

# FORM ADV Part 2A Brochure

## ING Investment Management Advisors B.V.

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This brochure provides information about the qualifications and business practices of ING Investment Management Advisors B.V. (“INGIM”). If you have any questions about the contents of this brochure, please contact us at +31 70 378 1835. The information in this brochure has not been approved or verified by the US Securities & Exchange Commission (SEC), Dutch Autoriteit Financiële Markten (AFM), or by any other securities authority or regulator.

INGIM is a registered investment advisor. Registration with the SEC or AFM does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about INGIM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). In order to make it easy for clients to receive and retain the brochure in the most timely and efficient manner possible, as well as to save needless waste and expense, whenever possible INGIM would like to provide the brochure to clients electronically.

## ***Item 2 – Summary of Material Changes***

INGIM regularly reviews its business and updates its policies, procedures, and disclosures to clients and prospective clients accordingly. INGIM will amend this brochure at least annually or more frequently when necessary. The last update of this brochure took place on 31 March 2014. Since then, we have updated it to reflect the material changes below.

### ***General***

Several items have been updated in order to reflect the changes in the corporate structure and the newly established NN Group N.V., which has been established in preparation of the separation of European insurance and investment management business from ING Groep N.V.

*Item 4* – Added disclosures regarding re-branding of ING Investment Management to NN Investment Partners. Effective April 7, 2015, ING Investment Management will be re-branded to NN Investment Partners and all the investment management legal entities and European mutual funds will change their names accordingly (e.g., “ING” will change to “NN”).

Added disclosures regarding INGIM's (non-US) brokerage business. Beginning in April 2015, INGIM provides brokerage services (i.e., order execution services) for transactions in fixed income and equity instruments for affiliated insurance and unaffiliated client accounts. These accounts are managed by INGIM's affiliated investment advisers.

*Item 7* – Removed certain types of US clients, such as U.S. ERISA plans and collective investment trusts, that are no longer clients of INGIM.

Additionally, amended disclosures that other than the SEC-registered investment companies of Voya Funds, all other clients of INGIM are non-U.S. clients and that INGIM may provide services to (non-U.S.) individual client accounts in the future.

Clarified why INGIM cannot apply U.S. securities laws to non-U.S. clients. Because INGIM is physically located outside the U.S., for the non-U.S. clients EU securities law will take precedent over U.S. securities law because they could contradict U.S. securities and our non-U.S. clients may not be familiar with U.S. securities laws. As a result, INGIM generally will not apply the following U.S rules and regulations/requirements for its non-U.S. client accounts:

- Rules and regulations regarding custody and constructive custody of client assets
- Rules and regulations regarding advertisement, and marketing, and use of social media
- Rules and regulations on proxy voting for client accounts
- Rules and regulations regarding affiliated and principal transactions, such as, but not limited to
  - Performing cross trades
  - Performing agency cross transactions
  - Investing in affiliates of ING Groep N.V. or NN Group N.V.
  - Trading with affiliated broker-dealers, such as ING Bank N.V.
- Rules and regulations on use of solicitors (i.e., receiving compensation for finding or referring client to INGIM or its affiliates)
- Rules and regulations pertaining to performance fees should a non-US client proposes such fee arrangement to INGIM
- Rules and regulations pertaining to assignment of investment advisory contracts or use of “hedge clauses” in such contracts for non-U.S. clients

*Item 10* - Changed name of ING Investment Management U.S. to Voya Investment Management and added disclosure about INGIM selling model portfolios to Voya Investment Management.

Item 11 – Added disclosures regarding employees selling their legacy holdings that are not members of the MSCI World Index and MSCI Emerging Markets Free indices with pre-approvals from INGIM Compliance and NN Group N.V.'s Corporate Compliance. These transactions are checked against potential client transactions before approving.

Added disclosures on reporting material violations of Code of Ethics to certain clients for their review. INGIM deems certain violations to be material, such as employees not obtaining pre-approval from NN Group N.V.'s Compliance and/or INGIM Compliance for personal securities transactions, and other violations to be non-material, such as first-time late reportings of personal securities transactions by employees or instances in which the employees were not fully responsible for the violations. For non-material violations, employees may still receive written warnings from INGIM Compliance. However, these violations are generally not reported to clients. At year end, material violations are reported to the INGIM Compensation Committee and employees may be penalized through the upcoming variable compensation (i.e., a reduction in the annual bonus).

Clarified definition of affiliate of INGIM. INGIM considers a company to be an affiliate of INGIM when our affiliated insurance companies' equity ownership exceeds 10% or when they control more than 10% of the voting rights of the company that they invested in, and INGIM will not invest in this company for its U.S. client accounts. Not investing in such companies could have positive or negative performance impact to the U.S. client accounts.

Item 12 – Added disclosure that INGIM and its affiliates may obtain research from 'experts network,' such as GLG, and pay for such research using Commission Sharing Agreement. Clarified that INGIM's U.S. client accounts are out of scope for CSAs (i.e., cannot use commissions generated by U.S. client accounts to pay for research).

Currently, this brochure may be requested by contacting Hieu Giang, Chief Compliance Officer at +31 70 37 81835 or [hieu.giang@ingim.com](mailto:hieu.giang@ingim.com). This brochure is also available on our web site [www.ingim.com](http://www.ingim.com), also free of charge (<https://www.ingim.com/website/#!/con/INT/en/about/policies>)

Additional information about INGIM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with INGIM who are registered, or are required to be registered, as investment adviser representatives of INGIM.

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#### **Item 4 - Advisory Business**

INGIM is a wholly-owned subsidiary of ING Investment Management (Europe) B.V., which is wholly-owned by ING Investment Management Holdings N.V., which is wholly-owned by ING Insurance EurAsia N.V., which is wholly-owned NN Group N.V., which is 54.6% owned by ING Groep N.V. Both NN Group N.V. and ING Groep N.V. are publicly-listed on Euronext and headquartered in Amsterdam, The Netherlands. NN Group N.V. was listed on Euronext on July 2, 2014. As part of the European Commission restructuring agreement, ING Groep N.V., has agreed to divest 100% of NN Group N.V., of which ING Investment Management is a wholly-owned subsidiary, by December 31, 2016.

INGIM has been registered as an investment adviser with the SEC since 1992. All the legal entities mentioned above are based in The Netherlands.

Effective April 7, 2015, ING Investment Management will be re-branded to NN Investment Partners and all the investment management legal entities and European mutual funds will change their names accordingly (e.g., "ING" will change to "NN").

#### **Our Services**

INGIM provides investment advisory services to SEC-registered investment companies (open-end mutual funds and closed-end funds), non-U.S. institutional clients, and affiliated European regulated mutual funds. Utilizing global resources provided by our affiliates in U.S., Europe, and Asia, INGIM offers a variety of investment advisory and investment management services for equity, fixed income, and multi-asset class strategies. Pursuant to written sub-advisory agreements, INGIM may provide recommendations and investment advice regarding investment strategies to affiliated and unaffiliated entities. Additional information about our affiliates can be found under Item 10 in this brochure. The investment advice may include model portfolio weightings and other information regarding the construction and maintenance of portfolios, which may be used by these entities in the management of their clients' assets.

INGIM will tailor its advisory services and investment guidelines to the individual needs of clients for separately managed accounts. In addition, clients generally may impose their own investment restrictions. The types of financial instruments that may be used are outlined in an agreement entered into between INGIM and the client. For mutual funds and other collective investment vehicles, the types of financial instruments that may be used are generally set forth in the prospectus or other applicable offering document.

Beginning on April 15, 2015, INGIM will provide order execution services for transactions in fixed income and equity instruments for affiliated insurance and unaffiliated client accounts managed by INGIM's affiliated investment advisers. Order execution services are ancillary to the investment management services provided by INGIM's investment advisory affiliates. INGIM does not hold itself out as a broker-dealer or offer brokerage services on a stand-alone basis to clients or prospective clients. INGIM is not registered as a broker-dealer with the SEC or a member of FINRA.

INGIM's ultimate parent entity—ING Groep, N.V.—has developed the ING Defence policy which restricts investments in certain firms involved in certain aspects of the defense or weapons industry. Likewise, ING Groep, N.V. has also developed other investment policies that take Environmental, Social and Governance ("ESG") factors into account. Any of these policies may be implemented at a client's discretion (for some clients, imposing these types of investment restrictions may not comply with applicable law). Additional information about these policies can be obtained from INGIM upon request. INGIM is also open to working with clients on implementing their own policies of this nature.

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## **Assets under Management**

Currently, all investment advisory client accounts managed by INGIM are discretionary in nature, although from time-to-time non-discretionary mandates may be accepted. Please see our Form ADV Part 1A for our assets under management as of December 31, 2014. The assets under management include assets of foreign clients managed by INGIM and do not include any assets from INGIM's brokerage activities. The majority of INGIM's assets under management is comprised of non-U.S. client accounts.

## **Discretionary Authority**

Subject to any contractual terms and/or written guidelines which the advisory client may provide, INGIM normally has complete discretion and authority to manage client accounts. INGIM, as the client's agent and attorney-in-fact, generally holds a limited power of attorney to act without prior consultation. Accordingly, INGIM is generally authorized to perform various functions, at the client's expense, without further approval from a client, except as required by law, including: (a) to make all investment decisions; (b) to buy, sell, and otherwise trade in securities; (c) to issue instructions to the custodian for operational matters of the account for such items as tender offers and reorganizations; (d) to select brokers or dealers to execute securities transactions; (e) when required by clients, to vote proxies; (f) and to make similar decisions, except that as a general matter, a fund's or account's custodian rather than INGIM is responsible for filing class action claims and INGIM generally does not commence or pursue litigation on behalf of clients or separately managed accounts. With respect to many clients, INGIM may enter into swaps and other derivatives and may execute ancillary documents on their behalf. In certain instances, INGIM may enter into non-discretionary arrangements with its clients where INGIM obtains client approval prior to execution of a trade or provides the client with investment recommendations which the client, in its sole discretion, may implement.

