



MARCH 2015

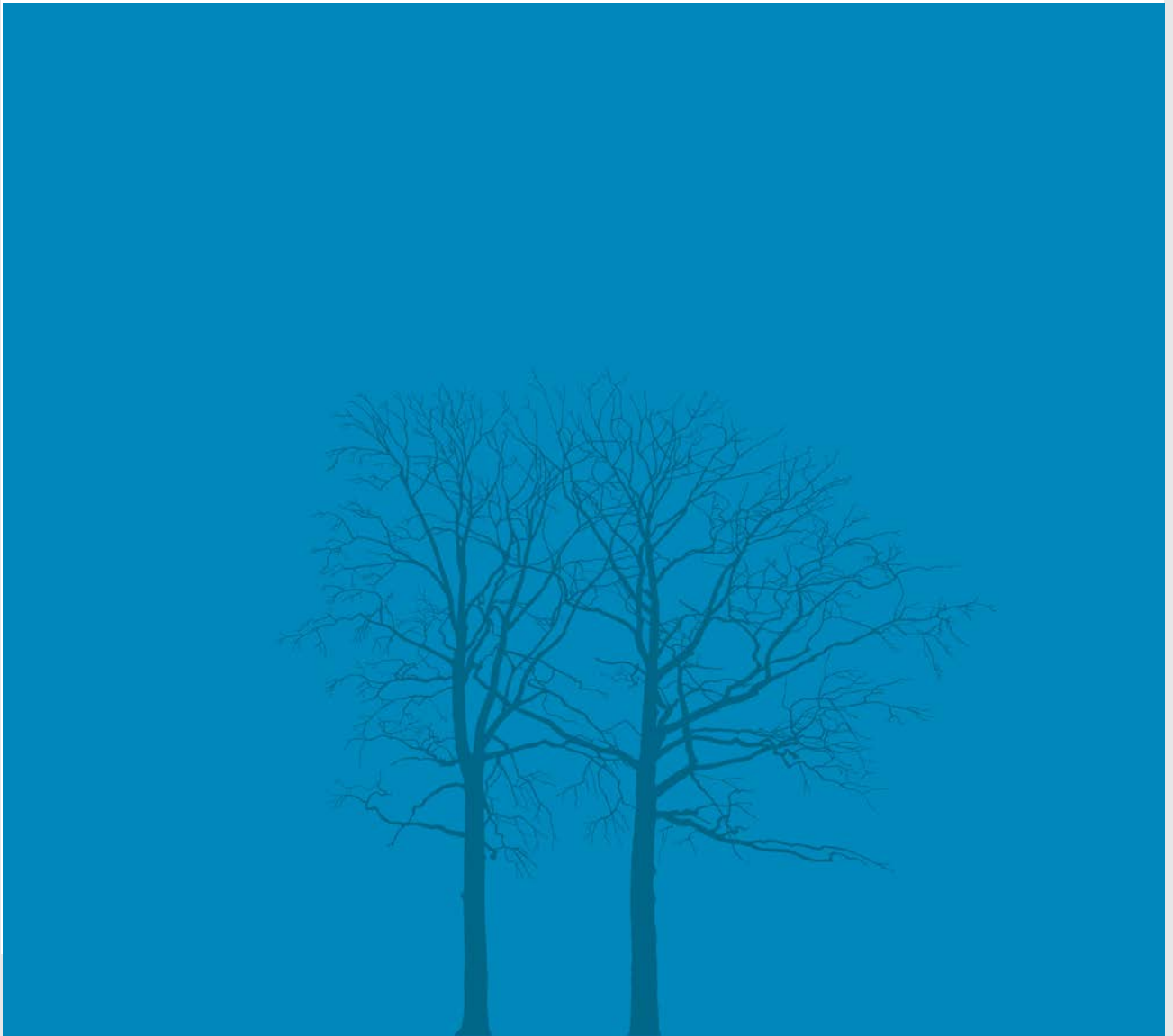
LEGAL & GENERAL INVESTMENT MANAGEMENT AMERICA, INC.

## Brochure / Form ADV 2A

CRD No. 149156 | SEC File No. 801-69862

March 3, 2015

### Legal & General Investment Management America, Inc.



Legal & General Investment Management America, Inc.  
71 South Wacker Drive Suite 800 Chicago, Illinois 60606  
(312) 585-0300  
[www.lgima.com](http://www.lgima.com)





**This page should be left blank.**

## Introduction

Legal & General Investment Management America, Inc. ("LGIMA") is an investment adviser registered with the Securities and Exchange Commission ("SEC"). This brochure provides information about the qualifications and business practices of LGIMA and constitutes our Form ADV Part 2A. If you have any questions about the contents of this brochure, please contact us at (312) 585-0363 or e-mail [lawrence.griffin@lgima.com](mailto:lawrence.griffin@lgima.com).

**The information in this brochure has not been approved or verified by the SEC or any state or foreign securities authority. Registration does not imply that LGIMA, or its associates, have attained a certain level of skill or training. We encourage you to visit the SEC's Investment Adviser Public Disclosure ("IAPD") for more information about LGIMA. The IAPD web address is [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2 – Material Changes

This brochure was last updated on January 12, 2015, and is being updated again this March 3, 2015, as part of the Annual Amendment filing requirement. The only material changes to this brochure from the last brochure filed on January 12, 2015 consist of disclosing additional sub-advisory relationships in Item 4.B.5, further disclosures in Item 10, under the section entitled, "Activities with LGIM(H), LGIMUS(H) and their subsidiaries" and Items 12.A. and B. to include a further discussion of equity trade monitoring and evaluation, and best execution.



### Item 3 – Table of Contents

Introduction.....	1
Item 2 – Material Changes.....	1
Item 3 – Table of Contents .....	2
Item 4 – Advisory Business .....	3
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Item 9 – Disciplinary Information .....	7
Item 10 – Other Financial Industry Activities and Affiliations.....	7
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Item 12 – Brokerage and Trading Practices .....	10
Item 13 – Review of Accounts .....	13
Item 14 – Client Referrals and Other Compensation.....	13
Item 15 – Custody.....	13
Item 16 – Investment Discretion .....	14
Item 17 – Voting Client Securities.....	14
Item 18 – Financial Information.....	14

## Item 4 – Advisory Business

### A. Description of the Advisory Firm

LGIMA is a company incorporated under the laws of the State of Delaware. LGIMA is registered with the Securities Exchange Commission (SEC), both the Ontario Securities Commission (OSC) and the Quebec Financial Markets Authority (FMA), and the Commodity Futures Trading Commission (“CFTC”), and is a member of the National Futures Association (“NFA”). LGIMA is a wholly owned subsidiary of Legal & General Investment Management United States (Holdings), Inc. (“LGIMUS(H)”), a Delaware corporation and subsidiary of Legal & General Investment Management (Holdings) Ltd. (“LGIM(H)”), a company incorporated under the laws of England and Wales. LGIMA is an affiliate of Legal & General Investment Management Ltd. (“LGIM”), a London-based adviser authorized and regulated by the UK Financial Conduct Authority. LGIMA is also an affiliate of LGIM International Ltd. (“LGIMI”), a London-based adviser authorized and regulated by the UK Financial Conduct Authority and registered with the SEC. LGIMI is also a subsidiary of LGIM(H). LGIM(H) is a wholly owned subsidiary of Legal & General Group PLC (“Legal & General”), a publicly-traded company in the UK. Global Index Advisors, Inc. (“GIA”) is a Delaware corporation, a subsidiary of LGIMUS(H), and an affiliate of LGIMA. These relationships are discussed further in Item 10.

