

# PINEBRIDGE INVESTMENTS LLC

399 Park Avenue, 4th Floor  
New York, NY 10022  
646-857-8000  
[www.pinebridge.com](http://www.pinebridge.com)  
March 30, 2017

Contents of this document include both the PineBridge Investments LLC Privacy Notice as well as the Brochure.

The Brochure provides information about the qualifications and business practices of PineBridge Investments LLC ("PBI LLC"). If you have any questions about the contents of this Brochure, please contact us at 646-857-8000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

PBI LLC is an SEC registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

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

# Privacy Notice

## **PineBridge Investments LLC Privacy Notice As of March 2017**

PineBridge Investments LLC (“we” or “us”) consider privacy to be fundamental to our relationship with our investors. We are committed to maintaining the confidentiality, integrity, and security of non-public personal information about current, prospective, and former individual investors in our fund clients. These precautions include the adoption of certain procedures designed to maintain and secure such persons’ non-public personal information from inappropriate disclosure to third parties. Federal regulations require us to inform individual investors of this privacy policy. This policy applies to the personal privacy of individuals; it does not apply to corporate persons and legal entities that are not natural persons.

We respect your right to personal privacy. We also know, however, that you expect us to conduct our operations in an accurate and efficient manner. To do so, we must collect and maintain non-public personal information about individual investors (“you”) from the following sources:

- Information we receive from you on applications, subscription agreements, investment management agreements, or other forms, which can include but is not limited your, home address, telephone number(s), date of birth, assets, income, and Social Security number;
- Information about your transactions with us, our affiliates, or others, including service providers that are necessary to carry on our everyday business purposes, such as to maintain accounts and process transactions; and
- Information we may receive from a consumer reporting agency or other similar third party sources.

We will not disclose any non-public personal information about you except as allowed by applicable law or regulation. Further, we will only disclose the non-public personal information described above if:

- We receive your prior written consent;
- We believe the recipient is your authorized representative;
- We disclose the information as permitted by law, including to affiliates and third party recipients, such as administrators, in order to service your account(s); or
- We are required by law to disclose information to the recipient.

We will continue to distribute certain personally-identifiable financial information, such as the schedule of investors to the fund agreement and capital account information, to all investors in each specific fund, to any regulatory authority having jurisdiction over us or any of our funds; or in connection with any litigation or other dispute or otherwise as necessary or appropriate to enforce the terms of our agreements with you or investigate, defend or assert legal rights.

We have safeguards designed to ensure that any party that receives this information will be bound to use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose. If you decide to close your account(s) or become an inactive investor, we will adhere to the privacy policies and practices as described in this Privacy Notice.

In order to use and disclose the non-public personal information, such information may be transferred internationally, including from the European Economic Area, to the U.S. and other countries which the European Union has deemed do not provide “adequate” protection for personal information. During such transfers, we will apply the same standards of privacy protection as set out in this privacy policy regardless of the international transfer or processing of personal information.

To protect your non-public personal information, we have measures in place that we have designed to restrict access to your non-public personal and account information to those employees who need to know that information to provide products or services to you and have been advised as to the proper handling of such information. We maintain physical, electronic, and procedural safeguards consistent with industry and federal standards designed to safeguard your non-public personal information and which we believe are adequate to prevent unauthorized disclosure of such information, although no information systems is entirely secure.

If, at any time in the future, it is necessary to disclose any investor's personal information in a way that is inconsistent with this policy, we will give such investor written notice of the change and, where required under applicable law, obtain consent to such change

Current, former and prospective clients and investors may exercise rights under applicable law to access personal information held by us in order to rectify or delete any such information that is factually incorrect, incomplete or irrelevant for the purpose for which it is processed, and they may also raise any concerns as to the use or disclosure of their personal information, including making a request not to receive marketing. We believe that an investor's right to privacy extends to all forms of contact with us, including telephone, written correspondence, and electronic media, such as the Internet. If you have any questions or concerns, you may contact our firm's Privacy Officer at [privacyofficer@pinebridge.com](mailto:privacyofficer@pinebridge.com).

## Item 2 - Material Changes

### **Material Changes since the Last Update**

Below is a list of material changes PBI LLC has made to this Brochure since its last annual update on March 30, 2016. Because this section of the Brochure addresses only those material changes that have been incorporated since its last annual update, and because other amendments were made to this Brochure that are not discussed in this summary, please read the Brochure in its entirety.

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## Item 4 - Advisory Business

### Firm Description

PineBridge Investments is the trade name given to the global asset management business of PineBridge Investments, LP, which is a majority-owned subsidiary of Pacific Century Group (“PCG”), an Asia-based private investment group. As a global firm, PineBridge Investments has over 60 years of experience in emerging and developed markets. In the United States, PineBridge Investments LLC (“PBI LLC” or the “Firm”) operates as a member company of PineBridge Investments. Mr. Greg Ehret is PBI LLC’s Chief Executive Officer.

