whom are employees of FMR LLC. Impresa is a registered investment adviser under the Advisers Act and may serve as investment adviser and general partner to, or manager of, employee securities companies and related investment entities owned by FMR's related persons. Impresa may place orders in public securities with Pyramis' affiliates' trading personnel for execution.

Fidelity Investments Canada ULC (FIC) is a wholly-owned subsidiary of FMR LLC. FIC, a registered adviser and mutual fund dealer in all provinces and territories of Canada, provides management and administrative services to Canadian mutual funds, pooled funds and institutional accounts. Pyramis or its affiliates serve as adviser and/or subadviser for accounts managed or distributed by FIC or its affiliates.

FIL Limited (FIL) was incorporated in 1969 and serves as investment manager and adviser to offshore funds and private accounts. FIL and Pyramis may provide portfolio management services as an adviser or a subadviser to Pyramis or its affiliates, or FIL and their clients, respectively. FIL and its affiliates may provide distribution services to Pyramis and its products. Pyramis disclaims that it is a related person of FIL.

Fidelity Investments Japan Limited (FIJ) is a wholly-owned subsidiary of FIL, Pembroke Hall, 42 Crow Lane, Pembroke, Bermuda, a Bermuda company, and is registered as an investment adviser under the Advisers Act. FIJ may provide discretionary investment management services to clients of FMR Co., Pyramis' or its affiliates' clients with respect to Japan and other Asian countries and issuers, and may serve as subadviser (generally through a delegation from FIL Advisors (FIA)) for certain of FMR's clients. FIJ may recommend to its clients, or invest on behalf of its clients, in securities that are the subject of recommendation to, or discretionary trading on behalf of, Pyramis' or its affiliates' clients. Pyramis disclaims that it is a related person of FIJ.

FIL Investment Advisors (FIA) is a wholly-owned subsidiary of FIL and is registered as an investment adviser under the Advisers Act. FIA may provide research and discretionary investment management services to Pyramis' or its affiliates' clients with respect to companies outside the US, and may serve as subadviser for certain of Pyramis' or its affiliates' clients, or invest in, on behalf of its clients, securities that are the subject of recommendation to, or discretionary trading on behalf of, Pyramis' or its affiliates' clients. Pyramis disclaims that it is a related person of FIA.

FIL Investment Advisors (UK) Limited (FIA (UK)) is an indirect wholly-owned subsidiary of FIL, and is registered as an investment adviser under the Advisers Act. FIA (UK) may provide discretionary investment management services to certain of Pyramis' or its affiliates' clients with respect to companies outside the US and serves as subadviser (generally through a delegation from FIA) for certain of Pyramis' or its affiliates' clients. FIA (UK) may recommend to its clients, or invest in, on behalf of its clients, securities that are the subject of recommendation to, or discretionary trading on behalf of, Pyramis' or its affiliates' clients. Pyramis disclaims that it is a related person of FIA (UK).

Fidelity Management & Research (Japan) Inc. (FMR (Japan)), a wholly-owned subsidiary of Fidelity Management & Research Company (FMR), is a registered investment adviser under the Advisers Act, and has been authorized by the Japan Financial Services Agency (Kanto Local Finance Bureau) to provide investment advisory and discretionary investment management services. FMR (Japan) may supply investment research and investment advisory information and may provide discretionary investment management services to certain clients of FMR, including investment companies in the Fidelity group of funds, to Pyramis and its affiliates, and to clients of other affiliated and unaffiliated advisers.

Fidelity Management & Research (Hong Kong) Limited (FMR (Hong Kong)), a wholly-owned subsidiary of FMR, is a registered investment adviser under the Advisers Act, and has been authorized by the Hong Kong Securities & Futures Commission to advise on securities and provide asset management services. FMR (Hong Kong) may provide investment advisory or portfolio management services as a subadviser for certain clients of FMR, including investment companies in the Fidelity group of funds, to Pyramis and its affiliates, and for clients of other affiliated and unaffiliated advisers.

FMR Investment Management (UK) Limited (FMRIM(UK)), a wholly-owned subsidiary of FMR (U.K.), which in turn is indirectly wholly-owned by FMR LLC, is authorized by the U.K. Financial Conduct Authority to provide investment advisory and portfolio management services. FMRIM(UK) provides research services with respect to issuers located outside the United States to Pyramis, its

affiliates and to FIL and its affiliates on a substantially delayed basis. FMRIM(UK) may provide investment management services as well. Certain employees of FMRIM(UK) may from time to time provide certain research services for Pyramis, which Pyramis may use for its clients. FMRIM(UK) has been deemed to be a "Participating Affiliate" of Pyramis and FMR (U.K.), as described below. Certain FMR (U.K.) investment management personnel may provide investment management services to FMRIM(UK) under personnel sharing arrangements. Certain UCITS funds advised or subadvised by Pyramis are distributed outside of the United States through FIL Distributors International Limited.

Pyramis Global Advisors (Canada) ULC (PC), an unlimited liability corporation incorporated in Alberta, Canada, and an indirect wholly-owned subsidiary of Pyramis Global Advisors Holdings Corp. is registered as an adviser in the categories of investment counsel and portfolio manager and as an advisor in the category of commodity trading manager with the Ontario Securities Commission. PC also maintains a branch office in Montreal, Quebec, that is registered with the Autorite des Marches Financiers as an unrestricted practice adviser. Certain employees of PC may from time to time provide certain research services for Pyramis, which Pyramis may use for its clients. PC has been deemed to be a "Participating Affiliate" of Pyramis, as described below.