### B. Types of Advisory Services

We provide investment management services on a fully discretionary basis to our clients. We offer these services to clients through (i) separately managed accounts; (ii) as an adviser to six Private Funds (as defined below in Section 4); (iii) as a sub-adviser to two SEC registered investment companies; and (iv) as a sub-adviser to other advisers and their institutional clients, funds, and platforms. Our investment strategies are described below in Item 8. Our offerings are as follows.

#### 1. Active fixed income strategies

Our active fixed income strategies are:

- Long Duration (“LD”) Credit
- Liability-Aware LD Credit
- Long Government/Credit
- Liability-Aware Long Government/Credit
- Intermediate Duration (“ID”) Credit
- U.S. Credit
- U.S. Corporate
- LD U.S. Corporate
- Absolute return
- High Yield (“HY”) (which may involve sub-advisory arrangements between LGIMA and LGIMI)

#### 2. Liability driven investment strategies

We offer liability driven investment (“LDI”) management services which can be supported by our affiliate, LGIM, under the terms of a participating affiliate agreement (“PAA”). The PAA is structured based on provisions of no-action letters issued by the SEC Staff. The types of support provided by LGIM include the design of LDI investment programs and the development and maintenance of asset-liability risk

management tools. This arrangement is discussed further in Item 10. LDI management services can include derivatives management, treasury management, completion management, and funding ratio monitoring.

#### 3. Passive index tracking strategies

We offer Passive index tracking investment strategies through separately managed accounts and through a sub-advisory relationship with our affiliate, LGIMI. LGIMI may use the services of LGIM to assist it in delivering its advisory services, under the terms of a participating affiliate agreement between LGIMI and LGIM. This arrangement is discussed further in Item 10.

#### 4. Adviser to Private Funds

We are the manager and investment adviser of six private investment funds which are organized as Delaware limited liability companies and exempted from the definition of “Investment Company” under Section 3(c)(7) of the investment Company Act of 1940 (“Private Funds”). The Private Funds are: LGIMA Long Duration US Credit Fund, LLC; LGIMA Canada LDI Fund, LLC; LGIMA Liability Aware Long Duration US Credit Fund, LLC; LGIMA Long Duration US Government/Credit Fund, LLC; LGIMA Treasury 15+ STRIPS Fund, LLC; and LGIMA US Credit Fund, LLC. Any reference to the Private Funds within this brochure is for informational purposes only and is intended to address required disclosures about our business practices and the conflicts associated with managing the Private Funds. Only qualified investors are able to invest in these funds and they should read that fund’s confidential private placement memorandum before doing so. No reference within this brochure should be viewed as an offer to sell or an offer to buy an interest in the Private Funds.

#### 5. Sub-adviser to the adviser of SEC Registered Investment Companies and to other advisors and their institutional clients, funds, or platforms.

LGIMA serves as a sub-adviser to an unaffiliated investment adviser, SEI Investments Management Corporation (“SEI”), and to other registered investment advisers and their underlying institutional clients, or funds, or platforms. SEI is the investment adviser to SEI Institutional Investments Trust (“Trust”), an open-end management investment company registered with the SEC under the Investment Company Act of 1940. The Trust is a mutual fund family that offers shares in separate registered open-end investment companies, or mutual funds. We provide sub-advisory services to SEI in relation to the SEI Institutional Investments Trust – Long Duration Fund and Long Duration Corporate Bond Fund (“Mutual Funds”). The strategy, focus, fees, risks and other information concerning the Mutual Funds is as described in each fund’s current Prospectus.

### C. Client Tailored Services and Client Imposed Restrictions

At the start of a client relationship, we and our client agree upon the investment objectives and appropriate levels of risk, and/or restrictions on investments. These are set forth in an investment management agreement (“IMA”). Under the IMA, we assume discretionary responsibility for the day-to-day management and investment of all securities, cash and other investment instruments agreed upon with the client, unless the client opts for an index strategy, in which case the client’s assets devoted to this strategy may

be managed by LGIMI and/or LGIMA. Based upon the client's instructions, we define the asset mix that we determine to be most likely to achieve the investment objectives, select investments, execute transactions, and manage the client's assets.

The services we provide SEI are established in an Investment Sub-Advisory Agreement between ourselves and SEI.

#### D. Participation in Wrap Fee Program

We do not participate in any Wrap Fee programs.

#### E. Amounts Under Management

As of January 31, 2015, the most recent date for which calculations are available, we manage the following assets.

Discretionary Assets: **\$110,577,030,177**

Non-Discretionary Assets: 0

**Total: \$110,577,030,017**

### Item 5 – Fees and Compensation

#### A. How we are compensated for Advisory Services

Fees are subject to negotiation. The negotiation of fees may result in similarly situated clients paying different fees for comparable advisory services.

We generally charge a fee expressed as a percentage of the total value of the assets that we manage ("AUM"), generally determined at the end of each month (or quarter), though we may also charge a fixed-based fee. The fees we charge vary based on the investment strategy employed and other factors. There will be a minimum initial investment, or, in the case of an LDI strategy, a minimum fee required. The minimum initial investment will vary depending on the client's desired investment strategy, but will generally be \$100 million or more for segregated mandates.

We offer reduced fees to affiliates that provide us with assets to manage, and may offer reduced fees to certain large or strategic investors.

Our basic fee structure is as follows:

**Figures below represent basis points of AUM**

##### 1. Credit Strategy Fee\* Schedule (minimum AUM: \$100M):

First \$100MM	30
Next \$150MM	25
Next \$250MM	20
Thereafter (\$500MM+)	15

\*Customized/Liability Aware Long Duration Credit, +5bps

#### 2. LDI Strategy Fee Schedule

##### Derivative Management Fees (minimum fee: \$100K):

First \$100MM	12
Next \$400MM	9
Next \$500MM	7
Above \$1B	4

##### Treasury Management Fees (minimum AUM: \$100M):

First \$100MM	17
Next \$400MM	15
Next \$500MM	12
Above \$1b	9

##### Completion Management Fee Schedule

- Liability Hedge Management Fees\* (minimum fee: \$100K):

First \$250MM	5
Next \$250MM	3
Next \$500MM	2
Thereafter	1

\*Fees on Total Plan Assets

- Funding Ratio Monitoring Fees\* (minimum fee: \$50K):

First \$250MM	3
Next \$250MM	2
Next \$500MM	1
Thereafter	0.5

\*Fees on Total Plan Assets

#### 3. Index Strategy Fee Schedule

For clients who choose an index strategy, the fees range from 1 basis points (0.01%) to 25 basis points (0.25%).

Where appropriate, the client pays us that fee and we, in turn, pay a portion of our fee to LGIMI. In instances where LGIMI has sub-advised the management of an index strategy to LGIMA, LGIMA will receive a portion of LGIMI's fees pursuant to its sub-advisory agreement with LGIMI.

## B. Payment of Fees

Fees are generally payable monthly or quarterly in arrears, according to the terms of the IMA.

## C. Clients Are Responsible for Third-Party Fees

Our fees are exclusive of brokerage commissions, “spreads,” transaction fees and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other service providers, such as 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.

## D. Prepayment of Fees

We do not require the prepayment of fees.

## E. Outside Incentives for Recommendations of Securities

We do not accept any compensation from third parties for the sale of securities. All compensation received by us comes from our clients.