In some situations, INGIM and/or its affiliates may provide administrative, trading, marketing and other support services for affiliated or unaffiliated entities, where the entities are responsible for making portfolio management decisions. As one example, INGIM or an affiliate may provide trading desk, research, or similar support services for affiliated or unaffiliated investment advisers. INGIM's portfolio management, research, and trading teams are part of larger global teams located throughout U.S., Europe, and Asia. Most of the global team heads and chief investment officer are based in The Hague, The Netherlands. INGIM may share portfolio management teams and their support staff with affiliated investment advisers. For instance, INGIM may share the portfolio management, trading, and back-office operations with its affiliates in U.S., Europe, and Asia. Additional information about sharing of employees and services with affiliates can be found under Item 10 in this brochure.

## ***Item 5 - Fees and Compensation***

Generally, INGIM's advisory fees for providing investment management services will be based upon a percentage of the market value of assets under management. As described below, we may also charge performance based fees. Our investment advisory fees are negotiable. In some cases, certain clients may pay lower fees or have other unique arrangements. For instance, we may agree to offer certain clients fees that are lower (for example, the lowest fee available for clients with "most favored-nation rights" in their advisory agreement) than other clients in the same investment strategy or objective. We may also receive fees or reimbursement from individuals or financial institutions, including affiliates, for various services we provide.

The fees for mutual funds and other funds or accounts are set forth in the particular fund's prospectus, offering documents, or in the account's investment advisory agreement. More complete information concerning each such (registered) fund, including advisory and sub-advisory fees, is disclosed in the prospectus and statement of additional information of these affiliated and unaffiliated funds. For its services as a sub-adviser to registered investment companies INGIM receives a sub-advisory fee as set forth in the aforementioned documents.

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The specific manner in which fees are charged by INGIM is established in a client's investment advisory agreement with INGIM. Generally, the U.S. clients of INGIM calculate the fees due to INGIM and pay them on a monthly or quarterly basis. Clients may elect to pay in advance or arrears each calendar month or quarter. Clients may also elect to authorize INGIM to directly debit fees from client accounts.

For the (affiliated) European regulated mutual funds, affiliated entities calculate the fees due to INGIM and pay them to INGIM.

Unless provided for otherwise in the investment advisory agreement, standard pricing services and/or methodologies generally are used to determine the market value of the account. In this regard, INGIM and its affiliates will generally use and rely on various services from external vendors for information such as pricing, ratings, type of security (e.g., Rule 144A, Reg S, private placements) and other relevant factors. While these vendors are generally reliable, from time to time the information they provide may be inaccurate or stale; this may impact the pricing or categorization of client portfolio holdings and account market values. INGIM may invest in securities or instruments on behalf of its clients that have no trading market or are otherwise difficult to value, in which case its affiliates may need to determine a price for a portfolio holding using "fair value" pricing methodologies. In these situations, our affiliates will elicit input from a number of external or internal sources (e.g., "matrix pricing" or other pricing services, portfolio managers, finance, etc.) and determine what it believes to be a representative or "fair" price for the holding. For some investments there may be only one counterparty or broker-dealer that can provide a reliable price quotation. For these types of securities, INGIM and its affiliates may determine which counterparty or broker it believes will provide the most reliable price quotations. These determinations may involve a significant amount of judgment and in some cases may differ substantially from prices that are ultimately realized in a transaction. In addition, where different accounts or funds are governed by different pricing policies and/or have different custodians, it is possible that the same security or instrument could be assigned different valuations.

Our advisory fees are exclusive of brokerage commissions, transaction fees, custodial fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees and operating expenses, which are disclosed in a fund's prospectus and statement of additional information. Such charges, fees and commissions are exclusive of and in addition to our advisory fees, and we will not receive any portion of these commissions, fees, and costs from the U.S. clients.

For the (affiliated) European regulated mutual funds, INGIM or its affiliates may receive additional fees, such as security lending fees and/or fixed service fees. Generally, these fees are disclosed in the fund's prospectus.

Investment advisory agreements between INGIM and the client may generally be terminated by either party, pursuant to the notice requirements specified in the investment management agreements which are generally equal to thirty days or less. Upon the termination of the agreement, INGIM will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the account, and, unless directed to the contrary by a client in writing. INGIM is typically entitled to the pro-rata portion of the earned fee when an agreement has been terminated, generally inclusive of any notice period. Refunds may not typically apply as fees are generally paid in arrears, based on the size of the account on the last day of the preceding quarter.



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## **Item 6 - Performance-Based Fees and Side-By-Side Management**

### **Performance-Based Fees**

Although INGIM currently does not charge performance based fees for any of its accounts, INGIM may be compensated under performance-based fee arrangements in compliance with Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act") by qualified clients if the *clients propose such arrangements*. Such fees are subject to individualized negotiation with each such client. Managing accounts with performance-based fee arrangements and accounts that do not have such an arrangement may result in conflicts of interest. The potential conflicts of interest in these situations could, in theory, incentivise a manager to favour certain funds or accounts over others with respect to allocations and/or trading activities. In order to monitor and address these potential conflicts, INGIM would implement various processes and procedures when the situation arises. These processes and procedures would be designed to ensure that all funds and accounts will be treated fairly, that any short sales will be conducted in an appropriate manner, and that allocations of offerings or investment opportunities among funds and accounts will be fair and equitable over time and under the circumstances.

### **Item 7 - Type of Clients**

INGIM provides sub-advisory services to SEC-registered investment companies (i.e, Voya Funds), through sub-advisory arrangements. INGIM also provides investment advisory services to non-U.S. institutional clients and, (affiliated) European regulated mutual funds. Besides sub-advisory services, INGIM may also provide recommendations and investment advice regarding investment strategies to affiliated and unaffiliated entities. Other than the SEC-registered investment companies of Voya Funds, all other clients of INGIM are non-U.S. clients.

INGIM may provide advisory or brokerage services to non-U.S. individual client accounts in the future.

Affiliates, such as ING Asset Management B.V., ING Fund Management B.V. and ING Investment Management International LLC, may also provide sub-advisory services to affiliated and non-affiliated clients, including, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, private investment funds, commingled trust funds, trust programs, sovereign funds, foreign mutual funds such as UCITS, non-UCITS, and other institutions.

Although INGIM is domiciled in The Netherlands and also registered with the Dutch Securities Regulator ("AFM"), as an SEC registered investment adviser, the provisions of the Advisers Act are applicable to INGIM's dealings with U.S. clients. However, because INGIM is physically located outside the U.S., for the non-U.S. clients certain provisions of the Advisers Act are not applicable to INGIM's non-U.S. clients. For example, INGIM generally will not apply the following U.S rules and regulations for its non-U.S. clients or prospective non-U.S. clients:

- Rules and regulations regarding custody and constructive custody of client assets
- Rules and regulations regarding advertisement, marketing, and use of social media for marketing or advertisements
- Rules and regulations on proxy voting for client accounts
- Rules and regulations regarding affiliated and principal transactions, such as, but not limited to
  - Perform cross trades
  - Perform agency cross transactions
  - Invest in affiliates of ING Groep N.V. or NN Group N.V.
  - Trade with affiliated broker-dealers, such as ING Bank N.V.
- Rules and regulations on use of solicitors (i.e., receiving compensation for finding or referring client to INGIM or its affiliates)
- Rules and regulations pertaining to performance fees should a non-U.S. client propose such fee arrangement to INGIM



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- Rules and regulations pertaining to assignment of investment advisory contracts or use of “hedge clauses” in such contracts for non-U.S. clients

### ***Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss***

With an emphasis on active management, our investment mission is to find unrecognized value ahead of consensus. To this end, our portfolio management teams seek original insights on markets and securities and a vision of investment potential that differs from the consensus view. We apply our proprietary research and analytics, global resources, portfolio diagnostics and risk management to the development of investment products and solutions in pursuit of our clients’ objectives. For clients and funds seeking more quantitative or model-driven solutions, we seek to bring technical and analytical expertise in developing rigorous and superior solutions.

#### **Equity**

Our equity disciplines are organized as a series of discrete competencies managed by specialist teams and supported by centralized quantitative and sector-specific fundamental research. We believe that fundamental analysis by seasoned sector analysts adds value by creating a proprietary information advantage to develop original insights into the pricing of securities and expectations for companies and asset classes. Collaboration between our experienced analysts and the dedicated investment teams provides a constant exchange of investment ideas and information that are used to benefit our clients through a more insightful decision-making process.

#### **Fixed Income**

INGIM believes that a disciplined investment process with macro-theme analysis built into every step will capture market changes and guide us to unrecognized value opportunities ahead of consensus. To harness the potential of our global resources, far-reaching and well integrated information sharing is necessary to fully exploit market potential and generate superior returns. The investment process includes a balanced emphasis on quantitative and qualitative inputs that foster strong checks and balances and validation for our investment themes. Top-down macro themes shape overall strategy and also provide the context for our bottom up security selection. Proprietary risk management tools and processes help to monitor portfolio risk exposures.

#### **Derivatives**

Derivatives may be used to hedge certain investments or risks, generate income, such as covered-call strategy, gain market exposure, replicate cash securities, equitize cash, etc. The use of derivatives for non-hedging purposes may be considered speculative and will entail significant risks. Even for hedges, it is very difficult to completely hedge certain risks because changes in value of derivatives may not always correlate perfectly with the underlying reference.