PineBridge Investment Partners LLC (“PIP LLC”), PineBridge/Fiera Select Plus Management Co. LLC (“Select Plus Management Co.”) and PineBridge Highstar (SPE) LLC (“Highstar SPE”) are investment advisers affiliated with PBI LLC. Each of PIP LLC, Select Plus Management Co. and Highstar SPE is registered as an investment adviser in reliance on PBI LLC’s Form ADV and conducts its investment advisory activities in accordance with PBI LLC’s compliance policies and procedures. As pertinent, PIP LLC, Select Plus Management Co. and/or Highstar SPE are included in the term “PBI LLC” or the “Firm.”

### Principal Owners

PBI LLC is a Delaware limited liability company that is a wholly owned subsidiary of PineBridge Investments Holdings US LLC (“PineBridge Holdings”), also a Delaware limited liability company. PineBridge Holdings is a wholly owned subsidiary of PineBridge Investments, L.P. (“PILP”), a Cayman Islands limited partnership. The general partner of PILP is Pacific Century Investment Holdings (Cayman Islands), L.P. (“PCIHL”). PCIHL is wholly owned by Pacific Century Investment Holdings No. 1 Limited (“PCIH No. 1”). PCIH No. 1 is wholly owned by ChiltonLink Limited, which, in turn, is wholly owned by Richard Li.

The sole member of PIP LLC is PILP. The limited liability company interests of Select Plus Management Co. are owned equally by PBI LLC and Fiera Capital Inc., an investment adviser separately registered with the SEC. PBI LLC is the managing member of Highstar SPE.

### Types of Advisory Services

PBI LLC is an investment adviser that manages separate accounts and funds in a wide range of asset types for our clients, including equity, multi-asset, fixed income, and alternative investments. The Firm provides investment management/advisory services to U.S. registered investment companies, privately offered pooled investment vehicles and separate advisory accounts for sophisticated institutional and individual clients for which appropriate investment guidelines have been developed with the client. Such services may include the rendering of investment advice, the execution of investment transactions as agent on behalf of such clients, and the settlement and reconciliation of all such trades with third party custodians.

PBI LLC offers a wide range of equity investment management capabilities, including managing separate accounts and funds, which hold a range of equity securities including, exchange-listed securities, securities traded over the counter, foreign issues, small-capitalization securities, and warrants.

In addition, PBI LLC offers a Multi-Asset strategy that provides a forward-looking approach designed to protect portfolios during periods of stressed correlations. This strategy is an intermediate-term, which allows it to sit between a pure tactical approach and a strategic approach.

PBI LLC also offers a wide range of fixed income investment management capabilities, including managing separate accounts and funds, which hold a range of fixed income securities including corporate debt securities, leveraged loans, high yield, and investment grade debt. The Firm also invests, on behalf of its clients, in government securities and structured products, such as mortgage and other asset-backed securities.

In addition, PBI LLC offers a wide range of alternative investment management capabilities, such as managing separate accounts and funds holding direct investments, secondary investments, private equity funds, and hedge funds. The Firm may also recommend investments in private funds for which it or one of its affiliates serves as investment adviser and/or general partner.

### **Tailored Relationships**

PBI LLC tailors advisory services to the individual needs of clients and aims to deliver consistent, long-term results for clients through a robust global investment platform. PBI LLC strives to collaborate with clients and leverage the platform of investment capabilities to develop customized solutions, and it has the flexibility to create investment solutions to meet many diverse client needs.

Clients may impose restrictions on investing in certain securities or types of securities over their portfolios. The Firm's portfolio managers are responsible for following the investment guidelines for each client as defined in its respective investment management agreement ("IMA"). The Firm's Compliance Department ("Compliance"), along with senior management, has developed a supervisory structure to monitor and provide guidance to its investment professionals.

### **Affiliates**

PBI LLC also operates its investment management business through multiple affiliates, some of which are registered with non-U.S. regulatory authorities. The Firm may use the services of appropriate personnel of one or more of its affiliates for investment advice, trading, and/or client servicing in their local or regional markets, except to the extent that such activity is restricted by the client in or pursuant to its IMA, or is inconsistent with applicable law. Arrangements among affiliates may take the form of a formal sub-advisory agreement or a participating affiliate agreement. This is designed to make the Firm's global capabilities available to clients that have an IMA with PBI LLC.

### **Wrap Fee Programs**

PBI LLC does not participate in wrap fee programs.