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

We do not have any performance-based fee arrangements with our clients. We also do not engage in side-by-side management, except to the extent that we serve as manager to the Private Funds and Mutual Funds and to the extent that we invest in commercial paper as described in Item 10 and 11.B.

## Item 7 – Types of Clients

Our clients generally are affiliated and non-affiliated institutional investors, including private pension plans and pension funds, certain of which are subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). We also provide discretionary investment management services to the Private Funds, to insurance companies, to the adviser of the Mutual Funds and to other advisers and their institutional clients and platforms, to public plans, and to university endowments.

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

For our actively managed strategies, our research, portfolio management activities, and investment decisions, are a joint responsibility of our Portfolio Management and Credit Research Teams.

### A. Methods of Analysis and Investment Strategy

Portfolio construction for clients wishing to pursue an active fixed income strategy begins with consideration of the client’s investment objectives with respect to risk and potential returns. Once this occurs, the client’s portfolio is grouped into a composite with those of other clients, if any, with similar investment objectives, guidelines,

restrictions and benchmarks. This process helps the Portfolio Management Team define the universe of acceptable securities to be considered for investment. Assets are purchased on the basis of and subject to the investment objectives and restrictions in the client’s IMA. The IMA stipulates the allowable types of investments and permissible ratings, concentrations and restrictions. We review the IMA to ensure that we understand what we can and cannot do. We maintain communication with clients to ensure that we process properly and timely every change to the IMA, including investment objectives and restrictions. Every decision to buy or sell is taken within the parameters of the investment objectives and restrictions.

Investment decisions with respect to issuer and specific bond exposures are a joint responsibility of our two teams, the Portfolio Management and the Credit Research Teams. The Credit Research Team specializes in different sectors, industries, and asset classes. The analysts in the Credit Research Team review financial results, management strategy, asset protection, covenants, collateral and relative valuations, and other factors, in formulating their recommendations. The Credit Research Team analysts and Portfolio Management Team members stay in constant communication about changes in research opinions and market dynamics. Portfolio managers regularly consult with the Credit Research Team when considering transactions.

The securities and instruments in which we invest on behalf of clients include corporate bonds, preferred stock, municipal securities, sovereign debt, treasury debt, agency debt, credit derivatives, interest rate derivatives, money market instruments, commercial paper, asset backed securities (ABS) of all types, including asset-backed commercial paper, credit card ABS, auto ABS, student loan ABS, commercial mortgage ABS and residential mortgage ABS (agency, non-agency, subprime, Alt-A), futures contracts, swaps and other derivative instruments, and certificates of deposit.

Clients wishing to pursue an LDI strategy will deal in all instances with our LDI Solutions Team in crafting a pension solution, but it should be noted that the Associated Persons of our affiliate, LGIM, may be involved in providing such services – at all times through us and not directly to our clients. See Item 10.

For clients wishing to pursue a passive index strategy, their assets will be managed by LGIMA and LGIMI. Here, the product focus is on segregated portfolios of equity index tracking investments, principally non-U.S. (tracking MSCI and/or FTSE indices or similar) and U.S. domestic (tracking S&P and/or Russell indices or similar). LGIMA and LGIMI, through a sub-advisory agreement, will manage client portfolios for this strategy, and will offer bond tracking investments, to the extent that these are required. All investments will be managed on a discretionary basis. Investment managers will have the discretion to invest in shares (ordinary and preferred), depositary receipts (both American and Global), warrants, collective investment schemes, convertibles, government bonds, Eurobonds, commercial paper, certificates of deposit and exchange traded futures and options (both single stock and index). These will be traded on those venues and with those counterparties judged to give best execution. There will be no OTC derivatives other than foreign exchange trades used for hedging purposes.

**“Investing in securities involves risk of loss that clients should be prepared to bear.”**

## B. Material Risks Involved

**General Investment Risks:** All investors bear certain risks when investing their money, regardless of the asset class, sector or instrument chosen. Securities or other financial instruments may fluctuate in value or lose value or may expose a client account to counterparty risks. While we seek to manage such risks, there can be no guarantee that we will be successful or that you will not suffer losses.

**Fixed Income Market Risk:** Fixed income securities' values generally increase or decrease based on changes in interest rates. If interest rates increase, the value of fixed income securities is highly likely to decline. On the other hand, if rates fall, the value of the fixed income securities is highly likely to increase. The longer a fixed income instrument's duration, the greater the impact a change in interest rates can have on its price.

## C. Risks of Specific Securities Utilized

### Fixed Income Securities in Credit and LDI Strategies:

**Call Risk, Prepayment Risk:** A callable fixed income security allows the issuer to call, or repay, the security early. Declining interest rates may accelerate the redemption of a callable security, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. For, particularly, mortgage-backed securities, the risk exists that declining interest rates or a strong housing market will cause mortgage holders to refinance or otherwise repay their loans sooner than expected and thereby create an early return of principal to holders of the loans.

**Credit Risk:** Fixed income securities carry the risk of default and/or downgrades over time. If an issuer defaults, it would be unable to pay scheduled interest and principal payments. Thus, an investor who experiences a default is highly likely to experience a loss in value. Fixed income securities can also be subject to a decline in credit ratings. As these ratings are one of the bases the market uses to price risk, a decline in the credit rating often leads to a decline in the market value of the security.

**Issuer Risk:** The value of a fixed income security may decline because of negative events or circumstances that directly relate to conditions at the issuer, its affiliates, or to any entity providing it credit support.

**Asset-Backed Securities:** Asset-backed securities may decline in value when defaults on the underlying assets (e.g. mortgages, student loans etc.) occur and these securities may exhibit increased volatility in periods of changing interest rates. When interest rates decline, the resulting prepayment of mortgages or assets underlying such securities may result in diminished returns.

**Convertible Bonds:** Convertible bonds are subject to risk of loss due to changes in interest rates and credit quality, and are further subject to the risk that the underlying equity will lose value, affecting the price of the bond. Falling equity prices will generally exert a negative influence on convertible bond prices, while rising equity prices are a positive factor.

**High Yield Risk:** Issuers of high yield bonds are typically of a lower credit rating, which will make them more sensitive to market fluctuations and credit risk in a shorter period of time than those of a higher quality rating. Due to the liquidity risk of high yield bonds, a portfolio may not be able to dispose of a bond at a favorable price or prior to a default, which may impact the portfolio. Typically, these bonds are unsecured or possibly subordinated debt of a company, and therefore, a client may be at risk of losing a large portion or its entire investment in the case of a default.

**Derivatives:** We invest on behalf of our clients in both exchange-traded and over-the-counter derivatives (both cleared and non-cleared), including, but not limited to, futures, options, forwards, swaps, and swaptions, primarily for hedging purposes. These instruments can be highly volatile, illiquid and expose clients to a risk of loss and a risk that changes in the value of a derivative held by the strategy will not correlate with the underlying instruments of the strategies of other investments. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Over-the-counter derivatives also involve counterparty solvency risk and the risk that a buyer may not be able to be found, given the lack of an exchange market.

**Counterparty Risk:** Fixed income securities and derivative transactions involve counterparty credit risk and will expose clients to possible unanticipated losses to the extent that counterparties default or are unable or unwilling to fulfil their contractual obligations.

### Equity Securities or Passive Index Strategies:

**Index-Related Risk:** Index strategies are passively managed in accordance with index guidelines and do not take a defensive position based on market volatility. An index portfolio has a limited ability to adjust its exposure to market disruptions, which could have an adverse effect on its exposure to the required index levels in order to track its underlying index. There is no guarantee that an index strategy will achieve a high degree of correlation to its underlying index and therefore achieve its investment objectives.