Pyramis Global Advisors (Hong Kong) Limited (PGAHK), a company limited by shares and a wholly-owned subsidiary of Pyramis Global Advisors Holdings Corp., is incorporated in Hong Kong and registered under the Business Registration Ordinance of Hong Kong, is authorized by the Hong Kong Securities and Futures Commission to advise on securities, manage assets, and may provide investment management services as well. Certain employees of PGAHK may from time to time provide certain research services for Pyramis, which Pyramis may use for its clients. PGAHK has been deemed to be a "Participating Affiliate" of Pyramis, as described below.

None of FMRIM(UK) , PC or PGAHK are registered as investment advisers under the Advisers Act and each is deemed to be a "Participating Affiliate" of Pyramis (as this term has been used by the SEC's Division of Investment Management in various no-action letters granting relief from the Advisers Act's registration requirements for certain affiliates of registered investment advisers). Pyramis deems FMRIM(UK) , PC and PGAHK and certain of their employees as "associated persons" of Pyramis within the meaning of Section 202(a)(17) of the Advisers Act, because FMRIM(UK) , PC and PGAHK may, through such employees, contribute to Pyramis' research process and may have access to information concerning which securities are being recommended to Pyramis' US clients prior to the effective dissemination of such recommendations. Furthermore, FMRIM(UK) may provide discretionary investment management services to and on behalf of, FMR (U.K.). Each of FMRIM(UK) , PC and PGAHK may also provide certain affiliates of Pyramis with certain research relating to securities that are the subject of research it also provides to Pyramis. As Participating Affiliates of Pyramis, each of FMRIM(UK) , PC and PGAHK have agreed to submit themselves to the jurisdiction of US courts for actions arising under US securities laws in connection with investment advisory activities conducted for Pyramis' US clients. Pyramis maintains a list of the employees of FMRIM(UK) , PC and PGAHK whom it has deemed "associated persons," which it will make available to current and prospective US clients of Pyramis upon request.

Banking, Thrift Institutions and Trust Companies

FMR has relationships or arrangements with the following banking and trust institutions:

Fidelity Management Trust Company (FMTTC), a trust company organized and operating under the laws of the Commonwealth of Massachusetts, provides discretionary investment management and other fiduciary services to IRAs, employee benefit plans and institutional clients which may be invested in

mutual funds or other clients for which Pyramis or its affiliates are the adviser or subadviser. Pyramis or its affiliates may provide certain administrative services to FMTC, including, but not limited to, securities execution, investment compliance and proxy voting. Certain Pyramis investment management personnel may provide investment management services to FMTC under personnel sharing arrangements.

Fidelity Personal Trust Company, FSB (FPTC) is a federal savings bank limited to trust powers. FPTC is an indirect, wholly-owned subsidiary of FMR LLC.

Pyramis Global Advisors Trust Company (PGATC), a non-depository trust company organized under the laws of the State of New Hampshire, provides investment management services for employee benefit plans, institutional clients and investment companies exempt from registration under the 1940 Act. PGATC is a wholly-owned subsidiary of Pyramis Global Advisors Holdings Corp., which in turn is wholly-owned by FMR LLC. Pyramis or its affiliates provide certain administrative services to PGATC, including, but not limited to, trade execution, investment compliance and proxy voting. Certain Pyramis investment management personnel may provide investment management services to PGATC under personnel sharing arrangements.

Insurance Companies or Agencies

FMR has relationships or arrangements with the following insurance companies and agencies:

Fidelity Investments Life Insurance Company (FILI), a wholly-owned subsidiary of FMR LLC, is engaged in the distribution and issuance of life insurance and annuity products that may offer shares of investment companies managed by Pyramis or its affiliates.

Empire Fidelity Investments Life Insurance Company (EFILI), a wholly-owned subsidiary of FILI, is engaged in the distribution and issuance of life insurance and annuity products that may offer shares of investment companies managed by Pyramis or its affiliates to residents of New York.

Fidelity Insurance Agency, Inc., a wholly-owned subsidiary of FMR LLC, is engaged in the business of selling life insurance and annuity products of affiliated and unaffiliated insurance companies.

Sponsor or Syndicator of Limited Partnerships

Related persons of Pyramis may be a general partner of a partnership or a managing member of an LLC or other pooled investment vehicle, such as a privately-offered unregistered investment fund, in which clients of Pyramis may be solicited to invest and Pyramis may advise. These unregistered investment companies may invest in a wide variety of interests including securities and derivatives instruments, real estate and other privately-offered funds.

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

Pyramis or its affiliates may purchase or sell for the accounts of clients securities in which Pyramis' or its affiliates' in-house accounts (including institutional accounts), affiliates, directors, officers or employees have a position or securities in which Pyramis or its affiliates have a material financial interest. Pyramis or its affiliates may invest in the same securities or related securities, (e.g., warrants, options or futures) that Pyramis or its affiliates recommend to clients. In addition, subject to the procedures discussed below,

Pyramis or its affiliates may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Pyramis or its affiliates buy or sell the same securities for its own (or a related person's own) account.

These situations result, in part, from the breadth of securities purchased by Pyramis' or its affiliates' varied clients and the fact that personnel of Pyramis or its affiliates are permitted to invest in securities for their personal accounts. The potential conflicts of interest involved in such transactions are governed by Pyramis' Code of Ethics for Personal Investing (Code), which has been adopted and approved by Pyramis under Rule 204A-1 under the Advisers Act. The Code applies to all officers, directors, and employees of Pyramis or its affiliates (covered persons) and requires that they place the interests of Pyramis' clients above their own. The Code establishes securities transactions requirements for all covered persons including their spouses.