## **Client Assets**

As of December 31, 2016 (rounded to the nearest \$1.00):

Discretionary: \$37,852,092,243

Non-Discretionary: \$3,483,648,239

Total: \$41,335,740,482



## Item 5 - Fees and Compensation

### Description

PBI LLC's investment advisory fees may be negotiable and are typically based upon a percentage of the total assets managed for the client by PBI LLC. Fee arrangements vary by client, and are based on a number of different factors that may include investment mandate, services performed, account size, and account relationship. The specific manner in which fees are charged by PBI LLC is usually established in a client's written agreement with the Firm or is set forth in fund offering documentation. The percentages upon which annual basic fees are based may vary, according to the client's investment objectives, the extent of the services desired, the types of assets to be managed, and other various competitive factors.

PBI LLC serves as sub-adviser to several registered mutual funds. For these accounts, PBI LLC is typically paid a management fee based on the level of assets under management.

General fee structures, including those noted in the fee schedule below may be modified for any reason, such as where a new account is expected to grow rapidly, where a relationship already exists with a current client, or where the client retains PBI LLC to provide services with respect to multiple investment mandates.

The differing levels of basic fees among the various categories indicated in the fee schedule below take into account such factors as the degree of investment management activity, supervision required, the nature of the discretionary or non-discretionary service provided, and the types of investment guidelines and restrictions imposed upon the management of the accounts.

In addition to the foregoing, there may be specialized investment strategies with individualized fee arrangements in place, as well as historical fee schedules with long-standing clients that may differ from those applicable to new client relationships.

PBI LLC may use its discretionary authority to cause clients to invest in mutual funds or other pooled investment products. In connection with these underlying investments, clients may be charged management and other fees in addition to those defined in their investment management agreements.

The below fee schedule is for strategies managed by the Firm. Unless stated otherwise, management fees stated in this section refer to fees determined on a per annum basis and relate to a percentage of assets under management for the specific portfolio.

Fees and expenses applicable to unregistered pooled investment vehicles advised by PineBridge ("Private Funds"), are set forth in the applicable Private Fund's Offering Memorandum ("PPM"), subscription agreement and/or other governing document.

## FEE SCHEDULE

### ***Private Equity Funds***

PBI LLC directly or indirectly is general partner and investment adviser to private investment funds structured as limited partnerships, similar closed-end vehicles or separate accounts. Such funds seek to achieve their investment objectives through either direct investments executed by the Firm's investment teams or through investments made in private investment funds managed by non-affiliated managers. Management fees for private investment funds or separate accounts advised by the Firm which invest in private equity strategies ("Private Equity Clients") generally are based upon a percentage of a fund's aggregate committed capital ranging from 0.85% to 2.00% or the aggregate invested capital.

PBI LLC generally also receives a performance-based profits interest through each private investment fund's general partner entitling it to a certain percentage of the realized profits subject to a preferred return or hurdle rate to limited partners. Similarly, PBI LLC generally also receives performance-based fees from its separate managed accounts, which invest in private equity strategies. For primarily illiquid investment strategies, these profits interests are based on realized gains and received income only and is generally payable as portfolio holdings are liquidated, subject, in some cases, to a reserve or "clawback" arrangement to the account for losses incurred on holdings subsequently sold. All carried interest profit allocations are subject to regulation under Section 205 of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 205-3 thereunder.

### ***Emerging Market Equity***

Emerging market equity programs encompass management of portfolios of equity securities globally, within individual emerging market countries or across multiple emerging market countries within a geographic region. Fees are generally charged as a fixed percentage ranging from 0.60% to 1.00% of assets under management.

### ***Developed Market Equity***

Developed market equity programs encompass management of portfolios of equity securities globally, within individual developed market countries or across multiple developed market countries within a geographic region. Fees are generally charged as a fixed percentage ranging from 0.50% to 0.75% of assets under management.

### ***Tracking Error Constrained Equity Strategies***

Tracking error constrained equity programs encompass management of portfolios of equity securities with the objective of optimizing risk and return within a pre-specified tracking error of a reference index. These programs may include securities in either developed, emerging or global equity markets. Fees are generally charged as a fixed percentage ranging from 0.25% to 0.50% of assets under management.

### ***Index Equity Strategies***

Index equity programs encompass management of portfolios of equity securities with the primary objective of minimizing divergence of performance from a reference index. Fees are generally charged as a fixed percentage ranging from 0.05% to 0.10% of assets under management.

### ***Investment Grade Fixed Income Strategies***

Fixed income programs encompass management of portfolios of debt obligations of investment grade corporations and sovereign entities or their agencies encompassing a narrow or broad range of credit

instruments in either or both emerging and developed markets. Fees are generally charged as a fixed percentage ranging from 0.20% to 0.50% of assets under management.