**Currency Risk:** Currency risk has varying avenues of risk exposure and should be considered as part of the overall index strategy risk. Several key currency risks that should be considered include the availability or access to the underlying foreign currency, adverse actions taken by the central bank or the local government, political turmoil within the region, and exchange rate erraticism; all of which may have a negative impact on the portfolio. Portfolios may purchase or sell future or forward contracts of foreign currencies to hedge the uncertainty currency rates.

**Emerging Market Risk:** Investing in emerging market securities imposes increased risks over more developed markets based on several factors, which include but are not limited to, the liquidity of the securities, currency fluctuation, development of regulation and oversight, political risk, and other extraneous factors, such as health risk and regional risk due to the impact of terrorism or war. Due to these various factors, the volatility of the securities traded in these



markets could fluctuate more widely than those of developed markets.

**Equity Security Risk:** Equity securities for the index strategies are traded on multiple securities exchanges and thus will be subject to fluctuations in value. These fluctuations may be impacted by global or local economic conditions, regional or local political issues, currency fluctuations, or taxation implications; all of which can impact the success of a company and their underlying stock.

**Foreign Security Risk:** Investing in non-US securities subject a client to a variety of risks that are associated with foreign markets and different regulatory requirements governing those markets. Foreign security markets are more susceptible to factors that impact greater price fluctuations and may include broad currency deviations, liquidity of a security or restrictions to access the market, foreign government restrictions, political unrest, and regional risk; all of which can affect the rapid and extreme changes of value on a foreign market.

**Stock Market Risk:** Equity securities that are freely traded on the open markets are subject to volatility and fluctuations in the market, and will have periods of both increasing and decreasing value.

**Small and Mid-Cap Stock Risk:** Compared to large-cap companies, small and mid-cap companies are be subject to more sudden or erratic movements in stock price than larger and more established large cap companies. These companies may be subject to adverse developments, such as management inexperience, or low trade volume.

## Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

## Item 10 – Other Financial Industry Activities and Affiliations

Our sole business is providing investment advisory services to our clients, directly or, for some index strategies or high yield strategies, with the services of LGIMI. We are not engaged in any other business endeavor.

### A. Registration as a Broker/Dealer or Broker-Dealer Representative

Neither we, nor any management person, are registered as a broker-dealer or as representatives of a broker-dealer.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Advisor

LGIMA is registered as a Commodity Trading Advisor ("CTA"), and is an exempt Commodity Pool Operator ("CPO") with the CFTC and is a member of the NFA. We have management and distribution personnel that are registered as Associated Persons ("APs") and Senior Officers and Directors that are registered as Principals with the CFTC.

Neither we, nor any of our management persons, are registered (or have a registration application pending) as a Future Commission Merchant.

### C. Relationships Material to our Advisory Business and Conflicts of Interests

As noted above, we are a wholly owned subsidiary of Legal & General Investment Management US (Holdings), Inc. ("LGIMUS(H)"), which is a wholly owned subsidiary of Legal & General Investment Management (Holdings), Ltd ("LGIM(H)"), which in turn is a wholly owned subsidiary of Legal & General Group PLC (Legal & General"). We are an affiliate of Legal & General Investment Management, Ltd ("LGIM"), LGIM International, Ltd. ("LGIMI"), Legal & General Investment Management Asia Limited ("LGIM Asia") and Global Index Advisors, Inc. ("GIA"), all of which are "Related Persons" as this term is defined and used in Form ADV. We identify our Related Persons in our Form ADV Part 1.

#### Corporate Structure

Legal & General has three principal subsidiaries:

- LGIM(H), which is the parent company of LGIMUS(H), who is our parent company, and is the parent of LGIM, LGIMI and LGIM Asia;
- Legal & General Insurance Holdings No. 2 Limited; and
- Legal & General Overseas Operations Limited.

LGIMUS(H) has two subsidiaries:

- LGIMA; and
- GIA

We manage certain assets of Legal & General companies ("L&G Assets") under sub-advisory investment management agreements with LGIM and LGIMI. The L&G Assets consist of assets from portfolios of the following Legal & General companies or funds:

- Legal & General Pensions Limited
- Legal & General Assurance (Pensions Management) Limited
- Legal & General Assurance Society Limited
- LGIM
- Legal & General Investment Management Funds ICVC
- Legal & General SICAV
- Legal & General (Unit Trust Mangers) Limited

We also manage certain portfolios of L&G Assets under direct IMAs with the following affiliates (collectively the "Affiliates" as set forth below):

- Legal & General Assurance Society Limited
- Banner Life Insurance Company (Maryland)
- William Penn Life Insurance Company of New York
- First British American Reinsurance Company II (South Carolina)
- First British Bermuda Reinsurance Company II, Limited (Bermuda)
- First British Vermont Reinsurance Company II (Vermont)
- LGIM
- LGIMI

Activities with LGIM(H), LGIMUS(H) and their subsidiaries:

The activities among LGIMA, GIA, LGIMUS(H) and LGIM(H) (and any LGIM(H) subsidiary, including LGIM and LGIMI) are the following.

1. LGIMUS(H) controls, but does not supervise, LGIMA. LGIMA has one who serves as a Chief Executive Officer ("CEO") to supervise LGIMA, and LGIMA employs a CCO and staff to implement and enforce LGIMA's compliance policies, procedures and controls.
2. LGIMA manages L&G Assets for LGIM and LGIMI, and manages L&G Assets under direct IMAs for certain Affiliates referenced above.
3. Certain officers or directors of LGIM(H), LGIMUS(H), LGIM, LGIMI and GIA are officers or directors of LGIMA, including Mark Zinkula, Chairman of the LGIMA Board.
4. Other than for the Private Funds and the Mutual Funds, a Service Level Agreement ("SLA") between LGIMA and LGIM(H) sets forth that LGIM(H) is generally responsible for the pricing and valuation of client assets and the calculation of fees that LGIMA charges its clients, the activities of which are delegated to LGIM. LGIM has an asset pricing framework that sets out the policies and procedures for pricing securities and financial instruments to ensure a fair, accurate and consistent valuation. The approach is to use automated feeds from multiple vendors where practicable. The actual price utilized is governed by a series of hierarchies. The LGIM Asset Pricing Valuations and Unit Pricing Committee oversees and approves pricing policies and methodologies across all asset classes. It also has the responsibility for ensuring appropriate procedures are in place to resolve pricing issues as and when they arise. The committee chair and membership are drawn from directors and senior managers within the business. LGIM's Chief Compliance Officer and Head of Operational Risk Management (or delegates) attend this committee, as do LGIM's Head of Operations and Head of Data Management. LGIMA has its own Valuations Committee and Risk and Compliance Committee that collaborate with the foregoing LGIM Committee. Due to the fact that LGIM is an affiliate of LGIMA, and to address the conflicts of interest arising out of this, controls have been implemented to ensure that the price feeds that are used to value assets are independent from any Legal & General group company and cannot be amended or substituted by LGIM(H), LGIM, LGIMA or LGIMI (although prices can be challenged through a documented, monitored and controlled price challenge process).
5. Under the SLA, LGIM(H), through LGIM, provides certain administrative, IT, compliance, and operational services to LGIMA. These include the following: administrative (computer data processing, administration of banking, insurance and reinsurance, HR); finance and accounting; IT; taxation, treasury, internal audit, risk, press office and planning services; compliance for both group matters (e.g. group wide Schedule 13D/G, Form 13F and 13H filings with the SEC) and supporting compliance by monitoring functions completed on their systems; certain valuation and pricing services (noted above); and the processing of certain derivative transactions, including

collateral management. For these services, LGIMA pays LGIM(H) fees via indirect expense allocations.

