



Our Business and Practices



AIG Asset Management (U.S.), LLC
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This brochure provides information about the qualifications and business practices of AIG Asset Management (U.S.), LLC (“AMG”). If you have any questions about the contents of this brochure, please contact Mai Shiver, Chief Compliance Officer, at (212)770-9044 and/or Mai.Shiver@aig.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AIG Asset Management (U.S.), LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. Registration does not imply a certain level of skill or experience.

Item 2. Material Changes

The last version of this brochure was dated November 24, 2014. The following material change has been made;

- updated the description of services provided to our clients, under Item 4 – Advisory Business, identifying AMG as the master primary servicer for commercial mortgage loans that are beneficially owned by affiliated clients of AMG and unaffiliated non-clients.



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Item 4. Advisory Business

AIG Asset Management (U.S.), LLC (“AMG” or the “Adviser”) is dedicated to providing investment advisory and asset management services to American International Group, Inc. (“AIG”) and its affiliates, including companies in AIG’s Life & Retirement, Property Casualty, Global Consumer, United Guaranty and Financial Services divisions (each a “Client”). The Adviser generally does not provide investment advisory services to unaffiliated clients, other than in connection with the Global Real Estate business described below and certain SPVs (outlined in Item 7). The Adviser initially registered with the Securities and Exchange Commission (“SEC”) as an investment adviser on May 13, 2009. The Adviser’s headquarters are located in New York, NY.

AMG is a wholly owned, indirect subsidiary of AIG, a company whose common shares are listed on the Tokyo Stock Exchange and the NY Stock Exchange. AIG owns 100% of AIG Capital Corporation, which owns 100% of AIG Global Asset Management Holdings Corp. (“AIGGAMHC”), the direct parent of the Adviser.

The Adviser’s in-house investment platform spans multiple asset classes, including: investment grade and high yield fixed income (including publicly- and privately-issued corporate, sovereign and supranational debt securities), structured products (including asset- and mortgage-backed securities), municipal bonds, mortgage loans, bank loans and equity real estate. Client accounts are predominantly invested in investment-grade fixed income securities.

AMG’s Alternatives, Equity and External Mandates program is a business unit within AMG that is responsible for (i) investing Client assets directly in hedge fund and private equity vehicles managed by third party investment managers; and (ii) overseeing and monitoring Client assets managed by third-party managers who enter into a separate investment advisory agreement with such Client. Alternatives, Equity and External Mandates, in conjunction with the Alternatives, Equity and External Mandates Investment Committee, coordinates the manager and private investment fund selection process and performs operational due diligence of investment funds and managed accounts considered for the Client portfolios. Pursuant to the investment advisory agreement between AMG and a Client, AMG receives management fees from the Client (generally 8.25 bps of AUM for directly managed hedge fund and private equity investments, and 2 bps of AUM for oversight of assets managed by third party investment managers).

The Adviser, through its Global Real Estate (“GRE”) business, is the investment adviser to several private investment funds structured as limited partnerships or limited liability companies (the “GRE Funds”). These funds generally invest in fee simple real estate. The GRE Funds are collectively referred to herein as the “Unaffiliated Clients.”

Client portfolios are managed pursuant to an investment management agreement between the Adviser, the Unaffiliated Clients and/or the Affiliated Clients, as appropriate; and any investment guidelines attached thereto, the Client’s investment policy, and applicable regulations. The scope of advisory services may be changed from time to time as the Adviser and the Client may agree, or pursuant to the Client’s instructions, as applicable.

In addition to providing investment advisory services, AMG acts as a mortgage loan servicer for commercial mortgage loans that are held by trusts formed for the purpose of securitizing such loans. AMG has been engaged by such trusts as the “master primary servicer” for the commercial loans held by the trusts. Affiliated clients of AMG and unaffiliated non-clients hold beneficial interests in the trust certificates issued by the trusts that currently hold such commercial loans.