#### **Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. Client should understand that investment decisions made for the portfolio by INGIM are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Set forth below are the key investment risks associated with INGIM significant investment strategies and methods of analysis as well as with many of the investment techniques or instruments that may be used. Any of the following risks, among others, could affect performance or cause an investment to lose money or to underperform market averages. Clients should be aware that not all of the risks listed below will pertain to every account as certain risks may only apply to certain strategies. The risks are placed in alphabetical order, which does not reflect in any way the relative importance of each individual risk.

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## General Investment Risks

**Company.** The price of a given company's stock could decline or underperform for many reasons including, among others, poor management, financial problems, or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless. For investments in initial public offerings (IPO), the risk is even higher as these companies have limited or no operating history as publicly-traded companies.

**Convertible Securities.** Convertible securities are securities that are convertible into or exercisable for common stock at a stated price or rate. Convertible securities are subject to the usual risks associated with debt securities, such as interest rate and credit risk. In addition, because convertible securities react to changes in the value of the stocks into which they convert, they are subject to market risk.

**Credit & Counterparty.** Credit risk is the risk that the issuer of a security, or the counterparty to an agreement or contract, such as OTC derivatives, may be unable or unwilling to meet its financial obligations.

**Currency.** To the extent that a client invests directly in foreign currencies or in securities denominated in or that trade in foreign (non-U.S.) currencies, it is subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

**Derivative Instruments.** Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase volatility and reduce returns. When derivatives are used for hedging, which is designed to reduce or mitigate losses, it also can reduce or eliminate gains. The use of derivatives for non-hedging purposes may be considered more speculative than other types of Investments due to its leveraging effects.

**Foreign Investments.** Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, or political changes or diplomatic developments. For some foreign countries, there are additional risks with the settlement of trades. For instance, in Russia, some local brokers trade on a "free-of-payment" ("FOP") basis instead of a delivery-versus-payment/receipt-versus-payment ("DVP/RVP") basis, the standard practice found in the U.S. and Western Europe. The FOP transactions expose the client accounts to greater counterparty risk because the broker, for any reason, could fail to complete the transaction in which case the client accounts would not receive their monies or ownership rights to the securities. This risk is higher for certain client accounts that invest in Russian securities. Another risk that the clients may face is the registration of securities. For instance, the ownership of Russian company securities is recorded by the companies themselves and/or by the registrars instead of through a central registration system. It is possible that the client's ownership rights could be lost through fraud or negligence by the counterparty.

**Interest Rate.** Fixed income securities are subject to interest rate risk because the prices of fixed income securities and interest rates are inversely correlated. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. Generally, fixed income securities with longer maturities are more sensitive to these price changes. In addition, falling interest rates may cause the income for client accounts to decline.

**Liquidity.** If a security is illiquid, INGIM might be unable to sell the security at a time when desired, and the security could have the effect of decreasing the overall level of the Fund's liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount realized upon disposition. INGIM may make investments that

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become less liquid in response to market developments or adverse investor perception. A client could lose money if it cannot sell a security at the time and price that would be most beneficial to it. Liquidity risk is even higher for investments in private placements and restricted securities because they are not publicly traded and the level of investor protection is generally lower than for publicly-traded securities.

**Market.** Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

**Market Capitalization.** Stocks fall into three broad market capitalization categories - large, mid and small. Investing primarily in one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stock of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-capitalization companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared with larger companies. As a result, stock of mid- and small-capitalization companies may decline significantly in market downturns.

**Portfolio Management.** Each client is subject to management risk. INGIM will apply investment techniques and risk analyses in making investment decisions for a client, but there can be no guarantee that these decisions will produce the desired results. INGIM does not guarantee that a client account will achieve its performance return or investment objective expectations/targets.

**Key Man Risk.** A specific investment strategy may be dependent significantly on one or more portfolio managers. Losing one or more of these portfolio managers may significantly impact INGIM's (short term) ability to appropriately manage the client's assets.

**Securities Lending.** INGIM does not offer securities lending services to its U.S. client accounts. The U.S. client accounts that have retained their custodian to engage in securities lending activities should note two primary risks: "investment risk" and "borrower default risk." Investment risk is the risk of loss of the cash collateral received from the borrower. Borrower default risk is the risk that an investment will lose money due to the failure of a borrower to return a borrowed security in a timely manner. Securities lending activities may incur negative tax consequences for a client.

For the non-U.S. client accounts, INGIM and/or its affiliates may offer securities lending services to these clients and INGIM and/or its affiliates will be compensated for its services. The investment and borrower default risks described above also apply to these non-U.S. client accounts.

### **Investment Strategy Risks**

In addition to the risks involved with various instruments and markets noted above, various investment strategies also may entail unique risks. Several of these are set forth below. In all cases, a client should review applicable offering documents and/or other materials, which will generally have more detailed information about relevant risks.

**Equities.** Most of INGIM's investment strategies focus mainly or in part on equities. Equities can be of various types, such as common stock or preferred stock, and generally are subject to market, company-specific and liquidity risks.

**Fixed Income.** Part of our investment strategies focus on fixed income securities, which can include a wide array of debt instruments, including investment grade debt, government securities, corporate debt, money market instruments, mortgage-backed securities, non-investment grade (or "high yield") debt, credit-linked notes, structured securities, emerging market debt, and others. To varying

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degrees—and depending on the particular instruments—fixed income securities are subject to interest rate, credit, liquidity, counterparty, and geopolitical risks among others. High-yield securities (e.g., junk bonds) are subject to greater levels of credit and liquidity risks. High-yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments.

**Quantitative Strategies.** A number of our strategies are quantitative based, meaning that they employ mathematical or analytical tools in determining portfolio decisions. These strategies may involve the risk of software being inaccurately programmed or flaws in the applicable model or analysis.

**Emerging Markets.** INGIM has a number of funds or accounts that invest in emerging market debt or equity. The emerging markets are often in less-developed countries and tend to be more volatile and riskier than more developed countries with established trading markets. In addition, the instruments and investments of emerging markets often carry higher credit, company, liquidity, and geopolitical risks. For instance, during the financial crisis of 2008, the emerging markets became very illiquid as counterparties were unable or unwilling to trade such securities.

### ***Item 9 - Disciplinary Information***

As part of a large, global financial services company, INGIM's affiliates may be involved in disciplinary, regulatory or other legal matters from time to time, as well as being subject to examinations, investigations and inquiries from governmental and regulatory authorities.

Neither INGIM nor its management has been involved in any legal or disciplinary events in the past ten years that would be material to a client's evaluation of INGIM or the integrity of INGIM's management.

For more information on disciplinary and legal matters that may involve INGIM or certain of its related companies, see Item 11 of INGIM's Form ADV-Part 1A, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ***Item 10 - Other Financial Industry Activities and Affiliations Disciplinary***

INGIM is part of a large, global financial services company and, as such, has relationships and affiliations with many other entities engaged in the financial industry. INGIM's ownership structure is explained more fully in Item 4. Aside from being registered as an investment adviser with the SEC, INGIM is also licensed to offer investment advisory services in Europe by the Dutch securities regulator AFM (Autoriteit Financiële Markten – The Netherlands Authority for the Financial Markets) and may also determine to register in various non-U.S. jurisdictions depending on business needs and regulatory requirements.

### **Sub-Adviser and Other Services**

INGIM acts as adviser, consultant, or sub-adviser to many registered investment companies advised by Voya Investments LLC, generally known as "Voya Funds," as well as providing model portfolios to Voya Investment Management. More complete information concerning each such investment company or fund is set forth in the fund's respective prospectus and statement of additional information, or other applicable offering documents. In addition, INGIM may engage in sub-advising, marketing, consulting, product development or other initiatives on behalf of insurance company affiliates of NN Group N.V., a publicly-listed company.

### **Affiliated Investment Advisers and Broker-Dealers**

INGIM, through a common parent, NN Group N.V., and the ultimate parent, ING Groep, N.V., is affiliated with SEC-registered investment adviser, non-SEC registered investment advisers, broker-dealers, sharing officers and personnel. INGIM has material business relationships with these affiliated investment advisers:

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- ING Investment Management International LLC (SEC number: 801- 77329) – based in New York, NY, with a satellite office in Atlanta, GA, USA and registered as an investment adviser with the SEC and acts as investment adviser to various types of clients. ING Investment Management International LLC is part of the global ING Investment Management organization. Part of our global equity and fixed income teams (e.g., emerging market equity, investment grade debt, high yield debt, and emerging market debt) are based in these two offices. These portfolio management teams help manage and may also trade for clients of INGIM and its affiliates in Europe and Asia.
  - ING Asset Management B.V.\* – based in The Hague, The Netherlands, and licensed by the AFM and provides investment advisory services to institutional clients globally. INGIM may act as a sub-advisor for ING Asset Management B.V. ING Asset Management B.V. is part of the ING Investment Management organization. INGIM shares office space, equipment, and some personnel with this investment adviser.
  - ING Fund Management B.V.\* – based in The Hague, The Netherlands, and licensed by the AFM and provides investment advisory services to affiliated Dutch mutual funds. INGIM acts as a sub-advisor for several mutual funds of ING Fund Management B.V. ING Fund Management B.V. is part of the ING Investment Management organization. INGIM shares office space, equipment, and some personnel with this investment adviser.
  - ING AM Insurance Companies B.V.\* – based in The Hague, The Netherlands, and licensed by the AFM and provides investment advisory services to affiliated NN and ING European insurance companies. ING AM Insurance Companies B.V. is part of the ING Investment Management organization. INGIM shares office space, equipment, and some personnel with this investment adviser.
  - ING Investment Management Belgium S.A. – based in Brussels, Belgium, and licensed by Financial Services and Markets Authority and provides investment advisory services to Belgian mutual funds and institutional clients. ING Investment Management Belgium S.A. is part of the ING Investment Management organization. ING Investment Management Belgium S.A. shares its office space with INGIM, which has a branch office in Brussels, Belgium. INGIM's global value equity team is based in Brussels. They manage the Voya Funds equity funds (both open end and closed end) in the value and high dividend strategies. The trading for these funds is performed by the Trading team in The Hague, The Netherlands.
  - ING Investment Management Luxembourg S.A. – based in Luxembourg, Luxembourg, and licensed by the Commission de Surveillance du Secteur Financier (CSSF). ING Investment Management Luxembourg S.A. is the management company of Luxembourg-domiciled SICAVS. INGIM acts as sub-advisor to the sub-funds of these SICAVS. These sub-funds are not marketed or sold to investors residing in the U.S.
  - ING Investment Management Asia Pacific (Singapore) Ltd. – based in Singapore and licensed by Monetary Authority of Singapore and provides investment advisory services to mutual funds and institutional clients. ING Investment Management Asia Pacific (Singapore) Ltd. Is part of the ING Investment Management organization. Some of our global fixed income and equity teams (e.g., investment grade debt, high yield debt, emerging market debt, and emerging market equity) are based in this office. The portfolio management teams may help manage and trade for clients of INGIM and its affiliates in U.S. and Europe.