6. LGIMI may provide discretionary investment management services for some LGIMA clients whose assets are managed via an index or high yield strategy. Under this arrangement, our clients open accounts with us, not LGIMI. LGIMA is responsible for marketing, account opening, IMAs with clients and client take-on. Clients make their own custodial arrangements. LGIMA provides client facing services to those of our clients using such strategies and is responsible for sales and marketing, as well as reporting to clients. Where sub-advised to LGIMI, LGIMI manages the assets of clients in accordance with its sub-advisory agreement with LGIMA. Trading for the portfolios is carried out by LGIMI, which issues trade instructions to LGIM's central dealing desk. LGIMA issues and reviews all marketing materials for compliance issues. Middle and back office functions are performed by LGIM staff in conjunction with LGIMA middle and back office.

Where LGIMA provides discretionary investment services for LGIMI clients, LGIMI is the contracting party in all IMAs and handles the account openings. Where sub-advised to LGIMA, LGIMA manages the assets of clients in accordance with its sub-advisory agreement with LGIMI. While trade instructions are issued by LGIMA, trade execution is carried out by LGIMA, and also LGIMI through LGIM's central dealing desk via a Dealing Services Agreement between LGIMI and LGIM.

7. Where LGIMA provides discretionary management services to ERISA clients pursuing passive index strategies, LGIMA and LGIMI could execute a Tripartite Agreement with the client so that each investment manager will possess full discretionary authority over the client's mandate. To date, there have not been any and there are presently no such index clients for LGIMA.
8. LDI services are offered by LGIMA to its clients with the assistance of LGIM under the PAA.
9. Investment research services relating to U.S. high yield assets are provided by LGIMA to LGIM. For these services, LGIM pays LGIMA fees via indirect expense allocations.
10. LGIMA consults with GIA, and provides legal and compliance assistance, and finance and planning services for issues affecting GIA on a periodic and an ad hoc basis.

Conflicts of Interest due to these Relationships

To address the conflicts that arise as a result of these activities, controls consisting of informational and operational barriers between LGIMA, GIA, LGIMUS(H), LGIMI, LGIM and LGIM(H) have been put into place and are monitored.

As noted above, under the terms of the PAA, the Associated Persons of LGIM provide LGIMA certain services regarding LDI to LGIMA for it to provide to its clients.

Under the PAA:

- the Associated Persons provide LDI services; and
- the participating affiliate, LGIM, is subject to compliance with certain controls, including record retention, ensuring personal account trading clearance for Associated Persons and the provision of records to the SEC when and as required by the participating affiliate no-action letters and the PAA.

All aspects of operations under the PAA are monitored to ensure that no LGIM person other than the Associated Persons are involved in the provision of LDI services, and that LGIMA client information is properly safeguarded and segregated and subject to strict controls.

Through its sub-advisory agreements with LGIMI and LGIM, portfolio managers provide advice to LGIMA, and vice versa, and in certain instances may execute securities transactions. Further, LGIMI and LGIM personnel may view the portfolio securities transactions and holdings of LGIMA's clients. LGIMA ensures LGIM and LGIMI have sufficient controls in place to safeguard LGIMA client information, and collaborates with LGIM and LGIMI in the monitoring of these controls.

LGIMA buys/sells commercial paper for its LGIMA capital account, and buys and sells commercial paper for its clients. On occasion, LGIMA may buy or sell the same issue of commercial paper for itself and for its clients. As noted in Item 11.B, we do not believe that this involves a material conflict of interest.

In instances mostly during portfolio ramp-ups and rebalancings, LGIMA may, if authorized in the IMA and if done in conformance with applicable law, engage in cross transactions between clients, which does pose a risk that one client may be favored over another. To account for this, LGIMA maintains a Cross Trading Policy that only permits such trading under certain conditions, provided the trading is in the best interests of the clients. Prior to such a trade, LGIMA Compliance is notified and must be given a clear rationale for the trade, which it then closely monitors.

Other than as stated in this brochure, LGIMA does not exercise discretion or control over the assets of any other Legal & General group company.

From time to time, an LGIMA client account may buy, hold or sell a security that a Related Person of LGIMA has, independently, caused one of its own clients to buy, hold or sell. This would arise as a result of separate and independent investment processes.

LGIMA's research, recommendations, and placing of orders are done independently from LGIMA's affiliates and all Related Persons. If investments in the same security were to occur, it would be the result of independent research, recommendations and trading activity, and not through information sharing (intentional or otherwise), knowledge, or any other means.

LGIMA has certain clients whose pension solution directs the use of LGIMA's Private Funds, as well as the management of assets on a segregated basis, which can create conflicts between such clients and LGIMA, as well as between clients or other Private Fund investors. LGIMA does not charge management fees for such clients at the Private Fund level. When managing the assets of such clients, the

decision of allocating assets to or from the Private Fund is made by the LDI Portfolio Management Team, taking into consideration input from the Pension Solution Investment Committee.

The portfolio managers managing LGIMA's clients' accounts manage other client accounts with an identical or substantially similar investment strategy. Side-by-side management of different types of accounts involves conflicts of interest when two or more accounts invest in the same securities or pursue a similar strategy. These conflicts include the possibility of favorable or preferential treatment of an account or a group of accounts. Other conflicts can include those related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that follow closely related transactions in a different account (e.g. a purchase of securities for an account after a purchase of the same securities in another account has increased the value of the securities).

LGIMA seeks to ensure that all client accounts are treated fairly and equitably. Purchase and sale opportunities are allocated equitably. In general, investment decisions for each account are made with specific reference to the client's stated investment objectives and restrictions. There is no requirement that LGIMA use the same procedures consistently with respect to all accounts. Different strategies and client guidelines and restrictions may lead to the use of different methodologies. Accordingly, LGIMA may exercise investment responsibility or take other actions for some clients that may differ from the advice given, or the timing and nature of actions taken, for other clients. Investment results for different accounts, including accounts that are generally managed in a similar style, may differ as a result of these considerations. Some clients might not participate in certain investments in which other clients participate, or may participate to a different degree or at a different time than other clients do.

LGIMA's policies and procedures, and controls, are intended to address the impact of these and other conflicts of interest.

## Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### A. Code of Ethics

We administer and enforce a Code of Ethics ("Code") pursuant to Advisers Act Rule 204A-1. This includes the implementation of provisions to address ethical standards of behavior, conflicts of interest, personal account trading, gifts and entertainment, the handling of material, non-public information, protecting LGIMA corporate and client confidential information, the reporting of violations of the Code, and other requirements. We treat all employees, executive directors and persons engaged with us as "Access Persons" and "Supervised Persons," as defined in the Advisers Act and Rule 206(4)-7. Certain provisions of the Code related to personal account trading, also cover their "Connected Persons" (family members living in their households and sharing beneficial ownership of securities).

LGIMA permits employees to receive or give gifts and entertainment from or to entities (including broker-dealers or clients) with which LGIMA conducts business. The receipt or giving of gifts and

entertainment (such as tickets to sporting events) may present the appearance of a conflict of interest. To assist in mitigating this conflict, LGIMA maintains policies and procedures which incorporate standards for the receipt and giving of such gifts and entertainment. LGIMA's Compliance Department monitors receipt and giving of gifts and entertainment for any impropriety.