The Adviser directly managed \$373.5 billion of assets for its Clients as of December 31, 2014.



Item 5. Fees and Compensation

Institutional Clients

Generally, the Adviser's investment advisory fees for Client assets directly managed by the Adviser are based upon a percentage of such Client's assets under management ("AUM"). The percentages upon which annual basic fees are based on a blended rate across all asset classes as determined by the cost of providing those services, with an appropriate markup, and the extent of the services desired by the Client. In addition to fixed fee arrangements, the Adviser's compensation may also include performance-based fee arrangements, as may be agreed with a Client and pursuant to terms in the applicable investment advisory agreement.

Client fees rates are typically 8.25 bps (0.0825%) of AUM per annum, though fee rates may range between 1bp (0.01%) and 17.5 bps (0.175%) of AUM per annum. Client fees are typically invoiced and paid monthly.

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

The GRE Funds are the only AIG-sponsored investments in which carried interest is received. The carried interest in the GRE Funds is based upon realized gains and received income only and is payable as portfolio holdings are liquidated, subject, in some cases, to a reserve or claw-back arrangement to account for possible or actual losses incurred on holdings subsequently sold. The carried interest in the GRE Funds is payable to an affiliate of the Adviser. Other than calling previously committed capital, however, no "new" Client or Unaffiliated Client assets are being invested into the current GRE Funds and the Adviser currently does not have any future plans to offer any new "carried interest" funds. Since none of these GRE Funds are within their investment period (*i.e.*, able to make new investments), there are no side-by-side management conflict issues between the GRE Fund investors and the Adviser or any of the Clients.

Item 7. Types of Clients

As AIG's in-house investment adviser, the Adviser serves primarily AIG and its insurance company and other affiliates, and to a lesser extent in the GRE space, pooled investment vehicles and trusts, in which AIG and its affiliates are invested together with unaffiliated investors. In addition, in connection with transactions involving the securitization of assets of AIG and its affiliates and other structured transactions entered into by AIG and its affiliates, the Adviser serves as investment adviser or other similar capacity for special purpose vehicles, custodial pools or trusts created for such transactions (which entities may be affiliates of the Adviser for certain purposes). There are no minimum requirements for opening or maintaining an account.

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

The Adviser participates in and implements an AIG firm-wide asset liability management ("ALM") process to ensure that portfolio holdings are consistent with liabilities. The ALM process involves an evaluation of asset and liability characteristics (e.g., duration, convexity, crediting rates and spreads, etc.), establishing a strategic asset allocation which meets investment income objectives within appropriate risk constraints. Additionally, the Adviser may employ the following investment strategies in formulating investment advice: long-term purchases (securities held at least a year), short-term purchases (securities sold within a year) and trading (securities sold within 30 days). The Adviser may also use futures and forward contracts to implement its investment advice. The Adviser utilizes quantitative tools in its selection of securities and construction of portfolios. In addition to assessing top down macroeconomic fundamentals, the Adviser performs rigorous bottom up credit analysis on individual borrowers.

Within the fixed income asset class, investment risk varies depending on multiple factors, including among others the creditworthiness of the issuer or borrower, prevailing interest rates, whether the investment accrues interest at a fixed or floating rate, the maturity and duration of the investment, the existence or absence of an active trading market for the investment, market and trading liquidity, the nature and value of any collateral associated with the investment, the terms of any protective covenants, the investment structure, macroeconomic and systemic trends and events, and other factors specific to the investment involved.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss (continued)

The following risks may apply to the Adviser's investments on behalf of Clients:

FIXED-INCOME INVESTMENTS GENERALLY: The value of fixed-income securities will change as the general levels of volatility in the marketplace and interest rates fluctuate. When interest rates decline, the value of fixed rate and fixed-income securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline. Investments in lower rated or unrated fixed-income securities, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk. In addition, the absence of an active and liquid trading market, issuer ratings downgrades, macroeconomic or systemic events, and other factors may negatively impact the value of certain fixed income investments.