In accordance with Rule 204A-1 of the Advisers Act, the Code: (1) describes the fiduciary duty covered persons have to Pyramis' clients; (2) requires covered persons of Pyramis to comply with federal securities laws; (3) requires covered persons of Pyramis to report, and for Pyramis or its affiliates to review, covered persons' transactions and holdings periodically (money market funds excepted), including transactions in mutual funds advised by Pyramis or an affiliate and certain other funds; (4) requires covered persons of Pyramis to report any violations of the Code to Pyramis' or its affiliate's Ethics Office; and (5) requires Pyramis or its affiliates to provide each employee with a copy of the Code and any amendments, and requires employees to acknowledge their receipt of the Adviser's Code.

In addition, the Code: (i) requires covered persons to move their covered accounts to Fidelity Brokerage Services LLC unless an exception has been granted; (ii) requires preclearance of transactions in covered securities; (iii) requires reporting of transactions in covered securities on a quarterly basis; (iv) requires reporting of accounts and holdings of covered securities on an annual basis; (v) generally prohibits purchases or sales by portfolio managers of securities which are traded in client accounts within seven days before or after the trade; (vi) prohibits purchases of securities in initial public offerings unless an exception has been approved; (vii) prohibits investments in limited offerings without prior approval; and (viii) requires disgorgement of profits from short-term transactions unless an exception has been approved. Violations of the Code's requirements may also result in the imposition of remedial action.

The situation of purchasing or selling securities for the accounts of clients in which Pyramis' or its affiliates' in-house accounts, affiliates, directors, officers or employees have a position also may arise in public offerings of securities where an affiliate of Pyramis is a selling shareholder. Any such activity is evaluated in accordance with the Exchange Act's Regulation M, the 1940 Act and the Employee Retirement Income Security Act of 1974 ("ERISA"). FCM, a division of NFS, an affiliated broker-dealer of Pyramis and its affiliates, may be a selling agent or principal underwriter in underwritings of municipal, equity or other securities that Pyramis or its affiliates recommend to clients. The trustees of Pyramis' or its affiliates' US mutual fund clients evaluate any such activity, if applicable, by Pyramis or its affiliates in accordance with Rule 10f-3 under the 1940 Act and procedures adopted pursuant to Rule 10f-3. With respect to Canadian clients, Pyramis or its affiliates conduct such transactions in accordance with Part 4.1(1) under National Instrument 81.102.

A conflict of interest may arise if a portfolio manager manages accounts simultaneously when one account has certain performance fee and incentive compensation arrangements and another account does not. In addition, conflicts of interest may arise if the account's orders do not get fully executed due to being aggregated with those of other accounts managed by Pyramis or its respective affiliates. The policies described here, and elsewhere in this document, including descriptions of Pyramis' trade

allocation policies, seek to mitigate these potential conflicts of interest. There can be no assurance, however, that all conflicts have been addressed in all situations.

A portfolio manager may be permitted to invest in the strategies he or she manages, even if the strategy is closed to new investors.

Pyramis will provide a copy of its Code to any client or prospective client upon request.

From time to time, in connection with its business, Pyramis may obtain material non-public information that is usually not available to other investors or the general public. In compliance with applicable laws, Pyramis has adopted a comprehensive set of policies and procedures that prohibit the use of material non-public information by investment professionals or any other employees. Pyramis also has procedures addressing the use of third party paid research consultants.

In addition, Pyramis has implemented a policy on Business Entertainment and Workplace Gifts intended to set standards for business entertainment and gifts and help employees make sound decisions with respect to these activities and ensure that the interests of Pyramis' clients come first. Similarly, to ensure compliance with applicable "pay to play" laws, Pyramis has adopted a Political Contributions and Activity policy which requires all employees to pre-clear any political contributions and activity.

Brokerage Practices

Selection of Brokers and Dealers to Effect Client Transactions

Pyramis or its affiliates generally have authority to select brokers (whether acting as a broker or a dealer) with which to place clients' portfolio transactions. Pyramis or its affiliates may be responsible for the placement of portfolio transactions for certain client accounts for which an affiliate or related person has investment discretion. In selecting a broker or dealer for a specific securities transaction, Pyramis or its affiliates evaluate a variety of criteria and use good faith judgment in seeking to obtain execution of portfolio securities transactions at commissions that are reasonable in relation to the brokerage and research services provided. In addition, Pyramis and its affiliates may only choose brokers or dealers that are approved counterparties. Before a counterparty can establish a relationship with Pyramis or its affiliates, the counterparty must meet minimum standards.

Pyramis or its affiliates may be authorized to place portfolio transactions with Fidelity Capital Markets (FCM), a division of NFS, an affiliated broker-dealer of Pyramis and its affiliates, or other broker-dealers with whom they are under common control, and use CrossStream, an alternative trading system operated by NFS, if they reasonably believe the quality of the transaction is comparable to what it would be with other qualified broker-dealers. With respect to client trades that are executed by Pyramis' affiliates, Pyramis and such affiliates seek to ensure that the trade execution obtained is comparable to that of unaffiliated brokers and that the continued use of such affiliate is appropriate.

With respect to Canadian mutual funds and other Canadian institutional accounts, Pyramis or its affiliates are authorized to place portfolio transactions with FCM if the price payable is not more than the ask price publicly quoted and in common use (in the case of a purchase), or is not less than the bid price publicly quoted and in common use (in the case of a sale). Pyramis or its affiliates may place client trades with broker-dealers that use NFS as a clearing agent. In addition, Pyramis or its affiliates may place client trades with broker-dealers that use NFS as a clearing agent.

Transactions executed by affiliated brokers on behalf of US investment company clients are effected in accordance with Rule 17a-7 under the 1940 Act, and procedures approved by the board of trustees of each US investment company.