*\* Effective April 15, 2015, ING AM Insurance Companies B.V. will merge into ING Fund Management B.V. On June 8, 2015, ING Asset Management B.V. will assign (transfer) all its clients, except for one, to ING Fund Management B.V. The other legal entities mentioned above are unaffected by the merger or assignment. This Form ADV will be updated again on April 15, 2015.*

- ING Bank N.V. (called “ING Financial Markets” in U.S.) - INGIM is affiliated with ING Bank N.V. through its ultimate parent company, ING Groep N.V. INGIM may execute client



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transactions through ING Bank or its affiliated broker-dealers where permitted by applicable laws and regulations and client's investment guidelines. Execution of transactions through an affiliated broker-dealer can result in a conflict of interest, in that the affiliate may profit from such commissions or other fees on such transactions; these transactions are governed by regulations and disclosure requirements designed to inform clients of the potential conflicts of interest and reduce their potential impact.

In addition, more broadly through various parent entities, INGIM is also affiliated with many other legal entities engaged in the business of providing banking and insurance, products and services to customers throughout the world.

### **Unaffiliated Investment Advisers and Broker-Dealer**

INGIM has material business relationships with these four unaffiliated investment advisers and broker-dealer:

- Voya Investments LLC (dba Voya Funds) (SEC number: 801-48282) – based in Scottsdale, AZ, USA and registered as an investment adviser with the SEC, acts as investment adviser to the Voya Funds funds. INGIM subadvises several Voya Funds funds (open and closed end funds). Voya Investments LLC is affiliated with Voya Investment Management.
- Voya Investment Management Co., LLC (dba Voya Investment Management ) (SEC number: 801-9046) – based in New York, NY, USA and registered as an investment adviser with the SEC and provides investment advisory services to various types of clients. INGIM provides model portfolios and its affiliate, ING Asset Management B.V., has a solicitation agreement with this investment adviser.
- Voya Investment Trust Co. – based in Windsor, Connecticut, USA and registered with the Connecticut Department of Banking as a trust company. Voya Investment Trust Co. is affiliated with Voya Investment Management. INGIM provides model portfolios to this trust company and may in the future acts as subadviser to the collective trust funds for several selected strategies.
- Voya Investments Distributors LLC (SEC number: 8-48020) - distributor for the Voya Funds that INGIM subadvises and also, may serve as the placement agent for various private funds. INGIM has a solicitation agreement with Voya Investments Distributor LLC.

### **Employee, Equipment, and Office Sharing**

Within the ING Investment Management organization in Europe, INGIM shares employees, IT, infrastructure, equipment and programs, operational and investment related systems, and office space, service contracts, software licenses, global policies and procedures with its affiliates in Belgium and The Netherlands. INGIM may also share employees with other affiliates in U.S., Europe, and Asia to provide portfolio management and trading activities to help manage these funds. For instance, part of the emerging market debt team is based in Atlanta, Georgia, USA and Singapore. The employees in those offices are employed by the local legal entities (ING Investment Management International LLC in U.S. and ING Investment Management Asia Pacific (Singapore) Ltd in Singapore). INGIM may receive various products and services from affiliates for its advisory clients. Such affiliates include U.S. as well as non-U.S. registered and non-registered investment advisers and other financial services providers. In addition, INGIM may provide or receive investment advice or engage in sub-advisory, marketing, product development or other initiatives with affiliates or unaffiliated entities. Most notably, INGIM has entered into servicing, solicitation, and employee-sharing agreements with affiliated investment advisers relating to portfolio management, research, trading, and operational support. For example, in certain cases, the trading desk of INGIM, or an affiliate, may handle orders for multiple affiliated investment advisers across multiple locations in Asia, Europe, and U.S. Likewise, trading desks or portfolio managers/traders of affiliates may handle orders for INGIM. Similarly, INGIM shares employees that work on trade processing, settlement, accounting, corporate actions, valuation, ISDA

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contract negotiation, fee calculation (if necessary), calculating and publishing NAVs (if applicable), performance data calculation, marketing, and client servicing for its affiliated and unaffiliated client accounts. In addition, INGIM's also shares portfolio management, trading, risk management, internal audit, legal, and compliance systems. The affiliates provide daily risk management oversight, such as monitoring of client account investment guidelines and restrictions and OTC derivatives counterparty exposure and reviewing and approving broker-dealers, for INGIM's client accounts. In arrangements with affiliates, the amount of revenue shared varies depending upon the nature of the services provided by each entity. INGIM's clients do not pay any additional fees to us or our affiliates for sharing employees and office space.

Allocation and similar investment and trading decisions, including those on behalf of clients are made in a manner consistent with applicable policies designed to treat all clients (except affiliated client such as ING insurance accounts under certain conditions as required by certain Dutch regulations) fair and equitable over time and under the circumstances.

INGIM and/or its affiliates have solicitation arrangements in place with Voya Investment Management. Under these arrangements, the client does not pay higher fees than each adviser's typical advisory fees. In this relationship, INGIM or its affiliates generally shares the fees received from the clients with the involved entities.

## ***Item 11 – Code of Ethics***

### **Overview**

INGIM has implemented a Code of Ethics ("Code"). The Code is integrated in the INGIM Insiders Regulations, as required by Dutch securities regulations. The Code is designed to prohibit INGIM internal employees from engaging in personal investment activities which could compete with or may attempt to take advantage of certain planned portfolio transactions and to prevent violations of applicable law. Subject to certain exceptions, such as non-ING managed open-end investment companies, the Code requires INGIM employees to receive pre-clearance from NN Group N.V.'s Corporate Compliance Department before executing personal securities transactions. Dutch employees are required to hold their securities accounts at ING Private Bank, an affiliated bank, to allow NN Group N.V.'s Corporate Compliance Department to receive regularly reports of their personal securities transactions and holdings. In addition, employees are required to certify annually in writing regarding compliance with the Code. The Code also establishes minimum holding periods (purchase and sale or sale and purchase) in the same or related securities, maximum order sizes per trading day and limits the company's employees can invest in to companies that are members of the MSCI World Index and MSCI Emerging Markets Free indices (with a market capitalization of at least €1 billion at the beginning of each calendar month) without checking against clients' (pending) transactions or holdings as they have large capitalization and are less likely to be affected by INGIM's trading. Employees may sell their legacy holdings that are not members of the MSCI World Index and MSCI Emerging Markets Free indices after receiving pre-approval from INGIM Compliance and NN Group N.V.'s Corporate Compliance. These transactions are checked against potential client transactions.

The Code further prohibits employees from purchasing IPOs.

Employees are also required to submit, on a quarterly basis, a summary of their personal securities transactions and on an annual basis, a list of their personal securities holdings. INGIM employees are prohibited from using the influence of their position to obtain a personal trading advantage.

INGIM reports material violations of the Code to certain clients (such as Voya Funds), quarterly. INGIM deems certain violations to be material, such as employees not obtaining pre-approval from NN Group N.V.'s Compliance and/or INGIM Compliance for personal securities transactions, and other violations to be non-material, such as first-time late reportings of personal securities transactions by employees or instances in which the employees were not fully responsible for the violations. For non-material violations, employees may still receive written warnings from INGIM Compliance; however,



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these violations are generally not reported to clients. At year end, material violations are reported to the INGIM Compensation Committee and employees may be penalized through the upcoming variable compensation (i.e., a reduction in the annual bonus).

Employees who are shared with affiliates of INGIM (or vice versa) are required to comply with the policies and procedures of the local ING offices that they are employed by. As such, shared employees are generally not required to comply with INGIM's preclearance, reporting, and certification requirements as long as they are subject to an affiliate's policies and procedures and the INGIM compliance department has access to the books and records of the shared employees' personal securities transactions maintained by our affiliates.

A copy of INGIM's Code is available to clients upon request.

### **Trading by INGIM Affiliates and Employees**

INGIM or its affiliates may give advice and take action with respect to their own investments which may involve the same or similar investments, or alternatively may differ from the advice, timing or nature of action taken with respect to other clients.

INGIM, its affiliates and/or its or their employees may in some cases personally invest in the same securities that are purchased for or recommended to clients, or they may own securities of issuers that are subsequently purchased for or recommended to clients. In some instances, INGIM, its affiliates, or either of their employees may also be investors in the mutual funds subadvised or managed by INGIM or its affiliates. Such funds will generally be treated as client accounts, and are neither given preferential nor inferior treatment versus other client accounts in terms of investment or trade allocations. From time to time, conditions may arise in which shares may be purchased or sold for clients that are already owned by the principals or employees of a broker-dealer affiliate. In order to mitigate this conflict of interest INGIM permits employees to invest only in companies in the MSCI World and MSCI Emerging Markets Free indices (with a market capitalization of at least €1 billion at the beginning of each calendar month) without checking against client transactions as they have large capitalization and are less likely to be affected by INGIM's trading.