### ***Below Investment Grade Fixed Income Strategies***

Fixed income programs encompass management of portfolios of debt obligations of non-investment grade corporations or other entities encompassing a narrow or broad range of credit instruments in either or both emerging and developed markets. Fees are generally charged as a fixed percentage ranging from 0.35% to 0.65% of assets under management.

### ***Bank Loan Strategies***

Fixed income programs encompass management of portfolios of debt obligations of non-investment grade or non-rated corporations or other entities encompassing a narrow or broad range of credit instruments in either or both emerging and developed markets. Fees are generally charged as a fixed percentage ranging from 0.35% to 0.50% of assets under management.

### ***Collateralized Loan Obligations***

PBI LLC serves as collateral manager for several Collateralized Loan Obligations (“CLOs”). The fee structure for CLOs generally provides for a Senior Management Fee of 0.25% to 0.30% and a Subordinated Management Fee of 0.20% to 0.25%; each based on the aggregate principal value of investments. The Senior Management Fee will be paid prior to any payments made to CLO noteholders. The Subordinated Management Fee will be paid only from interest proceeds remaining after payments of interest of the senior notes of the CLO and from principal remaining after payment in full of the senior notes.

### ***Multi-Asset and Multi-Sector Strategies***

Multi-Asset programs encompass management of multi-asset portfolios of equity, fixed income and/or other securities. Multi-Sector programs encompass management of single asset class portfolios that span multiple geographies or security types. Fees generally are charged as a fixed percentage ranging from 0.40% to 1.00% of assets under management.

## **FEE BILLING**

The Firm’s management fees are generally billed quarterly, monthly, or semi-annually. Fees for traditional equity and fixed income products and related strategies are generally calculated either (i) in arrears based on the average asset balance of the portfolio or (ii) in arrears based on the asset balance of the managed portfolio on the last day of the previous period. Fees for alternative investment products and strategies are generally determined based on committed capital, invested capital, or net asset value, as defined in the offering materials or other governing documents.

Clawback provisions also may apply to performance fees paid with respect to certain Private Equity Clients. A clawback provision is a provision within the constituent documents that allows for a review of the total profit distributed by the Private Equity Client at the end of a defined period. The “Clawback” is a mechanism to recapture overpayments to the general partner or the relevant investment manager, in the case of separate managed accounts, if it received more than its share of stated carried interest. The timing and amount of performance fees or allocations are described in the relevant PPM or other governing documents.

## OTHER FEES

PBI LLC's fees are exclusive of any brokerage commissions, transaction fees, and other related costs and expenses incurred by the client account. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, interest expenses, other governmental charges, transfer and registration fees associated with products or services that may be necessary or incidental to such investments or accounts, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also may charge internal management fees, which are disclosed in a fund's prospectus. Performance fees may also be charged on some accounts. (Refer to the Performance-Based Fees and Side-By-Side Management section and Brokerage Practices section within this Brochure for additional details.)

*Other Fees Related to Private Equity Only:* PBI LLC and its affiliates may be entitled to receive cash and non-cash break-up, directors', commitment, monitoring, organizational, setup, advisory, investment banking, underwriting, syndication and other similar fees in connection with the purchase, monitoring or disposition of investments or from unconsummated transactions, including warrants, options, derivatives and other rights in respect of securities owned by a Private Equity Client. Private Equity Clients will receive the benefit of certain such fees only as set forth in their respective constituent documents.

Generally, feeder funds to a master fund bear a pro rata share of the expenses associated with the related master fund.

## COMMON TYPES OF EXPENSES

Private Funds may incur administrative fees, legal fees, audit fees, sales expenses, tax preparation expenses, organizational expenses, investment expenses, diligence fees, or other fees and expenses as may be disclosed in the relevant Private Fund offering materials or other governing documents. In addition, each Private Fund may bear or reimburse PBI LLC for its allocable share of the expenses associated with (i) any insurance policies obtained by PBI LLC in respect of the relevant Private Fund or the activities of PBI LLC and its affiliates associated therewith, and any indemnified parties (as applicable and, including without limitation PBI LLC, its affiliates and members of the investment teams) from liabilities to third parties in connection with the relevant Private Fund's investment and other activities and (ii) the participation of internal counsel to PBI LLC in the negotiation and preparation of PBI LLC's management agreement with the relevant Private Fund and all legal matters relating to the management of the relevant Private Fund. Private equity and hedge funds may charge management fees to the investors' capital accounts. (Please refer to the Private Equity Only section below for additional details.)

### Internal Counsel Costs Allocated to Collateralized Loan Obligations ("CLOs")

PBI LLC may, in certain instances, allocate to PBI LLC-sponsored CLOs amounts determined in its reasonable discretion to constitute the allocable cost of the participation of internal counsel to PBI LLC in the negotiation and preparation of PBI LLC's collateral management agreement with the CLO's issuer and all matters incidental thereto.