Pyramis or its affiliates may execute transactions between clients of Pyramis or its affiliates, including investment company clients, non-investment company clients, and other non-advisory clients (agency cross transactions). When effecting such cross transactions, Pyramis or its affiliates may have a potentially conflicting division of loyalties and responsibilities regarding both parties to such transactions. Such transactions will, to the extent applicable, be executed in accordance with applicable law, including (i) Rule 206(3)-2 under the Advisers Act, requiring written consent, confirmations of transactions, and annual reporting, (ii) for clients that are investment companies registered under the 1940 Act, procedures adopted by the board of trustees of such clients pursuant to Rule 17e-1 under the 1940 Act, and (iii) ERISA.

In selecting securities brokers, including affiliates of Pyramis, to execute client portfolio securities transactions, Pyramis or its affiliates consider the factors they deem relevant in the context of a particular trade and in regard to Pyramis' or its affiliates' overall responsibilities with respect to the account and other investment accounts, including any instructions from the client's portfolio manager, which may emphasize, for example, speed of execution over other factors. Based on the factors considered, Pyramis or its affiliates may choose to execute an order using electronic communication networks (ECNs), including algorithmic trading, crossing networks, direct market access and program trading, or by actively working an order. Other possibly relevant factors may include, but are not limited to, the following: price; the size and type of the securities transaction; the reasonableness of compensation to be paid, including spreads and commission rates; the speed and certainty of trade executions, including broker willingness to commit capital; the nature and character of the markets for the security to be purchased or sold, including the degree of specialization of the broker in such market or securities; the availability of liquidity in the security, including the liquidity and depth afforded by a market center or market-maker; the reliability of a market center or broker; the broker's overall trading relationship with Pyramis and/or its affiliates; the trader's assessment of whether and how closely the broker likely will follow the trader's instructions to the broker; the degree of anonymity that a particular broker or market can provide; the potential for lessening or avoiding market impact; the execution services rendered on a continuing basis; the execution efficiency, settlement capability and financial condition of the firm; arrangements for payment of fund expenses, if applicable; and the provision of additional brokerage and research products and services, if applicable.

In seeking best qualitative execution for portfolio securities transactions, Pyramis and/or its affiliates may select a broker that uses a trading method, including algorithmic trading, for which the broker may charge a higher commission than its lowest available commission rate. Pyramis and/or its affiliates also may select a broker that charges more than the lowest available commission rate available from another broker. Pyramis and/or its affiliates may execute an entire securities transaction with a broker and allocate all or a portion of the transaction and/or related commissions to a second broker where a client does not permit trading with an affiliate of Pyramis or in other limited situations. In those situations, the commission rate paid to the second broker is generally the same as the commission rate paid to the executing broker. For futures transactions, the selection of a futures commission merchant is generally based on the overall quality of execution and other services provided by the futures commission merchant. Pyramis and/or its affiliates may choose to execute futures transactions electronically.

Pyramis and certain of its affiliates will generally use separate trading facilities to execute the trades for its respective clients. In addition, Pyramis or its affiliates may have accounts or portion of accounts, trades for which are executed by Pyramis or its affiliates on different trading facilities. As a result, an

affiliate of Pyramis may, from time to time, execute a transaction on behalf of one of its accounts that may have an adverse effect on the terms of other transactions subsequently executed by Pyramis on behalf of an account (e.g., when a purchase on behalf of an account managed by an affiliate of Pyramis increases the value of a security subsequently purchased by a client of Pyramis, or when a sale by an account managed by an affiliate of Pyramis lowers the sale price received and subsequent sale by a client of Pyramis). Although Pyramis and certain of its affiliates may use separate trading facilities, because of regulatory and prudential limits on aggregate ownership of certain securities by Pyramis and its affiliates, purchases of such securities by Pyramis' clients may be limited.

As an investment adviser, Pyramis has a duty of care in making and implementing investment decisions on behalf of client accounts. To the extent that a material error in the investment process occurs, Pyramis' policy is to identify and resolve the error as promptly as possible. Pyramis will address and resolve investment process-related errors based on each error's facts and circumstances. In some instances, resolution of trading or processing errors may include reimbursement to an account when it involves a mistake in which Pyramis has, in Pyramis' reasonable view, deviated from the required standard of care, resulting in a loss to a client account. In other cases, remediation for investment process-related errors resulting from trades executed by Pyramis may be handled outside the client account in a separate error account. Because certain of Pyramis' or its affiliates' clients may have accounts or portions of accounts that are executed in different trading facilities by Pyramis and its affiliates, or subject to different law or regulation, a client's accounts or portions of accounts may be subject to different error resolution processes.

If Pyramis grants investment management authority to a subadviser, that subadviser will be authorized to provide the services described in the sub-advisory agreement, and generally will do so in accordance with applicable law and the subadviser's policies, which may differ from Pyramis and its affiliates' policies.

To facilitate trade settlement and related activities in non-US securities transactions, Pyramis or its affiliates may effect spot foreign currency transactions with foreign currency dealers.

The funds to which Pyramis provides management services may obtain custodial, clearing and related services through prime brokerage arrangements. These arrangements facilitate fund borrowings and permit the funds to use other brokers to execute transactions, while maintaining only a limited number of custodial relationships. A prime broker is compensated primarily through interest on credit balances, margin borrowings, stock loans and brokerage fees and commissions. In selecting prime brokers, Pyramis considers, among other things, the clearance and settlement capabilities of the prospective prime broker, the prime broker's ability to provide effective and efficient reporting, the prime broker's creditworthiness and financial stability, and the likelihood that the prime broker will often be chosen as an executing broker on the basis of the considerations described above with respect to the selection of brokers. A prime broker may provide services to Pyramis, distinct from the custodial, lending and related services the prime broker provides to the funds or other accounts. The prime broker may introduce Pyramis to prospective investors in a fund. To the extent Pyramis receives such services, conflicts may exist between Pyramis' interests and the interests of the relevant fund.