HIGH YIELD SECURITIES: The Adviser may invest on behalf of Clients in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are typically subject to greater risk of loss of principal and interest than higher-rated securities and in some cases may be considered speculative with respect to the issuer's capacity to pay interest and repay principal. In addition, because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold.

RESIDENTIAL MORTGAGE BACKED SECURITIES ("RMBS"): RMBS are subject to particular risks because they have yield and maturity characteristics corresponding to their underlying assets. Unlike traditional debt securities, which may pay a fixed rate of interest until maturity when the entire principal amount comes due, payments on certain RMBS include both interest and a partial payment of principal. This partial payment of principal may be comprised of a scheduled principal payment, as well as an unscheduled payment from the voluntary prepayment, refinancing, or foreclosure of the underlying assets. As a result of these unscheduled payments of principal, or prepayments on the underlying assets, the price and yield of RMBS can be adversely affected. For example, during periods of declining interest rates, prepayments can be expected to accelerate, and the Adviser could be required to reinvest the proceeds at the lower interest rates then available. Prepayments of mortgages that underlie securities purchased at a premium could result in capital losses because the premium may not have been fully amortized at the time the obligation is prepaid. In addition, like other interest-bearing securities, the values of RMBS generally fall when interest rates rise, but when interest rates fall, their potential for capital appreciation is limited due to the existence of the prepayment feature.

COMMERCIAL MORTGAGE BACKED SECURITIES ("CMBS"): CMBS are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real property having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. CMBS are issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. CMBS generally lack standardized terms, tend to have shorter maturities than RMBS and may provide for the repayment of all or substantially all of the principal only at maturity. All of these factors increase the risk involved with commercial real estate lending. Commercial properties tend to be unique and can be more difficult to value than single-family residential properties. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential lending since it typically involves larger loans to a single borrower than residential lending on smaller properties.

RESIDENTIAL MORTGAGE LOANS: Adviser has entered into an agreement with an affiliated mortgage advisory company to source and provide the Adviser with individual residential mortgage loans for direct investment opportunities. Such loans are underwritten by unaffiliated mortgage originators and generally insured by the United Guaranty Company, an affiliate of the Adviser. Investing in such loans carries with it the possible risk of default by the mortgage holder. As with any interest rate sensitive investment, residential mortgage loans are subject to interest rate movements which may lower investor returns when compared to current market rate returns. For example, during periods of declining interest rates, mortgages can be expected to re-finance at a lower interest rate, and the Client may lose future income streams from these investments. Residential mortgage loans are generally less liquid than investments in comparable fixed income securities.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss (continued)

COMMERCIAL MORTGAGE LOANS: Adviser, through an affiliated California state licensed mortgage underwriter, invests Client money in commercial mortgage loans. As with any interest rate sensitive investment, commercial mortgage loans are subject to interest rate movements which may lower investor returns when compared to current market rate returns. For example, during periods of declining interest rates, commercial mortgages can be expected to re-finance at a lower interest rate, and the Client may lose future income streams from these investments. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential lending since it typically involves larger loans to a single borrower than residential lending on smaller properties.

SOVEREIGN DEBT: Investments in sovereign debt securities involve special risks. The governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due, depending on factors such as the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, or the government debtor's policy towards the supranational organizations and the political constraints to which a government debtor may be subject.

If an issuer of sovereign debt defaults on payments of principal and/or interest, the Adviser may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, and a debt holder's ability to obtain recourse may be limited.