## FEES PAID IN ADVANCE

In the event that any advisory agreement provides for a fee to be payable to PBI LLC in advance, a pro-rata refund will be made in the event of early cancellation of the advisory agreement by either the Firm or the client. In no event will fees be payable six months or more in advance. Clients in separate accounts are generally permitted to terminate contracts with PBI LLC upon written notice within a reasonable time (normally at least 30 days) prior to the effective date of such termination.

## ADDITIONAL COMPENSATION

Sales personnel accept incentive sales payments from either PBI LLC or an affiliate broker-dealer for the sale of securities or other investment products based on a percentage of funds raised, as some PBI LLC employees are also registered representatives of the affiliated broker-dealer (PineBridge Securities LLC). The incentive sales payment is paid from the applicable management fee, not an additional separate fee. Such management fees are generally based on a percentage of assets.

This practice presents a conflict of interest that gives the Firm and/or supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. The Firm has adopted a Code of Ethics and Compliance Manual to address the ethical conduct of employees, including sales persons. The Code of Ethics requires, among other things, that employees place the interests of the clients first. As fiduciaries, employees must avoid placing personal interests ahead of the interests of clients.

A copy of this Brochure, including the disclosure of the potential conflict description above, is provided to all investors prior to becoming a client of PBI LLC. In addition, certain Private Funds managed by PBI LLC may be available for purchase through other brokers not affiliated with the Firm.

## Private Equity Only

### ORGANIZATIONAL EXPENSES

Depending on the provisions of the Private Equity Client's constituent documents, each Private Equity Client will typically pay or otherwise bear all legal and other fees, costs, expenses, and other liabilities incurred in connection with the formation and organization of the Private Equity Client and related entities, or the offer and sale of interest in, such Private Equity Client, its general partner or similar managing fiduciary, including commissions, costs, and all out-of-pocket legal, accounting, filing, capital raising, printing, electronic database, travel, accommodation, meal, and other similar fees, costs, and expenses excluding placement fees, as applicable ("Organizational Expenses"). Organizational Expenses in excess of any cap provided in a Private Equity Client's constituent documents, and placement fees (as applicable) not paid by PBI LLC, will be paid by the Private Equity Client, but the management fee otherwise payable by the Private Equity Client will typically be reduced by the amount of the placement fees and any amount in excess of the Organizational Expenses cap provided for in its constituent documents. Not all Private Equity Clients will have the same fees, costs, and expenses.

### OPERATING EXPENSES

The constituent documents relating to each Private Equity Client, including partnership agreements and investment management agreements, provide a description of any additional fees, costs and expenses for which such Private Equity Client may be responsible in addition to the management fees and any performance-based allocations or fees (collectively, the "Operating Expenses"). As such, different Private Equity Clients will have differing obligations with respect to Operating Expenses.

Except as otherwise agreed (including in any applicable side letter) or set forth in such constituent documents and agreements, each Private Equity Client will pay all costs, expenses and liabilities attributable to its activities that are not reimbursed by portfolio companies or other third parties, including but not limited to the following, whether, in each case as applicable, such costs, expenses and liabilities are charged for services performed by third parties or employees of PBI LLC or its affiliates (e.g., in-house

legal counsel and tax compliance professionals) as determined by PBI LLC and or its affiliates and as set forth in more detail below.