Investment Research Products and Brokerage Services Furnished by Research Providers and Brokers

Pyramis and its affiliates have established policies and procedures relating to brokerage commission uses in compliance with Section 28(e) of the Exchange Act and provisions of the 1940 Act. Pyramis or its affiliates may execute portfolio transactions with brokers that provide brokerage and research services (as

defined in Section 28(e) of the Exchange Act) (Research and Brokerage Services) that assist them in fulfilling their investment management responsibilities in accordance with applicable law. Research and Brokerage Services that Pyramis or its affiliates may have received during the last fiscal year include, when permissible under applicable law, but are not limited to, economic, industry, company, municipal, sovereign (US and non-US), legal or political research reports; market color; company meeting facilitation; compilation of securities prices, earnings, dividends and similar data; quotation services, data, information and other services; analytical computer software and services; and investment recommendations. Pyramis or its affiliates may request that a broker provide a specific proprietary or third-party product or service. Some of these Research and Brokerage Services supplement Pyramis' or its affiliates' own research activities in providing investment advice to their clients. In addition to receiving these Research and Brokerage Services via written reports and computer-delivered services, such reports may also be provided by telephone and in personal meetings with securities analysts, corporate and industry spokespersons, economists, academicians and government representatives and others with relevant professional expertise.

In addition, when permissible under applicable law, Research and Brokerage Services may include those that assist in the execution, clearing and settlement of securities transactions, as well as other incidental functions (including, but not limited to, communication services related to trade execution, order routing and algorithmic trading, post-trade matching, exchange of messages among brokers or dealers, custodians and institutions, and the use of electronic confirmation and affirmation of institutional trades).

Although Pyramis or its affiliates do not use client commissions to pay for products or services that do not qualify as Research and Brokerage Services, they may use commission dollars to obtain certain products or services that are not used exclusively in their investment decision-making process ("mixed-use products or services"). In those circumstances, Pyramis or its affiliates will make a good faith judgment to evaluate the various benefits and uses to which they intend to put the mixed-use product or service, and will pay for that portion of the mixed-use product or services that does not qualify as Research and Brokerage Services with their own resources (referred to as "hard dollars").

To the extent permitted by applicable law, brokers who execute client transactions may receive compensation in recognition of their Research and Brokerage Services that is in excess of the amount of compensation that other brokers might have charged. In addition, Pyramis or its affiliates may have an incentive to select or recommend a broker-dealer based on its interest in receiving the Research and Brokerage Services, rather than on Pyramis' or its affiliates' clients interest in receiving most favorable execution. In connection with the allocation of client brokerage, Pyramis or its affiliates make a good faith determination that the compensation paid to brokers and dealers is reasonable in relation to the value of the Research and Brokerage Services provided to Pyramis or its affiliates, viewed in terms of the particular client transaction for the client or Pyramis' or its affiliates' overall responsibilities to that client or other clients for which Pyramis or its affiliates have investment discretion; however, each Research and Brokerage Service received in connection with a client's brokerage may not benefit all clients and certain clients may receive the benefit of Research and Brokerage Services obtained with other clients' commissions. As required under applicable laws, commissions generated by certain clients may only be used to obtain certain Research and Brokerage Services. While Pyramis or its affiliates may take into account the Research and Brokerage Services provided by a broker or dealer in determining whether compensation paid is reasonable, neither Pyramis, its affiliates, nor their respective clients incur an obligation to any broker, dealer or third party to pay for any Research and Brokerage Services (or portion thereof) by generating a specific amount of compensation or otherwise. Typically, these Research and Brokerage Services assist Pyramis or its affiliates in terms of their overall investment responsibilities to a client or any other client accounts for which Pyramis or its affiliates may have investment discretion.

Certain client accounts may use brokerage commissions to acquire Research and Brokerage Services that may also benefit other client accounts managed by Pyramis or its affiliates.

Pyramis' or its affiliates' expenses likely would be increased if they attempted to generate these additional Research and Brokerage Services through their own efforts or if they paid for these Research and Brokerage Services with their own resources. However, the trading desks of Pyramis and its affiliates are instructed to execute portfolio transactions on behalf of their clients based on the quality of execution without any consideration of Research and Brokerage Services that the broker or dealer might provide. The administration of Research and Brokerage Services is managed separately, which means that traders have no responsibility for administering soft dollar activities. Furthermore, certain of the Research and Brokerage Services that Pyramis or its affiliates receive are furnished by brokers on their own initiative, either in connection with a particular transaction or as part of their overall services. Some of these Research and Brokerage Services may be provided at no additional cost to Pyramis or its affiliates or might not have an explicit cost associated with them. In addition, Pyramis or its affiliates may request that a broker provide a specific proprietary or third-party product or service, certain of which third-party products or services may be provided by a broker that is not a party to a particular transaction and is not connected with the transacting broker's overall services.

Pyramis or its affiliates have arrangements with certain third-party research providers and brokers through whom Pyramis or its affiliates effect client trades, whereby Pyramis or its affiliates may pay with account commissions or hard dollars for all or a portion of the cost of research products and services purchased from such research providers or brokers. If hard dollar payments are used, Pyramis or its affiliates may still cause the client to pay more for execution than the lowest commission rate available from the broker providing research products and services to Pyramis or its affiliates, or that may be available from another broker. Pyramis' or its affiliate's determination to pay for research products and services separately (e.g., with hard dollars), rather than bundled with client account commissions, is wholly voluntary on Pyramis' or its affiliate's part and may be extended to additional brokers or discontinued with any broker participating in this arrangement.

If Pyramis has engaged a subadviser to a Pyramis account or a portion of a Pyramis account, subject to applicable law, the subadviser's policies will apply to trading for that account. These policies may differ from Pyramis' policies.