INGIM is part of a large, global financial services company and as such there may be numerous proprietary, employee and employee-related accounts with varying differences and considerations such as liquidity needs, realized and unrealized gains and losses, other tax consequences and differing assessments of market conditions; thus investment decisions for some proprietary, employee and employee-related accounts may not always be consistent with decisions made for clients or funds. For the same reasons, investment decisions made on behalf of one client or fund may not always be consistent with investment decisions made on behalf of another client or fund.

Together with its direct affiliates, INGIM manages many funds, accounts and other investment vehicles. INGIM and/or its affiliates may have an economic interest in various accounts. Accounts, funds and other persons advised by INGIM may have different investment objectives or considerations. Decisions as to purchases and sales for each fund or account are made separately and independently in light of their respective objectives and purposes and may differ, depending on the fund or account.

### **Regulatory Restrictions**

The ability of INGIM or its affiliates to effect and/or recommend certain transactions may be restricted by applicable regulatory requirements in the United States and/or other countries or jurisdictions. In particular, activities of INGIM's affiliates involving investment banking, trade financing, substantial investing by our affiliated NN Group insurance companies and other financial services may impose limitations on the advice or recommendations INGIM or its affiliates may give. For instance, our affiliated insurance companies, as advised by affiliated investment advisers, may invest and own more than 5% of the outstanding equity interest or control more than 5% of the voting rights of publicly-traded companies domiciled in Europe for favorable Dutch tax reasons. Because of the relatively large

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holdings in such companies by our affiliated NN Group insurance companies, INGIM could be deemed to be an affiliate of these companies under SEC regulations. INGIM has established policies and procedures to mitigate some of the potential conflicts of interest (e.g., placing one team “behind the wall,” segregating duties and responsibilities, separating reporting lines, etc.) to enable INGIM to invest in these companies for its U.S. client accounts, when our affiliated NN Group insurance companies’ ownership does not exceed a certain threshold in such companies. For clarity, INGIM considers a company to be an affiliate of INGIM when our affiliated insurance companies’ equity ownership exceeds 10% or when they control more than 10% of the voting rights of the company that they invest in, and INGIM will not invest in such company for its U.S. client accounts. Not investing in such companies could have positive or negative performance impact to the U.S. client accounts.

Additionally, in situations where an affiliate of INGIM is involved in an underwriting, selling, or distribution of a company's securities, INGIM or its affiliates may be precluded from purchasing or recommending the purchase of certain securities of the company for clients. However, INGIM may purchase securities for its client accounts, generally from an unaffiliated broker-dealer, during an underwriting or other offering of such securities in the primary market (e.g., IPO or new issue) in which an affiliated broker-dealer is a member of the offering/selling syndicate. The affiliated broker-dealer may be a lead manager, co-manager, placement agent, adviser, or member of the syndicate group. INGIM may not receive fees for effecting this transaction for our client accounts; however, our affiliated broker-dealer may receive management, underwriting, selling concession, and other fees relating to this offering. This could give rise to a conflict of interest or the appearance of a conflict of interest in that our affiliated broker-dealer will profit from such transactions. For SEC-registered investment companies, INGIM will report such transactions (e.g., Rule 10f-3 transaction) to the board of trustees of the investment companies.

The above regulatory restrictions do not apply to non-U.S. clients managed by INGIM as they have their own rules, regulations, and investment guidelines governing the management of their accounts.

### **Compliance Policies and Procedures**

In order to monitor and address any potential conflicts of interest, INGIM has implemented various processes and procedures, including policies governing trading and allocations. These processes and procedures are designed to ensure that all funds and accounts are treated fairly, and that allocations of offerings or investment opportunities among funds and accounts are equitable.

INGIM has numerous other policies designed to address various potential conflicts of interest, such as receipt of gifts or entertainment, personal securities transaction, outside affiliations, and others.

### **Cross Trades**

It is INGIM's policy not to cross any transactions for U.S. client accounts. For non-U.S. client accounts, in certain situations, where in the interests of clients or funds and permitted by law and by the relevant client or fund documents, INGIM may direct one client account or fund to purchase or sell an investment from or to another affiliated or unaffiliated client account or fund. For example, funds and/or accounts following similar investment strategies may need to "rebalance" their portfolios periodically. These “cross trade” transactions will be done only where the portfolio manager can obtain best execution for all parties involved.

### **Gifts, Entertainment and Anti-Bribery**

Our gifts, entertainment and anti-bribery policy outlines what gifts and entertainment are typically appropriate and permissible. Aside from reporting requirements, employees of INGIM must also request approval from their managers and the Compliance Department for offering or receiving gifts and entertainment over certain limits and to certain individuals (e.g., public officials).

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## **Pay-to-Play**

U.S. federal campaign laws prohibit foreign businesses and persons, which include INGIM and its employees, from contributing or engaging in political activities, such as lobbying, in the U.S. Accordingly, INGIM does not contribute to political parties/candidates in the U.S. and prohibits its employees who are not U.S. citizens or “green card holders” from contributing to U.S. political parties/candidates or engaging in political activities. Employees who hold U.S. citizenship or green cards should obtain approval from ING IM Compliance department before making contributions to U.S. state and local political parties/candidates or engage in political activities.

## **Principal Transactions**

In general, INGIM and its affiliates will not, acting as principal, buy securities from or sell securities to U.S. client accounts. However, we reserve the right to engage in such principal transactions where conducted in accordance with Section 206(3) of the Advisers Act and other applicable legal, regulatory and contractual provisions. INGIM and its affiliates may act as principal, buy securities from or sell securities to its non-U.S. client accounts, in accordance with EU regulations and client investment guidelines.

## **Managing Proprietary Capital**

INGIM generally does not manage INGIM proprietary assets; although in some instances, INGIM or its affiliates may be the sole investor in a fund or account that INGIM manages in order to build a track record. INGIM may withdraw capital from a fund or close its account at any time as long as it complies with applicable laws. As noted above in Item 10, INGIM may manage assets for our affiliate, ING Insurance. INGIM may also serve as investment adviser to certain clients where affiliates provide the initial investments.

## **Procedures Governing Material, Non-Public Information**

In the course of its business, INGIM, its affiliates and their respective employees may come into possession of material, non-public information. INGIM and affiliates have adopted written procedures to prevent the use of material non-public information for trading and investment decisions and to minimize any conflict of interest which might otherwise result from such circumstances. Such procedures may require that INGIM and/or its employees be restricted from engaging in transactions in certain securities until such time as INGIM is no longer restricted. For legal, regulatory and other reasons, INGIM may determine to restrict investments in securities or instruments of companies in which a client or an employee of INGIM is an officer or director or with which such person has other material relationships, or where other potential conflicts of interest are present.

## **Privacy Policy**

INGIM does not manage or provide advisory services to individual U.S. client accounts. The policy below applies only to institutional clients.

Other than as required by law (e.g., regulatory audits or requests or audits by external auditors for the clients) we will generally not reveal client or former client information to any unaffiliated third party. In case it is deemed necessary and permitted by law to share client information with any unaffiliated party, INGIM will request permission from its clients. Client and former client information may be shared with our affiliates as necessary to administer, service or otherwise maintain accounts and generally as permitted by law. Below are our terms and conditions to our privacy policy.

### **1. What information may be collected? How could it be used?**

We generally collect and use information about clients and customers in order to deliver quality service to them. Information may be obtained through applications, new account or other forms submitted directly to us or through unaffiliated third parties, transactions with us or our affiliates and meetings between clients and our employees, such as portfolio and/or account managers. This information

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might include a client's name, address, tax ID number, assets, income, credit and investment history or other client-specific information. We collect this information in order to advise clients about our products, services and other opportunities, and to operate our business.

2. Will any of the collected information be disclosed to others?

Other than as required or permitted by law, we will not reveal client or former client information to any unaffiliated third parties unless we have previously informed the client, have provided disclosure to the client or have otherwise been authorized by the client. Client and former client information may be shared with our affiliates as necessary to administer, service or otherwise maintain accounts and generally as permitted by law. The types of persons to whom such information may be disclosed include the employees of INGIM and its related legal entities, agents, sub-advisors, and authorized representatives.

3. How is the collected information protected?

We have several internal controls in place to protect the collected information. We consider the information confidential and proprietary, and as such we restrict access to such information.

4. Will these terms and conditions change in the future?

The terms and conditions above are current as of the date of this brochure, but as circumstances or legal requirements change, INGIM may need to amend these terms and conditions.

## ***Item 12 – Brokerage Practices***

### **Factors in Selecting Broker-Dealers and Counterparties and Executing Orders**

INGIM and its affiliates have a duty to act honestly, fairly, professionally and in the best interests of its clients. When executing orders, INGIM takes all reasonable steps to obtain the best result for its clients. INGIM has a duty to ensure that, when executing transactions directly with other parties, such as broker-dealers, counterparties or intermediaries (collectively "Brokers") it obtains "best execution".

In general, to meet the duty of "best execution", each trader or portfolio manager must ensure the execution of transactions is most favorable under the prevailing circumstances. The concept of best execution is not limited to solely obtaining the best price and lowest transaction costs; the full range of a broker's services, including among others, price, the value of research provided, execution capabilities, speed and likelihood of execution, quality of execution, speed and likelihood of settlement, financial responsibility, administrative resources, size and nature of the order and responsiveness to enhance the overall value of a client account for both short term and long term, may be considered.