Where LGIMI, through a sub-advisory agreement with LGIMA, is involved in high yield or index strategies for certain clients, or where the SLA with LGIM(H) provides back office and administrative services, LGIMA Compliance coordinates with the compliance teams of LGIM and LGIMI to review its monitoring and testing, and to monitor personal trading activities of those persons from LGIM and LGIMI who have access to our clients' confidential information.

This is a summary of our Code. We will provide you with a copy of our Code upon request.

#### B. Recommendations Involving Material Financial Interests

We may, under unusual circumstances, buy or sell for a client commercial paper that we may buy or sell for our own account. We believe the opportunities for this circumstance to arise are limited and, due to the generally liquid nature of the markets for commercial paper, unlikely to present a material conflict of interest with our clients. Nevertheless, when such an occurrence arises, we document the transaction and closely monitor the situation.

#### C. Investing Personal Money in the Same Securities as Clients

Personal trading may only be undertaken consistent with our Code, which contains controls intended to prevent any impropriety by our personnel from investing in the same securities as clients. Among these is a prohibition on trading in fixed income securities for personal accounts. Nonetheless, our personnel may be invested in the same securities as our clients, and may invest in equity securities directly, or as the reference entity of a derivatives contract, issued by the same issuer from whom we invest in fixed income or equity securities for clients. LGIMA Compliance monitors and tests for such activity.

#### D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, after obtaining pre-clearance approval, LGIMA personnel may buy or sell securities for themselves at or around the same times as clients. LGIMA Compliance monitors and tests for such activity.

***It is the express policy of LGIMA that no Access Person or Associated Person shall breach a fiduciary duty owed to a client, place his or her own interests ahead of those of a client, or make personal investment decisions based on the investment decisions or orders being worked for clients.***

LGIM, which provides advisory services to certain of our clients pursuant to the PAA, and LGIMI, through a sub-advisory agreement with us, may recommend securities to their own clients or invest on their own clients' behalf in securities that are the subject of recommendations to or discretionary trading on behalf of LGIMA's clients. See Item 10 for further information about the PAA and sub-advisory relationship, and controls intended to address conflicts of interest relating to these.

## Item 12 – Brokerage and Trading Practices

As noted above, LGIMI may manage the assets of our clients for high yield or index strategies. In these cases, LGIMI manages the portfolios and routes orders to LGIM for execution. A discussion of how LGIMI operates is contained in its Form ADV Part 2A, a copy of which is given to those of our clients whose assets are sub-advised to LGIMI when they open an account, as well as annually, and when our ADV undergoes a material amendment.

Subject to a client's investment guidelines, LGIMA trades exchange-traded futures, and cleared and OTC derivative securities for client accounts for the purposes of equitizing cash, hedging risk, or gaining certain market exposures synthetically. LGIMA currently utilizes multiple Futures Commission Merchants, dealers and executing brokers for such trades. The selection and monitoring of these counterparties follow the same procedures and criteria as done with the other counterparties described in this section below, and are subject to similar monitoring reviews.

The remainder of the discussion in this Item 12 pertains to how LGIMA manages assets. For active fixed income transactions, portfolio managers are also traders. For passive index transactions, portfolio managers are distinct from traders.

#### A. Factors Used to Select Broker-Dealers and Counterparties

Selection: We receive authority from our clients, pursuant to IMAs, to select broker-dealers and counterparties through which to execute transactions on behalf of our clients. We generally are not required to provide notice to, consult with, or seek the further consent of clients prior to engaging in transactions.

We have processes and procedures to approve broker-dealers and counterparties. Requests are approved by the CIO-Fixed Income for credit counterparties and the Head of Index or Head of Global Trading for equity counterparties and by the CCO or Head of Operations for both credit and equity counterparties before trading shall commence.

We place orders with broker-dealers or counterparties that are on our approved list. Before a broker-dealer or counterparty may be used, it must have been reviewed and approved in accordance with our Broker and Counterparty Approval and Monitoring Procedures. The only exceptions to this process are cases where the approval process takes longer than expected. In such instances, in order to take advantage of an investment opportunity we believe is beneficial for the client, we may execute a trade with a broker-dealer or counterparty that has been submitted for approval, but has not yet been approved. This is done only with the prior approval by the CIO-Fixed Income or the CEO, and an LGIMA Director.

A primary consideration in assessing and selecting any broker-dealer or counterparty will be an assessment of counterparty risk and the provision of best execution. The selection of broker-dealers and counterparties is based on a number of factors, which include: the quality of sales coverage; the ability to generate ideas and research recommendations; capital commitment/liquidity; certainty of execution; product availability; and credit-worthiness. Rather than employing a specific formula to evaluate these criteria and submit a prospective broker-dealer or counterparty for approval, the trading desk relies on experience and general knowledge to determine



whether to pursue approval. However, provided best execution is not prejudiced, the selection of a particular broker-dealer or counterparty is also influenced by other factors, including:

- liquidity concentration;
- fees charged;
- quality of research;
- level of specialist trading expertise in particular markets;
- operational infrastructure;
- compliance with applicable laws and regulations; or
- financial condition.

Among the factors considered in approving a firm's credit-worthiness are its P&L, balance sheet, credit rating and types of trades in which it engages.

Monitoring and Evaluation: We monitor each broker-dealer and counterparty for the quality of services that each provides, and evaluate each for the purposes of deciding whether to place trades with that counterparty or whether to close a relationship.

#### Fixed Income Trading:

For secondary market trades, sales or purchases of securities may be done independently, based on historical experience with dealers across sectors or via a Bid Wanted in Competition ("BWIC") or Offer Wanted in Competition ("OWIC"). If a trade is to be executed via a BWIC or OWIC, major market participants or institutions making markets on the security or asset class are included in the group of potential counterparties for that trade. A security or list of securities is sent to all identified institutions (per the criteria above), and after a reasonable amount of time, each party will send in a bid or offer based on what is consistent with the market for the security, such as spread to swaps, spread to Treasuries, discount margin or simply dollar price. The party with the best bid or offer level or price is then selected and the trade is executed with that party.

When trades are not affected by BWIC or OWIC, trades are executed with parties that have the best market or are consistent market makers in the security. Market reasonability can often be assessed by examining price runs from a variety of participants and dealers or via phone, Bloomberg, TradeWeb, MarketAxess, email or other sources.

#### Derivative Trading:

LGIMA may operate in the OTC or derivatives markets where liquidity may be thin or prices may move along a continuum. Achieving a desired trading outcome may be more complex than simply buying or selling at the best price. This will depend significantly on the decision taken by portfolio managers and traders on when, and with which broker-dealer or counterparty we have opened account agreements on the client's behalf.

#### Equity Trading:

When deciding how and where best to execute an order, we will take into consideration a range of factors including price, size and the nature of the order, transaction costs, speed and likelihood of execution, settlement efficiency, client order priority rules or any other factor deemed relevant to the execution of the order. The choice of the venue for the execution will also be dependent upon the

characteristics of the financial instrument underlying the order and the functional capabilities of the venue itself. Generally, price will merit a high relative importance in obtaining the best execution. However, in some circumstances, LGIMA may appropriately decide that other execution factors are more important than price.

We have listed below those venues on which we will most regularly seek to execute orders and which we believe enable us to obtain best execution consistently, bearing in mind the execution factors identified above. We reserve the right to use other execution venues where we deem appropriate in accordance with our execution policy.