Other Considerations and Brokerage Arrangements: Commission Recapture

Pyramis' affiliate, FMR, may allocate brokerage transactions to brokers who are not affiliates of Pyramis who have entered into arrangements with FMR or its affiliates under which the broker, using a predetermined methodology, rebates a portion of the compensation paid by a client account to offset that client account's expenses ("Commission Recapture Program"). A Pyramis client may only participate in the Commission Recapture Program if its account, or a portion of its account, uses the separate trading facility of Pyramis' affiliate, FMR and the client has opted to participate in the Commission Recapture Program. Only certain Pyramis investment strategies may be traded using FMR's trading facility. Not all Pyramis clients, therefore, are able to receive the rebates that may be provided under the Commission Recapture Program. Not all brokers with whom the client account trades have been asked to participate in brokerage commission recapture.

Pyramis and its affiliates recommend that clients do not request them to direct client portfolio transactions to specific brokers. Clients may nonetheless make such requests, and Pyramis or its affiliates may direct such brokerage, subject to Pyramis' or its affiliates' attempt to seek quality execution and provided that the broker is an approved counterparty of Pyramis or its affiliate. In seeking to accommodate such

directed brokerage requests, Pyramis and/or its affiliates may execute an entire securities transaction with a broker and allocate all or a portion of the transaction and/or related commissions to a second broker where a client does not permit trading with an affiliate of Pyramis or in other limited situations. Clients should be aware that if they direct portfolio transactions to specific brokers (a) Pyramis or its affiliates may be unable to achieve most favorable execution of such directed transactions; (b) they may pay higher brokerage commissions on such directed transactions because Pyramis or its affiliates may be unable to aggregate such directed transactions with other orders; (c) the client may receive less favorable prices on such directed transactions; and (d) if eligible, a client may not simultaneously participate in the Commission Recapture Program as well as a directed brokerage program established or subscribed to by the client.

In selecting brokers for non-private fund clients of Pyramis to execute client portfolio transactions, Pyramis or its affiliates consider the factors they deem relevant in the context of a particular trade and in regard to Pyramis' or its affiliates' overall responsibilities with respect to the account and other investment accounts, including any instructions from the client's portfolio manager. Pyramis and its affiliates do not receive client referrals for such selection. See above for more information.

As described above, Pyramis' funds may use prime brokers. In selecting prime brokers, Pyramis considers, among other things, the clearance and settlement capabilities of the prospective prime broker, the prime broker's ability to provide effective and efficient reporting, the prime broker's creditworthiness and financial stability, and the likely frequency that the prime broker will be chosen as an executing broker on the basis of the considerations described above with respect to the selection of brokers. A prime broker may provide services to Pyramis, distinct from the custodial, lending and related services the prime broker provides to the funds or other accounts. The prime broker may introduce Pyramis to prospective investors in a fund. To the extent Pyramis receives such services, conflicts may exist between Pyramis' interests and the interests of the relevant fund.

To facilitate trade settlement and related activities in non-US securities transactions, Pyramis or its affiliates may effect spot foreign currency transactions with foreign currency dealers or may engage a third party to do so. In certain circumstances, a Pyramis client may direct the execution of foreign currency transactions with or through a particular party.

If Pyramis has engaged a subadviser to a Pyramis account or a portion of a Pyramis account, subject to applicable law, the subadviser's commission recapture and associated policies will apply to trading for that account. These policies may differ from Pyramis' policies.

Trade Allocation Policies

Bunched Trades

For trades executed on behalf of Pyramis' clients by an affiliate, it is the practice, when appropriate, to combine, or "bunch" orders of various accounts, including those of its clients, its affiliates' clients (including Pyramis), and proprietary accounts, for order entry and execution. For trades executed on behalf of Pyramis' clients by Pyramis, it is Pyramis' practice, when appropriate, to bunch orders of various accounts, including those of its client accounts and proprietary accounts for order entry and execution. Bunched orders may be executed through one or more brokers. The allotment of trades among brokers is based on a variety of factors, which may include price, order size, the time of order, the security and market activity. A bunched trade executed with a particular broker is generally allocated pro rata among the accounts that are participating in the bunched trade until any account has been filled, after which the trade is allocated pro rata among the remaining accounts. Each broker's execution of a

bunched order may be at a price different from another broker's bunched order execution price for the same security.

Allocation of Trades

Pyramis and its affiliates that execute trades on behalf of Pyramis' clients have established allocation policies for their various accounts (including proprietary accounts) and securities types (e.g., equity, fixed income, high income and private market real estate to ensure allocations are appropriate given its clients' differing investment objectives and other considerations. These policies also apply to initial public, secondary offerings and private placements. When, in the opinion of such executing party with respect to trades executed on behalf of Pyramis' clients by an affiliate, the supply/demand is insufficient under the circumstances to satisfy all outstanding trade orders, the amount executed generally is distributed among participating accounts (which may include proprietary accounts) based on account asset size (for purchases), and security position size (for sales), or otherwise according to the allocation policies. With respect to trades executed on behalf of Pyramis' clients by Pyramis, when, in the opinion of Pyramis, the supply/demand is insufficient under the circumstances to satisfy all outstanding trade orders for all types of clients (e.g., accounts with an international focus), the amount executed is generally distributed among participating accounts based on proportion to order size, or otherwise according to the allocation policies. In general, trade allocations may also be impacted by various regulatory requirements depending on where the trade is executed and what types of accounts are included in the trade. In such circumstances, some accounts may need to be prioritized over others when supply/demand is insufficient (e.g., client accounts receive priority of allocation over proprietary accounts).