*Operating Expenses Related to the General Administration of the Private Equity Client.* Each Private Equity Client generally bears all of the expenses relating to its administration including: (i) fees, costs and expenses of PBI LLC or its affiliates, including, without limitation, expenses for legal, accounting, and tax, including expenses associated with the preparation of the Private Equity Client's financial statements and tax returns; (ii) placement fees and expenses (subject to reduction of the management fee in certain constituent documents of the Private Equity Clients); (iii) costs and expenses of any Private Fund advisory board, including travel and all other out-of-pocket costs incurred in connection with any advisory board meetings (in accordance with any applicable travel and expense policies of PBI LLC or its affiliates); (iv) extraordinary costs and expenses (including costs and expenses that are classified as extraordinary expenses under the International Financial Reporting Standards or the applicable generally accepted accounting principles), as determined by PBI LLC or its affiliates in its sole discretion; (v) fees, costs and expenses incurred in connection with distributions to the partners of the Private Equity Client (including any in-kind distributions); (vi) fees, costs and expenses incurred in respect of reporting to the partners of the Private Equity Client and any meeting of the general partner of the Private Equity Client and one or more limited partners, including the travel and other out-of-pocket costs incurred by the general partner of the Private Equity Client in attending such meetings (in accordance with any applicable travel and expense policies of PBI LLC or its affiliates); (vii) fees, costs and expenses associated with administering and operating the Private Equity Client, preparing and maintaining the books and records of the Private Equity Client, including internal costs that PBI LLC may incur to produce the Private Equity Client's official books and records, external costs in cases where PBI LLC hires a third-party administrator to maintain the Private Equity Client's official books and records and any costs of PBI LLC to oversee and manage such third-party administrator and any special purpose vehicles of the Private Equity Client; (viii) fees, costs and expenses incurred in connection with any amendment, waiver or variation of the constituent documents of the Private Equity Client and any other agreement related to the Private Equity Client; (ix) fees, costs and expenses relating to litigation, threatened litigation or government, commission or authority inquiry, proceeding, audit or action involving the Private Equity Client, and any losses related thereto; (x) fees, costs and expenses incurred in connection with computer software and technological systems, including, but not limited to, licenses, development and hosting; (xi) fees, costs and expenses of holding any meetings of investors of such Private Equity Client (including for travel, which may include expenses for airfare, accommodations, meals, events, entertainment, and other similar fees, costs and expenses in accordance with any applicable travel and expense policies of PBI LLC or its affiliates); (xii) unreimbursed fees, costs and expenses incurred in connection with the collection of amounts due to the Private Equity Client from any person; (xiii) fees, costs and expenses incurred in connection with administrative proceedings relating to the determination of the Private Equity Client account items of income, gain, loss, deduction and credit at the portfolio investment level, and any audit with respect to taxes; (xiv) fees, costs and expenses related to a sale, assignment, pledge or transfer of an investor's interest in such Private Equity Client or an investor's withdrawal or admission or acquisition of interests as permitted under such Private Equity Client's governing documents (but only to the extent not paid by the investor and/or the purchaser, assignee, pledge or transferee, as applicable); (xv) costs of winding up and liquidating the Private Equity Client; and (xvi) all other non-recurring or extraordinary costs or expenses attributable to the activities of the Private Equity Client.

*Operating Expenses Related to Certain Internal Staff or Consultants.* Each Private Equity Client generally bears or reimburses PBI LLC for certain expenses incurred in connection with the organization and/or



operation of that Private Equity Client, including (a) salary, benefits, overhead and other costs relating to personnel or employees of PBI LLC and its affiliates including, without limitation, internal legal staff and paralegals (“Internal Staff”) and (b) fees and expenses of consultants (including any operating executives, advisors, operating partners, subject matter experts or other persons acting in a similar capacity) who provide consulting and other similar services to the Private Equity Client or their respective portfolio companies (including with respect to potential portfolio investments) (the “Consultants”). Internal Staff or Consultant activities for which expenses may be charged to or reimbursed by a Private Equity Client include: (i) appraisals, valuations, strategic advice to the Private Equity Client and/or one or more portfolio investments; (ii) legal, auditing, risk management, litigation, custodial, accounting, administrative, banking, brokerage, tax and other professional services, including preparation of the Private Equity Client’s financial statements, tax returns and tax compliance (including FATCA) and Schedules K-1 and the representation of the Private Equity Client by the tax matters partner; (iii) due diligence or analysis on industry, geopolitical or other operational issues; and (iv) developing and implementing operational improvement initiatives relating to such portfolio companies.

*Operating Expenses Related to Regulatory and Tax Compliance.* Each Private Equity Client generally bears or reimburses PBI LLC for certain expenses related to the Private Equity Client’s regulatory and tax compliance, including: (i) taxes and other governmental charges, fees and duties payable by the Private Equity Client; (ii) fees, costs and expenses (including legal fees, costs and expenses) incurred to comply with any applicable law, rule or regulation (including regulatory filing or other expenses of such Private Equity Client, its general partner or similar person and/or investment manager, including, but not limited to, regulatory registrations and filings to comply with the Alternative Investment Fund Manager Directive (“AIFMD”)); and (iii) except as otherwise provided in the constituent documents of the Private Equity Client, taxes and other governmental charges, fees and duties payable by the Private Equity Client.

*Operating Expenses Related to Portfolio Investments.* Each Private Equity Client generally bears or reimburses PBI LLC for certain expenses related to portfolio investments, including: (i) the fees, costs and expenses relating to portfolio investments and potential portfolio investments (irrespective of whether any such potential portfolio investment is ultimately consummated), including the development, evaluation, negotiation, acquisition, holding, valuing and disposition thereof, as well as travel and other out-of-pocket costs incurred by PBI LLC or its affiliates in investigating, evaluating or monitoring portfolio investments or investment opportunities meetings (in accordance with any applicable travel and expense policies of PBI LLC or its affiliates); (ii) all principal, interest, fees, expenses and other amounts payable in respect of or in connection with borrowings, financings or derivative transactions; (iii) fees, costs and expenses related to organizing entities through or in which portfolio investments may be made; (iv) market data, research-related and software expenses; (v) fees, costs and expenses incurred in obtaining research and other information for the benefit of such Private Equity Client, including information service subscriptions as well as expenses incurred to operate and maintain market information systems and information technology systems used to obtain such research and other information (such as phone and internet charges); (vi) fees, costs and expenses incurred in developing, implementing or maintaining computer software and technological systems for the benefit of such Private Equity Client, its investors or its portfolio companies (including potential portfolio companies); and (vii) all principal, interest, fees, expenses and other amounts payable in respect of or in connection with borrowings, financings or derivative transactions.