MUNICIPAL SECURITIES: It is anticipated that most of the Adviser's municipal securities investments will consist of general obligations for which the taxing power of the issuer is the source of repayment and pre-refunded municipal obligations and certain essential purpose obligation bonds. Revenue or special purpose obligation bonds are not direct obligations of any government and the payment of such obligations is generally dependent on the collection of anticipated revenues from a particular facility or special excise tax. In the event that special revenues backing such obligations are not received, the Adviser will have no recourse against the issuer or any other party for repayment of such obligations. In the case of general obligations, there is the risk that an issuer of such obligations could become insolvent and default on the obligations. In such case, the Adviser would be a creditor of the issuer and would likely not receive full payment of principal and interest on the obligations. The municipal securities markets are fragmented to a significantly greater degree than markets for taxable securities. This fragmentation can lead to aberrational pricing as well as periods of illiquidity and affect the value and yield of municipal securities.

ALTERNATIVE INVESTMENTS: Adviser has the discretion to invest Client assets in Alternative Investments such as Hedge Funds, Private Equity Funds, and structured products, (e.g., collateralized mortgage obligations, credit default swaps). Investments in these assets and products may carry a high degree of risk, including lack of liquidity, price volatility and entire loss of principal.

No Control over Funds and Limited Control over Investment Managers: The Adviser will be relying on the investment managers to make all investments for the underlying investment funds and will have little or no control over the investments made by such funds, the selection of counterparties with which, or the exchanges on which, such funds trade, or the leverage utilized or the risks assumed by such fund. In addition, a fund may impose certain limitations on the Adviser's ability to redeem its investment with such fund. This may in turn adversely affect the ability of the Adviser to meet requests for withdrawal of assets by Clients. The Adviser has limited control over the investment managers. Because the investment managers typically maintain investment discretion, subject to certain limitations in the funds' governing documents, their results depend largely upon the investment managers' abilities and efforts. The Adviser will not have the ability to terminate or reverse non-conforming trades made by the investment managers.

Risk of Theft or Fraud by Investment Managers: Although the Adviser will endeavor to verify the integrity of the investment managers with whom it invests client assets, there is a risk that an investment manager could mishandle or convert investments that are under its control and cause losses to Clients. In addition, although the Adviser will attempt to monitor the performance of each investment manager, it must ultimately rely on each investment manager to operate in accordance with its disclosed investment objectives, restrictions and strategy and with applicable laws and regulations. If an investment manager does not operate in accordance with its disclosures and applicable laws and regulations, or otherwise commits fraud or other illegal acts, Clients may sustain losses with respect to their investments despite The Adviser's efforts to monitor the investment.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss (continued)

REAL ESTATE FUNDS: Investment in the GRE Funds entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks, including the risk of total loss of capital. An investment in the GRE Funds requires a long-term commitment, with no certainty of return. The GRE Funds' targeted returns are merely a goal and there can be no assurance that the targeted returns can be achieved. Interests in the GRE Funds (the "Interests") are subject to restrictions on transfer. The Interests have not been and will not be registered under the United States Securities Act of 1933 ("Securities Act"), the securities laws of any state or the securities laws of any other jurisdiction. It is anticipated that the offering and sale of the Interests will be exempt from registration in the United States pursuant to Regulation D promulgated under the Securities Act. Following the offering, there will be no public market for the Interests and none is expected to develop. The investments by the GRE Funds will be subject to, directly or indirectly, the risks inherent in the ownership and operation of real estate and real estate-related assets. Complete risk disclosures for each real estate fund are contained in each fund's offering documents. Copies of the offering documents are provided to eligible investors prior to investing in the fund.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Adviser's advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

AIG Global Capital Markets Securities, LLC ("GCMS"), a direct subsidiary of AIG Markets, Inc. ("AIG Markets," described below) is registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA"), and the SEC and is also a member of the Securities Investor Protection Corporation ("SIPC"). GCMS is used for very limited activities on behalf of AIG affiliates consistent with its Membership Agreement with FINRA. GCMS may trade fixed income securities on an agency basis. From time to time it will act as a placement agent or otherwise affect a variety of different types of private placements and/or debt-related transactions on an agency "best efforts" basis. Certain management persons employed by the Adviser are registered representatives of GCMS.