- LGIM/LGIMA (for internal crossing opportunities)
- Broker crossing networks (for external crossing opportunities)
- Principal program trades (for equities)
- Regulated Markets – through brokers or direct market access
- Multilateral Trading Facilities (MTFs)
- Alternative Trading Facilities (ATSSs)
- Systematic Internalisers (SIs)
- Market Makers and other liquidity providers (including non-EU approved counterparties performing a similar function)

Where LGIMI has sub-advised the assets for high yield and index strategies to LGIMA, LGIMA might route certain trade orders back to LGIMI for execution. LGIMI manages execution of these assets by routing their trades to the LGIM central dealing desk for execution, pursuant to a Dealing Services Agreement.

Where LGIMA has sub-advised the assets for index and high yield strategies to LGIMI, LGIMI might route certain trade orders back to LGIMA for execution.

Best Execution: Best execution applies only to secondary market trades as all new issue purchases are executed with the sponsoring institution of the new issue transaction at the offering price.

Best execution does not necessarily mean achieving the lowest possible price or transaction cost. The key criterion, according to the SEC, is "whether the adviser selects the transaction that represents the best qualitative execution" for the account. It is a qualitative assessment bearing in mind factors, such as:

- price;
- costs;
- speed;
- likelihood of execution;
- likelihood of settlement;
- size of the trade;
- nature of the trade; and
- any other factor relevant to the execution of the order.

The relative importance and weighting of these factors varies trade by trade and is determined by reference to the characteristics of the order, the instrument, the execution venues on which the order can be executed, and the characteristics and categorization of the client. These are assessed by the portfolio managers and traders in deciding how best to transmit and/or execute each order. Because of the complexity of this analysis and the complexity of each client's trading strategy, LGIMA relies on the judgment and skill of its portfolio

managers and traders to achieve best execution on a case-by-case basis and on the processes described herein.

When considering best execution, the portfolio managers and traders seek to gather price information from a variety of sources as previously described in order to judge relative value. In this process, information about inventory levels is also generally disclosed. Historical experience with counterparties is also factored in, as quotes received from counterparties are not firm obligations and counterparties may not be able to honor quotes previously provided. Ultimately, the Trading Desk will execute with the broker-dealer or counterparty that is most likely to maximize the benefit to our clients' portfolios based on the factors previously outlined.

For fixed income securities, not all secondary market transactions in corporate bonds are executed in competition because the issuer or security may be unique and LGIMA must exercise discretion in sourcing a trade so as not to draw undue market attention to our inquiry. Revealing our intent in some circumstances may have a material negative impact on our ability to maximize value for our clients.

The CIO-Fixed Income, or a designee, reviews best execution by periodically reviewing executed trades against generic quotes available via Bloomberg runs to ensure execution levels are broadly consistent with what the Bloomberg runs indicate. Other factors considered in this review are the size of the executed trades, the broker-dealers or counterparties with whom the trades were executed, and whether there is anything unique about the issuer or security that factored into the trading decision. This is achieved by examining a sample of executed trades that are flagged for price tolerance variations in the order management system. After completing the review, the reviewer certifies, or has another certify, that the reviewed trades were executed in accordance with the Best Execution Policy and submits the review results to Compliance. The CCO reviews the submitted monthly results to ensure compliance with the Best Execution Policy.

For equity securities, the choice of the venue for the execution will be dependent upon the characteristics of the financial instrument underlying the order and the functional capabilities of the venue itself. Generally, price will merit a high relative importance in obtaining the best execution. However, in some circumstances, it may appropriately be decided that other execution factors should be given more prominence. We carry out post-trade analysis to monitor the quality of execution through collaboration with LGIMI Compliance. Depending on the market, this may involve systematic comparisons of execution prices with respect to average prices, open/closing prices or periodic high/low prices as appropriate. We utilize two third party vendors for transaction cost analysis; ITG Analytics and Bloomberg's BTCA product. Trading costs are monitored using a three part transaction cost analysis approach. Firstly, a pre-trade estimate is calculated to determine the anticipated trading cost. This helps inform the trader and fund manager of potential contributors to risk or adverse impact. Secondly, once trading commences, we employ sophisticated real time monitoring to alert us to trades that are experiencing unexpected outcomes. This real time analysis provides the investment team the ability to alter trading strategies dynamically and react to the market. Lastly, we archive and analyze all of our executions in order to highlight areas for potentially improvement for future trading scenarios. .

To minimize total transaction costs, our methods for trading in securities and currencies in order of preference, are as follows:

**Crossing trades:** We will look for natural sources of liquidity by reviewing crossing opportunities with other accounts, to the extent permissible, both internally and by using external crossing networks, particularly for smaller and medium size company stocks which tend to suffer from less liquidity and wider dealing spreads. Crossing is carried out at the independent current market price where permitted by relevant laws and regulations e.g. the Advisers Act and ERISA and in accordance with LGIMA's Cross Trading Policy.

**Market trades:** Executed on a negotiated commission basis, either through brokers (or equivalent local market specialists), or directly by using a "Direct Market Access" (DMA) platform. DMA transactions are by definition of an "agency" nature, while a broker-led transaction may be either an "agency" or a "principal" trade. At times, it may be judged more effective to ask for capital commitment from a broker in executing an order in which case the broker will be acting as a principal. Market conditions and characteristics of an order determine the capacity in which the broker is used in order to minimize total transaction costs, including market impact.

**FX Netting trades:** We net or aggregate foreign exchange trades where appropriate to do so. We would expect to trade the net amounts where similar trades can be joined together to minimize transaction costs.

**FX Market orders:** Market practice is for institutional foreign exchange deals to be executed on a net basis. Competitive bids and offers are obtained from banks to secure the best price for the size of deal required.

We make extensive use of electronic trading platforms. This enables us to invite bids and offers from a number of counterparties simultaneously and obtain the most competitive price, while using electronic trading platforms' full suite of controls and efficiencies.

**Money market trades:** We monitor internal and external limit requirements and have robust systems in place to do this.

**Net trades:** To ensure transparency, we confine net trading to only those areas dictated by market practice, e.g. bonds, derivatives, currencies, new issues and certain trades where the counterparty acts purely as a market maker.

#### A1a-e. Research and Other Soft Dollar Benefits

We do not have formal "Soft Dollar" arrangements. When selecting a broker with whom to trade, we make a good faith effort in fully assessing the market to determine if the execution price is reasonable and truly at the market, based on our Best Execution Policy. If there is a broker or a counterparty where research is critical or significant in evaluating a particular security, then in recognition of the research provided, we will include them in the list of competing brokers when we go to market with the bid/ask of the security. The only benefit to the broker or counterparty for providing quality research, therefore, is the opportunity to be in the list of competing brokers.

In order to have continued access to research, perspective and advice regarding particular securities, we may develop or maintain

relationships with brokers who have useful research or analytical expertise that is relevant to the needs of LGIMA and our clients.

Any research received from brokers as a result of clients' transactions, as described above, may be used by us in servicing other accounts.

#### A2a-b. Brokerage for Client Referrals

We do not receive client referrals from broker-dealers or counterparties.

#### A3b. Client Directed Brokerage

We do not permit client-directed brokerage.

#### B. Aggregating (Block) Trading for Multiple Client Accounts

We will generally execute transactions on an aggregated basis when we believe this will allow us to obtain best execution and more favorable commission rates or other transaction costs that might otherwise have been paid had such orders been placed independently. When aggregating orders, all of our clients will be treated in a fair and equitable manner. We will instruct the trading desk not to aggregate orders unless aggregation is consistent with our duty to seek best execution. No account will be favored over any other client; however, a variety of factors are determinative of whether a particular client participates in a particular aggregated transaction. These factors include, but are not limited to: investment objectives; guidelines and strategies; position weightings; cash availability; and risk tolerance. Because of differences identified above, there may be differences in invested positions and securities held which could lead to security dispersion among client accounts.