*Operating Expenses Related to Indemnification Obligations.* Each Private Equity Client generally bears or reimburses PBI LLC for certain expenses related to indemnification obligations, including: (i) premiums

for insurance protecting the Private Equity Client and any indemnified parties (as applicable and defined in the Private Equity Client's constituent documents and, including without limitation PBI LLC, its affiliates and members of the investment teams) from liabilities to third parties in connection with the Private Equity Client's investment and other activities, including an allocable share of any insurance policies obtained by PBI LLC in respect of the Private Equity Client and one or more other PBI LLC investment funds or other persons; and (ii) indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying individuals and other parties required or permitted to be indemnified under the constituent documents of the Private Equity Client and advancing fees, costs and expenses incurred by any such indemnified parties in defense or settlement of any claim that may be subject to indemnification under the applicable constituent documents).

PBI LLC and its affiliates will be entitled to reimbursement from each Private Equity Client for any Operating Expenses paid and/or incurred by them on behalf of such Private Equity Client, including fees, costs and expenses and allocated portions of overhead expenses incurred in connection with services performed by personnel or employees of PBI LLC and its affiliates including, without limitation, internal legal staff and paralegals ("Internal Staff") in accordance with such Private Equity Client's applicable constituent documents. As described in the respective provisions of such Private Fund's applicable constituent documents or client's investment agreements, all determinations with respect to allocations of work, and the fees, costs, expenses and overhead expenses related to such work, will be made by PBI LLC and its affiliates in its sole discretion including, without limitation, the determination of the extent to which any fees, costs, expenses and overhead expenses related to work performed by external counsel, other external service providers and/or Internal Staff is an "Operating Expense."

PBI LLC and its affiliates and/or their respective Internal Staff will allocate work, in their sole discretion, based on their assessments of current workloads and priorities (without regard for prior practice) to external service providers, Internal Staff or some combination thereof. From time to time, work that was performed by Internal Staff may be performed by external service providers and vice versa. From time to time, work performed by Internal Staff for one Private Equity Client may be performed by external service providers for another Private Equity Client. None of the Private Equity Clients should have any expectation that work performed by Internal Staff will be borne by PBI LLC or its affiliates regardless of whether or not overhead expenses for such work was previously reimbursed by the applicable Private Equity Client. Work performed by Internal Staff includes any and all work that PBI LLC determines, in its sole discretion, could otherwise have been performed by external service providers had it not been performed by Internal Staff, including but not limited to, work associated with: (i) the formation of the Private Equity Client and its investment structures; (ii) closings and offerings of interests for such Private Equity Client; (iii) general advice concerning the Private Equity Client, and such Private Equity Client's applicable constituent documents; (iv) amendments and waivers relating to the Private Equity Client's constituent documents; (v) meetings and consents of the limited partners and the advisory board of such Private Equity Client (as applicable); (vi) the application of laws, rules and regulations to the Private Equity Client, its portfolio investments and PBI LLC; (vii) tax-planning relating to the Private Equity Client, PBI LLC and its affiliates and the Private Equity Client's portfolio investments; (viii) indemnification obligations of the Private Equity Client; (ix) transactional or litigation work and advice related to the discovery, structuring, taxation, investment, monitoring, holding or disposition of portfolio investments or potential investment opportunities of the Private Equity Client (including managing all legal aspects associated therewith); and (x) the winding-up or liquidation of a Private Equity Client.

#### CONSULTANT FEES AND EXPENSES

Consultants are not employees of PBI LLC, are not expected to provide recurring/ongoing consulting and other similar services to PBI LLC and may participate in a portion of the incentive allocation distributions of the Private Equity Client. Consultants may provide operational advice or services to the Private Equity Clients in respect of prospective or actual portfolio company investments and also may provide similar



services to the portfolio companies in which the Private Equity Clients invest. Their compensation is not subject to offsets (i.e., consultant payments are made by the Private Equity Client or the relevant portfolio companies and are not offset against the applicable management fee). Also, consultants may, in connection with their services to the portfolio companies, receive incentive compensation from the portfolio companies similar to that provided to the portfolio company's senior management, unaffiliated board directors or, if there are no unaffiliated board directors, incentive compensation customarily provided by similar companies to unaffiliated board directors.