In addition AIG Markets, a direct, wholly-owned subsidiary of AIG and affiliate of the Adviser, provides certain services (including repurchase, lending, cash management and derivatives services described below) to the Adviser with respect to the Adviser's Clients' investment portfolios. Such services include (i) advice and assistance with short-term (less than one year in duration) cash investments of various asset classes; (ii) the execution, negotiation, management, tracking and monitoring of repurchase, reverse repurchase, securities lending and derivatives transactions; (iii) establishment of relationships with acceptable counterparties and collateral thresholds for counterparties; and (iv) the execution and settlement of the foregoing transactions, including negotiation and execution of master agreements and other documents. AIG Markets may receive fees and compensation from the Adviser for such services, which are based on AIG Markets' actual costs (including any indirect taxes and expenses).

The Adviser's Alternatives, Equity and External Mandates program is a business unit within the Adviser that is responsible for overseeing and monitoring Client assets managed by third-party managers (i.e., Clients are party to an investment advisory agreement with a third-party manager). Alternatives, Equity and External Mandates, in conjunction with the Alternatives, Equity and External Mandates Investment Committee, coordinates the manager selection process and performs operational due diligence of investment funds and managed accounts considered for the Client portfolios. Pursuant to the investment advisory agreement between the Adviser and a Client, the Adviser receives fees (generally 2 bps of AUM by a third-party manager) from the Client for such oversight and monitoring.

Item 10. Other Financial Industry Activities and Affiliations (continued)

The Adviser is party to a sub advisory agreement with AIG Asset Management (Europe) Limited (“AAMEL”) an affiliated investment adviser registered with the Financial Conduct Authority (“FCA”) in the United Kingdom. Under the sub advisory agreement, the Adviser provides AAMEL’s Clients discretionary asset management services. Pursuant to a Participating Affiliate Agreement between the Adviser and AAMEL, AAMEL provides the Adviser Clients discretionary asset management services.

Affiliate Transactions

The Adviser has in the past recommended to its Clients GRE Funds in which an adviser affiliate is a general partner. In each of the GRE Funds, an adviser affiliate has invested alongside investors through limited partnerships and limited liability companies. The general partner or certain other affiliates may provide services such as asset management, property management, advisory, development, acquisition and debt arrangement services to the fund or an entity or asset owned by the fund. Arrangements of this nature are disclosed to potential investors in the offering documents for each fund. Further, the agreements governing these funds may require approval of these types of arrangements by an Advisory Committee, which is comprised of investors who are not, affiliated with the Adviser or other the Adviser affiliates. The conflicts of interest that may arise from these arrangements are disclosed to potential investors in the offering documents for each fund.

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

The Adviser conducts its activities in such a manner as to deal fairly with each of its Clients on an overall basis in accordance with applicable securities laws and fiduciary considerations. It is possible that the Adviser and/or the Adviser affiliates may sell securities of companies in which a related person of the Adviser has a direct or indirect interest or other financial interest not otherwise known to the Adviser. In addition, The Adviser may, from time-to-time, recommend funds that are affiliated with or sponsored by affiliates of AIG, or funds for which the Adviser or other AIG affiliates act as an investment adviser. In such instances, the Adviser shall disclose (by providing a copy of the current offering materials relating to such fund) the nature of the Adviser’s (or its affiliate’s) relationship with such fund and the fee which the Adviser or such affiliate will receive as a result of such subscription to such fund.

The Adviser may recommend the same investments to multiple Clients. In cases where the same portfolio manager will render advice to multiple accounts, transactions will be completed in a fair and equitable manner and in compliance with written policies and applicable law. See “Item 12. Brokerage Practices” below for a description of the Adviser trade allocation policies and procedures.

As part of its GRE business, the Adviser has offered certain investments to the GRE Funds. The management board of the advisory boards of the GRE Funds is required separately to review and to approve such “related party” transactions.