Broker selection and evaluation are monitored by the Brokerage and Trading Review Committee and the Enterprise Risk Management Committee (the "Committees"). These committees are organized and governed by INGIM affiliates in The Hague, The Netherlands and oversee trading practices for INGIM as well as its affiliates on a global basis.

A copy of our "best execution policy" is available on our website at:  
<https://www.ingim.com/website/#!/con/INT/en/about/policies>

### **Broker Selection**

The selection procedure described below indicates if and when transactions are executed on the book of a counterparty or if and when transactions are executed (by a broker) on a specific regulated market, multilateral trading platform or other execution venue. The Brokers with whom INGIM and its affiliates do regular business may execute INGIM's orders on regulated markets, on multi-lateral trading facilities (MTF's), with systemic internalisers or on their own book.

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## Approved Broker List

Transactions for an account may be executed only with or through a broker that meets prescribed minimum requirements. The brokers may be affiliated or unaffiliated with INGIM. The approved broker list may include any brokerage firm which the trading desk or portfolio managers believe can add value to the investment management process, subject to a quality check performed by INGIM's Credit Risk Management and Compliance teams working on behalf of INGIM and its affiliates. The Trading team, which is the main trading floor for INGIM and its affiliates' equity trading, is based in The Hague, The Netherlands, and maintains a sub-list of approved/preferred brokers (per type of financial instrument), which are eligible to be selected for a specific trade.

Transactions can be executed by the Trading team with all counterparties of the approved broker list. If a broker is not on the approved broker list, transactions cannot be executed using such broker. However, if a portfolio manager or trader views that, given specific circumstances, it is in a client's best interest that a certain broker is added to the approved broker list, such broker may be added to the list following INGIM's internal application procedure.

## Broker Selection Criteria

INGIM is expected to allocate trades only to Brokers that are included on the approved broker list. In selecting a broker, the Trading team and INGIM, to the extent that INGIM's portfolio managers execute trades, consider a number of factors when deciding on which executing Broker to use.

For each execution of a transaction, a Broker will be selected on the basis of (a selection of) the above mentioned factors. In addition, when selecting the Broker for execution of the trade, ING IM will take into account criteria specific for the transaction, which will include the price and costs, speed and likelihood of execution and settlement of the trade, the size and nature of the order, impact on the market and proprietary risk criteria. Within that context, the client's classification as professional/institutional, characteristics of the order, the relevant financial instruments and execution venues.

Price will generally have a high relative importance in obtaining the best possible result. However, ING IM may nevertheless decide not to execute a trade through such Broker if it, in assessing all other remaining factors, decides that such other factors outweigh the price and costs of the transaction.

## Broker Evaluation

On a semi-annual and global basis, the investment professionals (e.g. portfolio managers, analysts, traders, etc.) rate the approved brokers according to certain criteria (the "Broker Vote"). The execution quality of the Brokers is assessed during the Broker Vote. The results of this evaluation process are reported to the Brokerage Trading and Review Committee. Based on the results of this process, targets are set for each Broker and in certain circumstances, trades can be executed in order to reach these targets if best execution will still be achieved.

Each asset class uses its own sub-list of approved/preferred brokers (the "Broker List") in its own broker evaluation. Each category of investment professionals (Investment Boutiques, Trading team, Management, Corporate Analytics, Middle Office/Trade Support) rate the brokers. The voting process is generally performed online via customized software provided by third party vendor(s) and helps to determine which brokers are used for INGIM's transactions.

For equity instruments, INGIM uses a third party vendor, such as Abel Noser, to measure and evaluate the trading practices. Generally, these vendors analyze the executed price received and transaction costs for historical trades. They generally do not include the qualitative features, such as research or service, offered by the brokers in their analysis. Results from the vendor's analysis may be considered in the voting process described above. For fixed income, foreign exchange and OTC derivatives the hit-ratios of the transactions put in competition may be used to evaluate the trading practices.

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## **Order Execution**

In general, the broker selection process is largely driven by the specific characteristics of the type of financial instruments, their intrinsic characteristics and specific markets. In addition, specific financial instruments (as explained under fixed income and non-listed derivatives paragraphs) may have limited price transparency. As a result, some trades are effected OTC through bilateral negotiations and not through regulated markets or MTF's.

## **Listed Derivatives**

The clearing broker for INGIM has been selected by a request for proposal process, based on service, settlement facilities, price and reporting tools and is appointed for a fixed period. All listed derivatives (i.e. options and futures) are traded by using an execution broker who must have a give up agreement with the clearing broker and INGIM (or specific clients). The execution broker has discretionary power to execute the client order on a regulated market, a MTF, a (system of) internalization or on his own accounts.

## **Equities**

Transactions in equity financial instruments are generally performed by using one of the following methods: algorithmic trading, cash desk trades, or program trades. All types of trades may result in trade execution on a regulated market if such is deemed the most appropriate under the prevailing market circumstances. However, they may also result in an execution outside a regulated market or MTF's, for example by crossing trades by the relevant broker. Cross trading would only occur if allowable under the law and as described in Item 11. INGIM will use its own judgment and experience in determining which method it will use dependent on the specific (market) circumstances and other criteria mentioned above. INGIM will not cross transactions for its U.S. client accounts. In certain situations INGIM and / or its affiliates may execute opposite transactions for their clients with the same counterparty. In case a U.S. client is involved in such transaction INGIM and / or its affiliates will not instruct the counterparty to cross the transactions.

## **Fixed Income**

A relatively large part of the fixed income instruments that are traded have limited price transparency, availability in the market. Fixed income instruments are executed in the primary and secondary market. These instruments are generally traded over-the-counter and on a principal basis.

Small to average size orders in bonds are executed via electronic trading, chat or telephone and can be traded in competition.

Larger size bond orders and orders in illiquid bonds or illiquid markets are typically executed through bilateral negotiations with one broker. This is done in order not to disturb the market and obtain a discrete and quick execution. These brokers can be specialized in these bonds, bond markets or have special abilities in these products or markets. There is often intensive contact between the brokers and INGIM regarding market developments, flows or special demand or offers in the markets.

## **OTC Derivatives and Foreign Exchange (instruments)**

In pursuing best execution, the Trading team and INGIM will take the criteria mentioned above into account as well as other criteria such as quality of the brokers, quality of the legal documentation and agreements with the brokers including any risk criteria and current exposure to the different brokers. Transactions in these instruments are expected to be handled by the Trading team.

Depending on the transparency of pricing and the perceived liquidity of the instruments the orders can be placed in competition. The number of brokers used depends on a number of factors (e.g. size, complexity of the trade, discreteness). Pricing tools and levels quoted by counterparties of INGIM's affiliates (via the Trading team) on trading systems are also used as a reference.



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## Brokerage and Research Services

As noted above, INGIM and the Trading team seek to obtain best execution for portfolio transactions. In certain circumstances, we will be permitted to cause a client account to pay a higher commission than another broker might have charged for research and/or brokerage services. INGIM and its affiliates currently receive a variety of brokerage and research services ("Soft Dollar Services") from various firms, including third parties which provide research or services by or through brokerage firms which INGIM is able to leverage. These services are offered because the brokerage firms receive clients' commissions ("Soft Dollars") for the execution by such brokerage firms of securities transactions for client accounts.

INGIM or its affiliates may establish client commission arrangements—sometimes called "commission sharing arrangements" ("CSA")—with a number of brokers, whereby a broker then will aggregate commission credits from equity transactions, which are then used to pay for research and/or brokerage services from a number of providers. INGIM currently leverages the CSA arrangements of its affiliates with several brokers to obtain research from independent research providers. The use of CSAs allows INGIM to unbundle part of the flow and separate access to research providers. INGIM does not use commissions generated (e.g., through CSA pot) from the U.S. client accounts to pay for research.

The research and brokerage services provided to INGIM are designed to augment internal research and investment management capabilities and may include a wide variety of analyses, reviews, tables, data bases, and reports on such matters as economic and political strategy. Such services may also include research reports on companies, industries, securities, economics and politics; economic and financial data; portfolio and performance analyses; specialized publications and news sources; earnings forecasts; computer databases; quotation services; trading-related services and software; and research-oriented computer software and other services. INGIM and its affiliates may obtain research from 'experts network,' such as GLG, and pay for such research using CSAs (U.S. client accounts are out of scope for this arrangement). There may be occasions where the transaction cost charged by a broker-dealer may be greater than that which another broker-dealer might have charged if INGIM determines in its good faith judgment that the amount of such transaction cost is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer. The quality and quantity of the brokerage and research services received along with the nature and difficulty of specific transactions are considered in seeking best execution. The costs of such brokerage and research services are also considered.

The research and/or brokerage services provided may be used for some or all client accounts managed by INGIM or its affiliates, not just those accounts whose commissions were used to acquire the research products and services. Accordingly, the accounts (including accounts of other affiliates) which provide the brokerage transaction charges for which such services are provided, may not necessarily receive any or all benefit of the services. INGIM periodically monitors the research services received and the brokerage services provided as part of its broker selection procedures. Both Soft Dollars and CSA's present potential conflicts of interest because client accounts may pay higher commission rates than would be charged by broker-dealers not providing research or other services.

By obtaining soft dollar or CSA services, INGIM and the Trading team may benefit by not having to produce or pay for research, products or services; in addition, INGIM and the Trading team may have an incentive to select or recommend a broker-dealer based on receiving research or other services. Best Execution is a subjective matter and INGIM and its relevant affiliates make execution decisions at their sole discretion. As indicated, in addition to price, many factors are evaluated.