**Trade Errors:** Consistent with our fiduciary duties, our policy is to exercise care in making and implementing investment decisions for client accounts. Under our Trade Errors Policy, to the extent trade errors occur, we seek to ensure that our clients' best interests are served. Our policy is to resolve all trade errors as quickly as possible, while ensuring the client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question. Actual losses suffered by a client account as a result of a trade error caused by us will be reimbursed by us. However, as a general matter, we do not compensate clients for lost investment opportunities (e.g., the failure to take advantage of investment or market improvements).

### Item 13 – Review of Accounts

#### A. Frequency and Nature of Periodic Reviews and Who is Responsible for Reviews

We maintain continuous scrutiny of our performance, the positions in the accounts we manage, and also the consequences of risk. Our Operations Team and portfolio managers conduct daily reviews of the investment activities in each client account in an effort to ensure that the assets are managed in conformity with the stated investment objectives and restrictions. For those of our clients whose assets are invested in index strategies and high yield strategies, LGIMI may be involved with us in carrying out these responsibilities.

#### B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

We may review client accounts as a result of major changes in a client's mandate, macro or microeconomic conditions, and material market, economic, or political events. Further, changes in regulation may cause us to review client accounts. LGIMI does this with us for those clients whose assets are invested in index and high yield strategies.

#### C. Content and Frequency of Regular Reports Provided to Clients

Clients receive on a monthly or quarterly basis (as stated in the IMA): (i) valuation reports, which include, among other things, the change in value of their accounts since the last reports that were provided, (ii) a list of transactions effected and related data; and (iii) performance information. Clients also receive, on a periodic basis, statements from their custodian which may contain performance, holdings and valuation information as set forth in their custodian agreement.

Investors in Private Funds receive reports from the Private Fund Custodian, The Northern Trust Company, unless said investor also has an IMA with us, in which case the investor's reporting is per the IMA.

We also may provide reports to clients that are tailored to meet specific client requests.

For index and high yield strategies sub-advised to LGIMI, LGIMI provides reports to LGIMA for us to send to our clients regarding trading activity and holdings. In addition, reports may be provided by LGIMI via LGIMA that are tailored to meet client-specific requests.

### Item 14 – Client Referrals and Other Compensation

We have not entered into any contractual arrangements or agreements with firms or individuals to solicit or have solicited clients for us. Neither we, nor our employees, receive compensation from third parties.

### Item 15 – Custody

For our clients and in the case of the Mutual Funds, we do not maintain custody of client assets. In our role as managing member of the Private Funds, however, we have legal access to the Private Funds' securities or funds in a manner that may result in us being deemed to have "custody" of the Private Funds' assets. To mitigate the risks posed by this arrangement:

- The assets of the Private Funds are maintained with independent, qualified custodians;
- The Private Funds are audited by an independent accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board annually, and investors in the Private Funds receive copies of these reports before April 30 of each year.

We encourage clients to compare information in our reports to reports provided by their qualified custodians and to contact LGIMA or

their independent custodians regarding any questions about their account statements.

### Item 16 – Investment Discretion

As discussed above, we have discretionary authority to manage the assets in a client's account subject to the investment limitations and restrictions set out in the IMA relating to that account. For those clients pursuing a high yield or an index strategy, and whose assets are sub-advised to LGIMI, we delegate discretionary investment management control to LGIMI.

### Item 17 – Voting Client Securities

LGIMA owes each of its clients a duty of care and loyalty with respect to all services undertaken on the client's behalf, including proxy voting and corporate actions elections. Our proxy voting policies and procedures are adopted to ensure compliance with Rule 206(4)-6 under the Advisers Act and ERISA requirements. They are designed and implemented in a manner reasonably expected to ensure that proxy voting is exercised in the best interests of our clients. For purposes of these policies and procedures, proxy voting includes any voting rights, consent rights or other voting authority of ours on behalf of our clients, but shall not include matters which are primarily investment decisions, including tender offers, exchange offers, conversions, put options, redemptions and Dutch auctions.

Where proxy voting is delegated to LGIMA in an IMA, LGIMA will, either directly or through a service provider (which can be through LGIM(H) and the SLA), consider all issues concerning the voting of proxies on a case-by-case basis in the best interests of clients, taking into consideration any relevant contractual obligations, as well as other applicable facts and circumstances.

For fixed income securities, and recognizing that proxy voting is a rare event in the realm of fixed income investing and is typically limited to the solicitation of consent to changes in features of debt securities, our Proxy Voting Policy also applies to any voting rights and/or consent rights of LGIMA, on behalf of our clients, with respect to debt securities, including but not limited to, plans of reorganization, and waivers and consents under applicable indentures.

While we actively monitor corporate events, in the majority of cases, it may not be possible nor in the client's best interests for LGIMA to vote all proxies concerning corporate actions. This may be because:

- The size of a client and of its positions held may mean it is uneconomic and not in its best interest to vote a proxy or employ a proxy service to manage the voting of all proxies;
- Trading strategies employed by the clients may mean that positions are held on a short term basis and the periods of ownership may not give rise to voting rights; or
- A client's trading strategy may mean that it is not in the best interest of a client to "block shares" for a certain period, as the client may wish to be able to dispose of those shares at any time.

We will use our discretion and judgment in deciding whether it is in the best interests of the client to vote particular proxies on a case-by-case basis. LGIMA does not adopt a set of proxy voting policies indicating which way it will vote on particular issues. All issues are considered on a case-by-case basis in the best interests of the clients as determined by the portfolio manager.

We monitor compliance with our policy and report discrepancies to Compliance, which evaluates the situation and takes action as required.

Conflicts of Interest: We have policies and procedures designed to manage the voting of proxies in the case of securities which may be the subject of a conflict of interest.

We review each proxy to determine whether voting or not voting the proxy gives rise to a material conflict of interest. As part of this review, we determine whether the issuer of the security or proponent of the proposal is a client of ours, or if a client has actively solicited us to support a particular position. If no conflict exists, we will determine whether to vote the proxy. However, if a conflict does exist, we seek to resolve any such conflict in accordance with these policies and procedures, failing which the proxy might not be voted or voted in a certain manner. All such situations will be documented.

In the event a conflict of interest arises, we disclose the circumstances of any such conflict to client(s), and in most cases, either convene an ad-hoc committee to assess and resolve the conflict, forward the proxy materials to the client to vote, vote according to recommendation of an independent third-party service provider, or take such other action as is appropriate under the particular circumstances and in compliance with applicable requirements, including ERISA.

It is likely that Legal & General Group Plc shares may be held in index tracking portfolios. In the event of a corporate action involving Legal & General, the non-executive directors of LGIM(H) and LGIMA will be fully involved in voting decisions, taking into account the best interests of clients, to include consideration of the impact on the shares of the bidding company and the insurance sector as a whole. LGIMI and LGIM would also liaise as required with the UK Takeover Panel who has regulatory oversight.

Disclosure: Except to the extent required by applicable law or otherwise approved by LGIMA, we will not disclose to third parties how we voted a proxy on behalf of a client. However, upon request from an appropriately authorized individual, we will disclose to our clients or the entity delegating the voting authority to us for such clients (e.g., trustees or consultants retained by the client), how we voted such clients' proxies.

### Item 18 – Financial Information

We do not have any adverse financial information to disclose. Our management believes that we are financially sound.