Pursuant to SEC Rule 204A-1, the Adviser has adopted a Code of Ethics designed to detect and prevent conflicts of interest. Specifically, the Code of Ethics prohibits employees from knowingly transacting for their personal benefit in securities that are being purchased or sold, or that are being considered for purchase or sale, by the Adviser for Client portfolios. This restriction, known as the black-out period, is effective for seven days before and seven days after the Adviser’s transaction. The Code of Ethics also requires employees of the Adviser to pre-clear and report their personal securities transactions. All personal trading activities and reporting are monitored by the Adviser’s Compliance personnel. The Adviser’s Code of Ethics is available to Clients or prospective Clients upon request.

Item 12. Brokerage Practices

As described further below, the Adviser has discretion over the selection of brokers with whom Client orders for the purchase or sale of securities are placed for execution and the price per share and the commission rates at which securities transactions are effected. The Adviser maintains an approved list of broker-dealers. All securities transactions (with the exception of the limited trades mention in Item 10 above), placed by the Adviser for Clients are executed through broker-dealers that are unaffiliated with the Adviser.

Item 12. Brokerage Practices (continued)

In selecting a broker-dealer for each specific transaction, the Adviser will use its best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best execution under the relevant circumstances. In executing Client transactions, the Adviser will take into consideration, among other factors:

- a) the coverage provided by the broker-dealer of specific regions, industries, sectors or companies;
- b) the reputation and standing of its analysts;
- c) its investment strategies;
- d) timing;
- e) accuracy of statistical information; and
- f) the value of internal or third-party research supplied by the broker-dealer.

Pursuant to the investment advisory agreement between the adviser and a Client, the Adviser may place orders for the execution of transactions with or through such brokers, dealers or banks as the Adviser may select in its sole and absolute discretion, and may, consistent with its duty to seek best execution and in compliance with applicable securities laws, including Section 28(e) of the Securities Exchange Act of 1934, as amended, pay a commission on transactions which may be greater than the amount of the commission another broker or dealer might have charged, provided that the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either that particular transaction or the overall responsibilities with respect to all the accounts as to which investment discretion was exercised. Subject to the foregoing, the Client acknowledges that such research services may be used in providing services to Clients other than the Client whose commissions were used to provide the research, and that such information will not necessarily be used by the Adviser in connection with rendering services to the Client.

To the extent permitted by law, the Adviser aggregates orders for Client accounts. The Adviser uses diligent efforts in adherence with its policy to allocate investment opportunities fairly and equitably among its Clients when there is a limited supply of a security.

When a transaction is deemed suitable for more than one Client, the Adviser may consider a variety of factors in making the allocation decision, including but not limited to the Client's investment objectives, investment policies, risk tolerance, regulatory and/or compliance restrictions, investment horizon, available or foreseeable cash (and liquidity requirements), tax position, tolerance for portfolio turnover, account "ramp-up" issues, the size of the accounts, cash availability in each account and each account's investment restrictions and investment strategies. All portfolios participating in a bunched trade must receive/pay the same price and must share in the aggregate transaction costs relating to the bunched trade, ratably in accordance with their respective allocations.

It is the Adviser policy generally not to trade securities between Client accounts. Under certain circumstances, however, for example when one Client needs to convert assets held in its portfolio to cash, the Adviser may determine that securities to be sold from that Client account are desirable for the account of another Client, and may effect a sale of the securities from one Client to another. Any such cross trades will be conducted in compliance with all applicable insurance and other laws.

In the case of trades between the Adviser's Clients that are affiliates of one another and of AIG, such trades will not be considered principal trades. However, in the unusual circumstance of a trade between an AIG affiliate and a non-affiliate, for example in a trade in which one party is a special purpose vehicle created through securitization of assets that has more than 75% unaffiliated investors, the Adviser will obtain the consent of the independent board of directors of such vehicle at or before the completion of the transaction.