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## Aggregation and Allocation

### General Rules

The Trading team and, as applicable, INGIM place trades for client accounts in reliance upon the Trade Aggregation and Allocation Policy of INGIM and its affiliates. The Trade Aggregation and Allocation Policy considers three stages in the trade/investment process which have been identified as containing potential conflicts of interest. These stages are as follows:

- Pre-allocation
- Aggregation of orders
- Allocation of transactions

### Pre-allocation

By placing an order in the relevant portfolio management system, the portfolio manager, who is separate from the Trading team, indicates which clients he/she wants to trade for including the target quantities per client, whereby clients with equal mandates are generally treated equally. The portfolio manager may consider many factors in determining which specific investments are appropriate and suitable for allocation to a client's investment portfolios.

These factors include, but are not limited to:

- The potential investment needs of the portfolios
- The appropriateness of the investment to the portfolio's performance, time horizon, risk objectives and mandate restrictions
- Existing levels of portfolio ownership in the intended investment and in similar types of companies
- The immediate availability of cash in a portfolio to fund an investment
- And amongst others factors, minimum size, round lots, size of the accounts and benchmark

When the Trading team receives the orders, it may aggregate orders for the same security on behalf of multiple clients in a block transaction.

### Aggregation of Orders

In general, orders for the same security with the same trading parameters (e.g. same price limits or other limiting instructions) on behalf of multiple clients are aggregated into a block transaction. Subsequent orders for the same security that are entered during the same trading day may be aggregated with any unfilled portions of orders that may be outstanding at that time. The part of the original order that is already filled (partial fill) will generally be allocated separately from subsequent orders subject to the following criteria: market circumstance, price movement, liquidity, expected price movements, percentage already filled.

### Factors Hindering the Aggregation of Orders

Circumstances in which orders may not be aggregated include but are not limited to:

- When a client account could reasonably be expected to be materially disadvantaged
- When mandatory or regulatory restrictions prevent aggregation of orders (e.g. counterparty restriction, specified cut off time or an order approval requirement)
- When regulatory restrictions prevent or hamper aggregation of orders
- When the orders for the same security have different parameters (e.g. limiting instructions)
- When orders include third party and proprietary portfolios (see below for more detail)

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If orders are not aggregated, client accounts will not receive an average execution price or an average of the transaction costs paid for all similar orders. Instead, transactions may be executed separately and priced accordingly.

### **Aggregation of Third Party and Proprietary Orders**

Orders initiated by or on behalf of proprietary portfolios (e.g., affiliated NN Group insurance portfolios) shall in general not be aggregated with orders for third party portfolios. When such orders are not aggregated, third party orders will generally receive priority over proprietary orders.

An exception may be made for the aggregation of orders for those third party and proprietary portfolios that are managed by the same investment boutique. In this specific case aggregation of orders for third party and proprietary portfolios is generally only allowed when certain conditions are met.

### **Allocation of transactions**

In general, fully or partially executed orders for multiple clients are allocated on a pro rata basis, based on the target quantity.

### **Exceptions to the Trade Aggregation and Allocation Policy**

Generally, the Trading team and INGIM do not act on the basis of specific client instructions to place trades through a specific broker or through a particular type of broker. However, to the extent that INGIM acts on the basis of clients' specific brokerage instructions, such specific instructions may prevent the Trading team and INGIM from taking the steps set out in the Trade Aggregation and Allocation Policy. The Trade Aggregation and Allocation Policy will not apply in case of specific instructions.

In general, INGIM permits clients to establish directed brokerage arrangements if they desire, although INGIM may limit the circumstances under which it will participate in these arrangements. Where a client directs INGIM to execute transactions for its account through designated broker-dealers, the client is responsible for ensuring that (1) all services or rebated commissions provided by the designated broker-dealers will inure solely to the benefit of the client's account and any beneficiaries of the account, are proper and permissible expenses of the account, and may properly be provided in consideration for brokerage commissions or other remuneration paid to the designated broker-dealers, (2) using the designated broker-dealers in the manner directed is in the best interests of the client's account and any beneficiaries of the account, taking into consideration the services provided by the designated broker-dealers, (3) its directions will not conflict with any obligations persons acting for the client's account may have to the account, its beneficiaries or any third parties, and (4) persons acting for the client's account have the requisite power and authority to provide the directions on behalf of the account and have obtained all consents, approvals or authorizations that may be required under applicable law or instruments governing the account.

In addition to the aforementioned, the Best Execution Policy will generally not apply to transactions with respect to highly customized financial products, which are tailored to circumstances specific for a client and its account or if a transaction, regards a financial instrument relating to one particular execution venue only.

Other exceptions to the Trade Aggregation and Allocation Policy apply in the case of partially filled orders. The following deviations from the standard allocation method may be permitted if INGIM or the Trading team determines in its sole discretion that clients would not be materially negatively impacted:

- Random Trade Allocation- trades may be randomly allocated among accounts in an allocation by using a trading program which randomly allocates among the participating accounts.

- Rotation— all accounts of a similar type may be placed on a list and a partially filled order is allocated starting from the top of the list. On the next order for a different security, the order is filled beginning with the next in line on the list.
- Non-pro rata allocation may be allowed for the following reasons:
  - Potential investment needs of the clients (e.g. weight in issuer, region, industry, etc. is above/below the average of clients with similar mandates, participating in the same order, or cash level is above/below the average of clients with similar mandates, participating in the same order)
  - Security trading / market rules (e.g. round lot requirements, minimum order size requirements, incremental amounts, or unobtainable order sizes)
  - Appropriateness of the investment to the client(s) portfolio, based on the benchmark, risk objectives, etc
  - Immediately required cash availability due to outflows
  - In order to avoid a mandatory or regulatory breach
  - Other exceptions.

### **Allocation of Third Party and Proprietary Orders**

Aggregated orders for both third party and proprietary portfolios which are partially filled will be allocated to third party first unless certain conditions are met as required by Dutch securities regulations. In such cases, pro rata allocation is generally only permitted if the third party client could not have been executed or would not have received the same favorable conditions had the order not been aggregated (e.g. some new issues).

### **Program Trading for Equity Securities**

Periodically, the Trading team may effect program trades so that the portfolio managers can rebalance multiple accounts. The rebalancing may require the buying and/or selling of numerous securities, generally stocks, in an account to bring the positions to a desired level. Program trading can also be used to initiate trades to adjust for cash inflows or outflows from multiple accounts. The orders from one or more portfolio managers for all stocks and accounts involved can be combined to make a program trade and sent to a broker. A program trade contains a basket of different stocks with specific execution instructions (i.e., volume weighted average price). The primary advantages of placing program trades are lower transaction costs and efficiency in handling multiple orders.

Program trading may give the appearance that the Trading team may be engaging in cross trading, particularly when the same portfolio manager(s) initiates the rebalancing program trade for different accounts on the same day and the trader(s) places the orders with the same broker-dealer. In any program trade, one account may be selling a security while another account may be purchasing the same security on the same day through the same broker, or sometimes, a different broker. When the trades are placed with one broker, the broker may on its own, or on the request of INGIM, net the buy and sell orders for ease of settlement. This netting process could result in the same execution price for accounts that are selling and accounts that are buying. Although the broker is netting the positions, it will still assess commission charges for all accounts involved.

### **Initial Public Offerings**

The Trading team treats initial public offerings ("IPOs") in accordance with its Trade Aggregation and Allocation Policy. In general, allocations of IPOs and other public offerings are made on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate and suitable. Where the portfolio managers determine that the security will likely not be sold in the near term, managers of accounts receiving IPO's may determine to sell the securities on the secondary market (thereby realizing gains) and subsequently purchase them for a broader universe of accounts or, where and when permitted, "cross" them with other managed accounts. IPO's may be restricted to certain funds or accounts based on their investment objectives, investment restrictions or trading strategies. Portfolio managers may also determine that based upon their understanding of the clients' investment parameters, certain transactions in IPO's may be

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inappropriate for their clients. Funds or accounts which are not prohibited from purchasing and/or selling IPO's may participate in such transactions if to do so would be consistent with their historical or expected trading patterns. Subject to investment restrictions, IPO's will generally be allocated on a pro-rata basis to all eligible, participating funds or accounts based on the asset size of each participating fund or account unless quantities available are too small to be allocated pro-rata. As a result, certain client accounts of INGIM and its affiliates may have greater opportunities than others to invest in IPOs. Funds or accounts with an investment policy or style that emphasizes investment in a specific category of securities may be given priority over other clients in allocating such securities. In addition, managers' relationships with the underwriters, brokerage commissions generated, and analysis and commitment to the security may also be factors in allocation decisions.

INGIM and its affiliates may sell an IPO or a new issue immediately after. Generally, the decision to sell rests with the portfolio manager, who determines that it is in the best financial interest of the account. However, such sales may cause the portfolio turnover rate for client accounts to increase significantly and may incur tax consequences for the client.

### **Directed Brokerage**

*See "Exceptions to the Trade Aggregation and Allocation Policy" in this section for additional information.*

### **Commission Recapture**

Clients may implement brokerage commission recapture programs, with certain brokers to receive discounts, rebates, reimbursements, or other financial benefits. In these instances, the client may request INGIM trades be placed with the brokers with whom they have arrangement(s). Such requests may be honored if the arrangement(s) does not financially disadvantage other accounts. If it reasonably expects that other accounts will be materially disadvantaged the request may be denied.

### **Trading by Affiliates**

Trading activities may be conducted by an affiliated investment adviser located in Asia or Europe. Likewise, INGIM may place trades on behalf of affiliated investment advisers. For instance, INGIM may place trade orders for affiliated insurance clients or unaffiliated clients managed by ING Fund Management B.V. or another affiliate. Depending upon the intended strategy and market conditions, allocations and investment decisions may be made across multiple trading desks in a manner deemed most favorable by the portfolio managers or traders at that location. For instance, a trader working for an affiliated investment adviser in Europe may aggregate several trade orders that could include orders for clients of INGIM as well as clients of the affiliated investment advisers. As a result, a block trade may include trades for accounts that are not managed by INGIM. The purpose for INGIM and its affiliated investment advisers is to use affiliated trading desks and personnel to leverage expertise and skills. Location of the relevant market is also a critical factor.