Trades are executed by traders based on orders or indications of interest for clients, which are established prior to or at the time of a transaction. In the case of equities and fixed income securities, the trading systems contain rules that allocate trades on an automated basis, in accordance with the respective policies of Pyramis and its affiliates. Generally, any exceptions (i.e., special allocations) to such policies must be approved by senior trading and compliance personnel and documented.

The respective trade allocation policies of Pyramis and its affiliates identify circumstances under which it is appropriate to deviate from the general allocation criteria and describe the alternative procedures. The trade allocation policies generally provide for minimum allocations based on market-defined minimum denominations, and the equity trade allocation policies provide for a minimum allocation for securities in offerings and secondary market trades. For trades executed on behalf of Pyramis' clients by affiliates, certain specialized funds or accounts, such as international real estate investment, convertible securities or other funds or accounts may receive an increased allocation where the securities match the investment objective or focus of the account. In addition, if a standard allocation would result in a client receiving a very small allocation (e.g., because of its small asset size), the client may receive an increased allocation to achieve a more meaningful allocation, or the client may receive no allocation. The respective policies of Pyramis and its affiliates also provide for the execution of program trades and short sales notwithstanding the existence of active orders for individual securities on the trading desk, provided that consideration is given to whether the program trade or short sale might have a material effect on other active orders on the trading desk. Furthermore, compliance with such program could result in accounts, including privately-offered funds managed by Pyramis or its affiliates, being restricted from making certain trades and investments that they would have otherwise made.

The respective fixed income trade allocation policies of Pyramis and its affiliates provide that clients specializing in a particular type of security, such as single-state municipal bond funds, may receive an increased allocation of obligations that are tax-exempt within their state. These fixed income trade allocation policies also provide for certain alternative procedures for money market funds when they are purchasing money market instruments. The high income and fixed income allocation policies define the applicable net assets to be used in the allocation process, generally by reference to the assets managed by

the fixed income or high income divisions, respectively, and by reference to certain security and portfolio types.

Certain of Pyramis' or its affiliates' clients may have accounts or portions of accounts that are executed in different trading facilities respectively by Pyramis and other affiliates. Pyramis may engage a subadviser for certain Pyramis accounts. Those accounts or portions of accounts will be subject to that subadviser's trade allocation and associated trading policies, subject to applicable law. As a result, a client's accounts or portions of accounts may be subject to differing trade allocation policies as described above.

Review of Accounts

Each portfolio manager of Pyramis and any applicable investment review groups or committee reviews the holdings in the funds or accounts for which he or she is responsible. Account assignments are made based on several factors, including the experience and seniority of the portfolio managers, the complexity of the strategies, and the similarities among strategies assigned to a portfolio manager. A portfolio manager may manage two or more accounts, and generally the accounts have similar investment objectives and may draw on research and trading staffs for support. If Pyramis has delegated advisory services to an affiliated subadviser, portfolio managers of the affiliated subadviser generally follow the same review guidelines.

In its role as an adviser or subadviser, Pyramis may supply the boards of trustees of Pyramis' registered US investment company clients with monthly reports providing, among other items, comparative performance data and certain brokerage commission reports.

Reports to other non-investment company and unregistered investment fund clients may be prepared as requested by such clients, and clients of Pyramis and its affiliates may receive customized or different reports than other clients. Pyramis or its affiliates may also supply to investors in unregistered funds it or its affiliates manage monthly unaudited performance information and annual audited financial statements.

To help the government fight money laundering and the funding of terrorism, federal law requires Pyramis to obtain a client's name, date of birth, address, and a government-issued id number before opening the account, and to verify the information. In certain circumstances, Pyramis and its affiliates may obtain and verify comparable information for any person authorized to make transactions in an account or beneficial owners of certain entities. Further documentation is required for certain entities such as trusts, estates, corporations, partnerships, and other organizations. A client's account may be restricted or closed if we cannot obtain and verify this information. Pyramis is not responsible for any losses or damages (including, but not limited to, lost opportunities) that may result if a client's account is restricted or closed.

Client Referrals and Other Compensation

Pyramis and its affiliates may compensate affiliates and FIL for client referrals. In non-U.S. jurisdictions, however, Pyramis and/or its affiliates may engage non-affiliated solicitors for compensation in accordance with applicable law. Discretionary compensation of Pyramis' sales personnel may be based in part on their success in raising assets on behalf of Pyramis.

Custody

Pyramis may be deemed to have custody of client assets because (1) certain of its affiliates may have the ability to deduct Pyramis' advisory fees directly from certain of its collective fund clients' accounts (even though an independent, qualified custodian has been appointed by such funds or accounts to serve as custodian) and (2) a related person of Pyramis maintains client funds or securities as a qualified custodian. Pyramis believes it has overcome the presumption that it is not operationally independent (pursuant to Advisers Act Rule 206(4)(2)-(d)(5)) from such related person.

Clients will receive account statements from the independent, qualified custodian or prime broker that has been appointed to serve as custodian with respect to clients' accounts. Clients should carefully review those statements.

Investment Discretion

Pyramis' discretionary authority to manage accounts on behalf of its clients and any limitations that may be imposed on such authority are described in the "Advisory Business" section of this brochure. Pyramis typically assumes this authority after the execution of a duly authorized investment management agreement, which may incorporate a power of attorney. In very limited cases, Pyramis' investment trade decisions on behalf of a client's account may be overridden by the client, in which case Pyramis may not be held responsible for any loss associated with such action or other consequences that may have an adverse material effect to the portfolio.

Voting Client Securities

Proxy Voting

When authorized by clients, Pyramis or its affiliates generally cast votes on behalf of client accounts by proxy at shareholder meetings of issuers in which Pyramis invests client assets. Pyramis and its affiliates have established formal written proxy voting guidelines (the "Guidelines") which are designed to ensure that proxies are voted in accordance with the best interests of clients as determined by Pyramis' or its affiliates' sole judgment. Pyramis has also adopted these Guidelines as part of its proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Advisers Act. FMR provides proxy voting services to Pyramis and its affiliates.