Item 13. Review of Accounts

The AIG Investment Committee (“IC”) convenes generally monthly, to oversee implementation of the investment strategy for AIG and its subsidiaries. The IC develops overall AIG investment strategy, aggregates and reviews mandates, activities and strategies of AIG and its subsidiaries, monitors the progress of financial goals and objectives and recommends strategic asset allocation. It also reviews portfolio performance within and across asset classes. Tactical investment decisions (within the strategic asset allocation parameters set by the IC) are approved by and at the direction of the Adviser, asset class committees based on investment consideration of portfolio guidelines and constraints regulatory requirements, safety of principal, liquidity, duration, tax factors, income considerations and risk analysis.

Separately, GRE’s Investment Committee (“REIC”) convenes as needed to discuss all developments relating to GRE’s investment portfolios and to review and/or approve investment transactions contemplated by its portfolio teams. The REIC is required to approve all capital decisions of GRE on behalf of any of its Clients, other than certain de minimis capital transactions, which can be made at the discretion of the President of GRE.

Item 14. Client Referrals and Other Compensation

In connection with the GRE Funds, the Adviser and/or affiliates may take fees from third parties for services provided by the Adviser and/or its affiliates to such third parties relating to a transaction in which an advisory Client has participated, or a security or portfolio of securities in which the advisory Client is invested, in all cases except as otherwise limited by applicable law. In addition, the Adviser or an affiliate may serve as general partner or investment manager for limited partnerships and other pooled investment vehicles (collectively, funds) that invest in such companies, and may, when it believes that it is suitable and appropriate for a Client, advise the Client to invest in (or, in cases where it has investment discretion, invest the Client in) such funds that in turn invest in the companies from which it would receive remuneration. To offset the benefit of such remuneration to the Adviser or an affiliate, in certain instances a portion of the management fee charged with respect to such funds may be offset by an amount equal to or less than the amount of the remuneration received by the Adviser and its affiliates. There may be a risk that the Adviser or such affiliate would have a financial incentive to invest Client assets, directly or indirectly, in companies from which it receives remuneration.

Item 15. Custody

The Adviser does not generally have custody of Client funds and has established policies and procedures regarding compliance with Rule 206(4)-2.

GRE has custody of Client funds. The GRE Funds are audited at least annually and audited financial statements prepared in accordance with GAAP by a Public Company Accounting Oversight Board registered and inspected accounting firm, are distributed within 120 days of the vehicle’s fiscal year end.

Item 16. Investment Discretion

As set forth in the investment advisory agreement between a Client and the Adviser, a Client appoints the Adviser as the Client’s agent and attorney-in-fact and grants the Adviser full discretion over the Client’s account. The Adviser authorization is limited by applicable law and a Client’s investment guidelines or objectives or instructions otherwise provided to the Adviser.



Item 17. Voting Client Securities

The Adviser predominantly manages fixed income investments having limited voting rights, and so only rarely exercises voting power other than in the context of restructuring transactions and routine corporate actions. Notwithstanding the foregoing, generally, pursuant to the investment advisory agreement between a Client and the Adviser, the Adviser has full power and authority to vote proxies (and to otherwise respond to non-proxy communications) associated with securities held within the Client's portfolios (or to delegate such authority) in a manner as the Adviser deems reasonably appropriate, subject to any specific guidance as may be communicated from time to time by the Client.

In conjunction with voting Client proxies, the Adviser has established a Proxy Committee (the "Committee") comprising Portfolio Management, Operations, Legal and Compliance personnel. Generally, the Committee meets on an annual basis during the fourth quarter to review current shareholder issues and proxy voting activity for the year. In the case of a material conflict between the interests of the Adviser and those of its Clients with respect to proxy voting, the Adviser uses its best efforts to resolve all conflicts in the best interests of its Clients.

Clients may obtain information from the Adviser about how the Adviser voted their securities, as well as a copy of the Adviser's proxy voting policies and procedures, upon request.

Item 18. Financial Information

The Adviser has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.