### **Errors**

On occasion, an error may be made in an account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, INGIM generally will seek to rectify the error by placing the account in a similar position as if the erroneous transaction had not occurred. Depending on the circumstances and subject to applicable legal and contractual requirements, various corrective steps may be taken, including, among others, cancelling the trade, correcting an allocation, reimbursing the account for realized or actual losses, or taking the trade onto our affiliate's error account. Generally, INGIM and its affiliates will not reimburse clients for opportunity, indirect, or hypothetical losses. Unless directed by clients to do otherwise, INGIM will also not reimburse for a loss of less than €500 per client account. This is to avoid unnecessary accounting and operational work for INGIM, client's custodians, and accountants.

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The error account will be utilized in most instances when trade errors are detected before they have settled. The error account was setup to take erroneous trades that have yet to settle so that there would be no realized gains or losses in the client accounts. The error account may have a positive (financial gain for the error account and INGIM and its affiliates) and negative (financial loss for the error account and INGIM and its affiliates) impact as a result of trade errors. Once the trade has settled in an account, the other corrective steps mentioned above would have to be evaluated on a case-by-case basis. However, if the client account experiences a gain from a trade error that has settled, INGIM proposes to the client to keep the gain.

### **Passive Breaches**

In the event that the investment limits and constraints will be exceeded as a result of market appreciation, which are commonly referred to as “passive breaches,” INGIM will make the necessary adjustments, taking into account the liquidity of the market and the financial impact on the account, to bring the account within the investment limits and constraints. INGIM will generally not reimburse clients for passive breaches or report them to clients unless clients request us to do so pursuant to the written advisory agreement.

### **Errors Caused by Third Parties**

INGIM will not be responsible and will not reimburse for errors and/or losses to client accounts that occur where INGIM has used its best efforts to execute trades in a timely and efficient manner. INGIM is not responsible for trades that are not properly executed by any clearing firm, broker-dealers, custodians, mutual fund company, or insurance company, when an order has been properly submitted by INGIM. For instance, when a custodian fails to act in accordance with instructions provided by INGIM or client or when a trade or some portion of a trade is not effected or an electronic “glitch” occurs which results in the client account not being traded at the same time or at the same price as others, and such occurrence is not a result of INGIM’s failure to execute or follow its trade procedures, the resulting loss will not be reimbursed by INGIM.

INGIM will also not be responsible for errors caused by services provided by or market data purchased from third party.

For incidents in which INGIM and a third party are both responsible, INGIM may wish to reimburse its client for the total amount (for business relationship reasons) and then seek contribution from the third party afterwards.

### ***Item 13 –Review of Accounts***

Generally, the primary responsibility for the investment management services provided to each client or fund resides with the portfolio managers who are assigned to manage that client's account or fund. Portfolio managers are responsible for the appropriateness of the investments pursuant to the account's or fund's investment objectives, guidelines and restrictions.

INGIM's investment teams are generally organized as global investment boutiques. Each boutique is headed by one or more lead portfolio managers. In addition to the lead portfolio manager(s), the group may consist of other portfolio managers, traders, and analysts, who could be based in the U.S., Europe, or Asia. The lead portfolio manager is responsible for establishing and implementing the overall investment strategy that the other members of the group will effect. The number of accounts assigned to each portfolio manager will vary according to the size and complexity of the accounts. In general, portfolios are reviewed by the traders, investment teams and/or lead portfolio managers. The number of accounts reviewed by each reviewer varies depending upon the nature and size of the accounts under management.

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## **Client Reports**

INGIM periodically furnishes reports to clients, as agreed upon in the advisory agreement and/or required by applicable law. These reports may contain information regarding their portfolio assets, positions, costs, valuation, performance, transactions and narrative information about the investments, market and economic conditions. With respect to registered investment companies and other regulated investment vehicles, investors are typically provided with reports as required by applicable law. Clients may also receive monthly statements and confirmations of transactions from the custodian bank for the clients' accounts.

### ***Item 14 –Client Referrals and Other Compensation***

#### **Additional Compensation**

From time to time, INGIM or its affiliates may have referral or solicitation arrangements with affiliated and non-affiliated persons or entities from which INGIM or its affiliates may receive or to which INGIM and its affiliates may pay compensation for the referral of business. Generally, any such arrangements for U.S. clients are pursuant to agreements consistent with Rule 206(4)-3 under the Advisers Act. These arrangements may raise potential conflicts of interest insofar as because the person providing the referral or solicitation is either an affiliate of INGIM or is otherwise being compensated and, therefore, may not be objective. Disclosures of the arrangement or affiliation are made to the client and the client does not bear the cost of referral fees or solicitation fees which may vary on a case-by-case basis.

Further, INGIM or its affiliates may participate in conferences and other functions sponsored by consultants and may purchase research or other services from such consultants. From time to time, these consultants may recommend INGIM or affiliates to clients. These recommendations are not based on, or related to, the purchase of research or services, or the participation in conferences or other functions.

### ***Item 15 –Custody***

INGIM generally does not have custody of its U.S. clients' funds or securities. However, when our clients permit us to deduct our advisory fees directly from their custodial accounts, the SEC may deem us to have custody over the assets in the account. Such clients should receive account statements from directly the custodial bank, broker-dealer, or other qualified custodian at least quarterly and should review them carefully.

Affiliated entities within the ING Investment Management organisation do have custody or constructive custody of affiliated European regulated mutual funds, for which INGIM is the sub advisor.

#### **Review of Custodial Statements**

Our clients should receive at least quarterly statements from the broker-dealers, banks or other qualified custodians that hold and maintain clients' investment assets. INGIM urges clients to carefully review such statements and compare such official custodial records to the account statements that INGIM may provide and inform INGIM as soon as possible of any discrepancies. INGIM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities so clients are advised to contact INGIM and their custodians with questions.



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### ***Item 16 –Investment Discretion***

INGIM typically receives complete discretionary authority from the client at the outset of an advisory relationship through an investment management agreement or other documents to select the identity and amount of securities to be bought and sold, select the broker-dealers and other service providers that will service and support the operation of the account, execute trades on behalf of the client and generally engage in all activities that are essential or incidental to the investment management services INGIM provides. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account or fund. While INGIM generally does not select other advisers for clients, as part of asset allocation or similar products it may do so; in addition, as part of these products, INGIM may select funds or investment vehicles that are advised or sub-advised by other entities. Generally, these consist of money market funds or exchange traded funds (ETFs). These investment companies will have their own fees and expenses that are in addition to INGIM's advisory fees. Our clients will bear the cost associated with investing in these investment companies.

In managing its clients' accounts, INGIM observes the investment policies, limitations and restrictions of the clients for which it advises. In the event that the investment limits and constraints are exceeded as a result of market appreciation, INGIM shall make the necessary adjustments, taking into account the liquidity of the market and the financial impact on the account, to bring the account within the investment limits and constraints. INGIM's authority to manage the accounts may also be limited by securities, tax and other applicable laws. Investment guidelines and restrictions must be provided to INGIM in writing.

For those clients who so desire and entirely at their discretion and choice, INGIM's ultimate parent entity—ING Groep, N.V. – has developed the ING Defense policy which restricts investments in certain firms involved in certain aspects of the defense or weapons industry. Likewise, ING Groep, N.V. also has developed other investment policies that take Environment, Social and Governance ("ESG") factors into account; as with the ING Defence policy, these policies are entirely at a client's discretion. Additional information about these policies can be obtained from INGIM upon request.

### ***Item 17 – Voting Client Securities***

INGIM currently does not vote proxies for its clients, because the relevant clients have chosen to vote proxies themselves. However, as part of the investment management services INGIM provides to the Voya Funds funds, INGIM may be asked to provide advice on proposed corporate actions for company securities in which the Voya Funds funds are the beneficial owners. Voya Investments, LLC holds the proxy voting authority, but may seek advice from INGIM's portfolio managers regarding the proxy votes. INGIM is committed to managing the Voya Funds funds' assets in their best interests. Accordingly, in advising such proxies, INGIM will act prudently, taking into consideration those factors that may affect the value of the security and will vote proxies and make decisions in a manner which, in its opinion, will add economic value to Voya Funds funds' investments over the long term.

When INGIM is required to vote proxies by its clients, INGIM may join our affiliates' proxy voting committee to increase its influence and reduce operational costs and complexity. Our affiliates have established a committee to oversee its proxy voting for its Benelux and Luxembourg-based mutual funds. The affiliates have hired Institutional Shareholder Services (ISS) to help them vote proxies.

The proxy voting policies of INGIM's affiliates can be found at:  
<https://www.ingim.com/con/INT/en/about/voting-policy>  
<https://www.ingim.com/website/#!/con/INT/en/about/Voting%20policy>

### **Corporate Actions**

From time to time, INGIM may need to make decisions with respect to various types of corporate actions (e.g., tender offers, restructurings, waivers of covenants, etc.) on behalf of client accounts.



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These situations are often highly fact-specific and can occur in all types of portfolios, such as fixed income strategies.

### **Class actions and Litigation**

As a general matter, a client account's custodian, rather than INGIM, is responsible for filing class action claims. INGIM generally does not commence or pursue litigation on behalf of clients. Any recoveries achieved from these activities inure to the benefit of, and expenses incurred in these efforts are borne by, those accounts holding the investments.

### ***Item 18 – Financial Information***

INGIM is required in this Item to provide clients with certain material financial information or disclosures about its financial condition. To the best of our knowledge and belief, INGIM has no financial commitment that is reasonably likely to materially adversely affect its ability to provide investment management services to its clients, and has not been the subject of a bankruptcy petition.