Except as set out in the Guidelines, Pyramis or its affiliates generally vote in favor of routine management proposals, and evaluate shareholder proposals by their likelihood to enhance the economic returns or profitability of the portfolio company or to maximize shareholder value.

Non-routine proposals not covered by the Guidelines or involving other special circumstances will be evaluated on a case-by-case basis with input from the appropriate analyst or portfolio manager, as applicable, subject to review by an attorney within the General Counsel's office and a member of senior management within Investment Proxy Research Group (IPR).

Proposals Relating to Director Elections

Pyramis or its affiliates will generally withhold authority for the election of all directors or directors on responsible committees if; a poison pill or other anti-takeover provision was adopted or extended without shareholder approval; options were repriced without shareholder approval; the board is not composed of a majority of independent directors; the director attended less than 75% of the aggregate number of board or committee meetings during the company's prior fiscal year; or executive compensation appears misaligned with shareholder interests or is otherwise problematic, taking into account those factors identified in "Proposals Relating to Executive Compensation". Pyramis and its affiliates will generally support proposals calling for directors to be elected by a majority of votes cast, provided that the proposal allows for plurality voting standard in the case of contested elections. Pyramis and its affiliates may consider voting against such shareholder proposals where a company has adopted an alternative measure, such as a director resignation policy, that provides a meaningful alternative to the majority voting standard and appropriately addresses situations where an incumbent director fails to receive the support of a majority of the votes cast in an uncontested election.

Proposals Relating to Executive Compensation

Pyramis or its affiliates will consider withholding authority for the election of directors and voting against management proposals on stock-based compensation plans or other compensation plans based on whether the proposals are consistent with the interests of shareholders, taking into account such factors as (i) whether the company has an independent compensation committee, and (ii) whether the compensation committee has authority to engage independent compensation consultants; (iii) whether, in the case of stock awards, the restriction period was less than three years for non-performance-based awards, and less than one year for performance-based awards; (iv) whether the compensation committee has lapsed or waived equity vesting restrictions; and (v) whether the company has adopted or extended a golden parachute without shareholder approval. Pyramis and its affiliates will generally support an annual frequency for advisory votes on executive compensation.

Proposals Relating to Equity-Based Compensation Plans

The Guidelines generally oppose plans or amendments to plans that: have option exercise prices less than 100% of fair market value on the date of grant, include an evergreen provision, provide for the acceleration of vesting of equity awards even though an actual change in control may not occur; give the ability to re-price outstanding stock options without shareholder approval; or cause excessive dilution to shareholders by considering the average three-year burn rate, based on the company's market capitalization. Large-capitalization companies are those included in the Russell 1000® Index or the Russell Global ex-U.S. Large Cap Index; small-capitalization companies are those not included in the Russell 1000® Index or the Russell Global ex-U.S. Large Cap Index that is not a micro-capitalization company; and micro-capitalization companies are those with a market capitalization under US \$300 million.

Proposals Relating to Changes in Corporate Control

The Guidelines generally oppose measures that are designed to prevent or obstruct corporate takeovers. Such measures include fair price amendments, classified boards, "blank check" preferred stock, executive "golden parachutes," shareholder rights plans ("poison pills"), restricting shareholders' right to call special meetings or to set board size, supermajority provisions and any other provision that eliminates or limits shareholder rights.

Proposals Relating to Shareholder Rights

The Guidelines generally (i) support simple majority voting, (ii) oppose cumulative voting, (iii) support confidential voting, and (iv) oppose new classes of stock with differential voting rights.

Conflicts of Interest

The Guidelines have been designed so that proxies are voted in the best interest of Pyramis' and its affiliates' clients, as determined by Pyramis' or its affiliates' sole judgment, and to resolve potential conflicts of interest. Potential conflicts generally may arise in connection with business arrangements of Pyramis or its affiliates. For example, Pyramis' affiliates may manage or administer employee benefit plans, or provide brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies. Pyramis or its affiliates may also have business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships. Pyramis or its affiliates vote shares in a manner consistent with the Guidelines and without regard to any other relationship, business or otherwise, that Pyramis or its affiliates may have with companies in which Pyramis invests client assets.

IPR, which is part of Pyramis' or its affiliates' Investment Services department, is charged with administering the Guidelines provided to it by Pyramis. IPR votes proxies without regard to any other Pyramis companies' relationship, business or otherwise, with that portfolio company and without giving effect to any potential conflict of interest, material or otherwise. Like Pyramis employees, IPR employees have a fiduciary duty to never place their own personal interest ahead of the interests of fund shareholders, and are instructed to avoid actual and apparent conflicts of interest. In the event of a conflict of interest, IPR employees, like Pyramis employees, will escalate to their managers or the Ethics Office, as appropriate, in accordance with Fidelity's corporate policy on conflicts of interest.

Clients may not direct Pyramis' vote if Pyramis has been given proxy voting authority.

In very limited circumstances, clients have not provided Pyramis the authority to vote proxies, or may ask Pyramis to follow the client's investment voting guidelines. In such cases, Pyramis may engage a third party to vote such proxies.

If Pyramis has engaged a subadviser, that subadviser may vote proxies according to its own proxy voting guidelines for those Pyramis accounts or portions of Pyramis accounts for which the subadviser has been granted such authority.

Financial Information

Pyramis does not solicit prepayment of client fees more than six months in advance.

Pyramis is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Requirements for State-Registered Advisers

Pyramis is not registered with any state securities authority.