#### ALLOCATION OF EXPENSES

PBI LLC and its affiliates may from time to time incur fees, costs and expenses on behalf of more than one Private Equity Client. To the extent such fees, costs and expenses are incurred for the account or benefit of more than one Private Equity Client, (i) if such amounts relate to a specific, consummated investment, each Private Equity Client will typically bear an allocable portion of any such amounts pro rata based on the size of its investment in the entity to which the expense relates (or such other non-pro rata manner as PBI LLC determines, in its sole discretion, to be fair and reasonable), and (ii) if such amounts do not relate to a specific investment, each Private Equity Client will typically bear an allocable portion of any such amounts based on such criteria as PBI LLC determines, in its sole discretion, to be fair and reasonable (in the case of (i) and (ii), subject to the terms of such Private Equity Client's applicable constituent documents). PBI LLC seeks to allocate such fees, costs and expenses on a fair and reasonable basis. Notwithstanding the foregoing, PBI LLC may in the future develop policies and procedures to address the allocation of expenses (including with respect to insurance premiums) that differ from its current practice.

PBI LLC or its affiliates may from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to PBI LLC and its affiliates. For example, certain law firms retained by PBI LLC or one or more of its affiliates have in the past offered fee discounts for non-investment transaction legal services, such as legal advice in connection with PBI LLC operational, compliance and related matters. While PBI LLC or its affiliates will seek to provide the benefit of discounts that relate specifically to services provided to a Private Equity Client, there can be no assurance that any such discounts will be offered, and PBI LLC has no obligation to require any such discounts to be offered, to any Private Equity Client or any portfolio company.

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

PBI LLC accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client account. PBI LLC manages both accounts that are charged a performance-based fee and accounts that are charged an asset-based fee.

The Firm recognizes that it may be subject to a conflict of interest with respect to allocations of investment opportunities and transactions among its clients due to its acceptance of both asset-based fees and performance-based fees. The conflict of interest that arises with respect to performance-based fees and the side-by-side management of these accounts with those that do not charge a performance fee is the potential for transactions to be allocated in favor of those accounts that charge a performance-based fee. To mitigate these conflicts, PBI LLC's policies and procedures provide that investment decisions must be made in accordance with the fiduciary duties owed to such accounts and without consideration of the Firm's economic, investment or other financial interests. To meet its fiduciary obligations, the Firm seeks to avoid, among other things, investment or trading practices that systematically over time advantage or disadvantage certain client portfolios. Accordingly, PBI LLC has established and adopted a policy seeking fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is the Firm's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

There exists a potential conflict where carried interest or performance-based fee allocations with respect to clients may create an incentive for PBI LLC to make more speculative investments on behalf of clients than it might otherwise make, in the absence of such performance-based compensation. The carried interest or performance-based fee allocation may pose an incentive for the Firm to allocate more profitable investment opportunities to clients who are charged a higher carried interest, as PBI LLC and its affiliates have the opportunity to receive carried interest distributions based on the success of portfolio investments. Similarly, an incentive exists to make decisions regarding the timing and structure of realizing transactions that may not be in the best interest of investors.

The Firm has monitoring procedures in place to address the aforementioned conflicts of interest. PBI LLC has adopted the Trade Allocation and Aggregation Policy, which is monitored by the Firm's Compliance Department ("Compliance"). Any discrepancies noted by Compliance are discussed with the applicable portfolio managers and adjustments are made as necessary.

### Private Equity Only

#### INVESTMENT OPPORTUNITY ALLOCATION

PBI LLC will be required to offer investment opportunities to each Private Equity Client in accordance with the applicable provisions of each Private Equity Client's constituent documents. PBI LLC may, from time to time, be presented with investment opportunities that fall within the investment objectives of multiple Private Equity Clients and, in such circumstances, PBI LLC seeks to allocate such opportunities (including any related co-investment opportunities) among such Private Equity Clients in accordance with its allocation policy as in effect from time to time and in order to ensure that each Private Equity Client is treated in a manner that, over time, is fair and equitable. Certain inherent conflicts of interest arise from the fact that (i) PBI LLC may provide investment management services to more than one Private Equity Client and (ii) Private Equity Clients may have one or more overlapping investment strategies. PBI LLC's current allocation policy provides that investment opportunities will be allocated taking into account (a) suitability, (b) available capital, (c) Private Equity Client specific portfolio restrictions, (d) portfolio

composition, (e) cost and (f) any other information determined to be relevant to the fair allocation of the investment opportunity to each Private Equity Client, including but not limited to, the sourcing of transactions, the amount of potential follow-on investing that may be required for such investment and the other portfolio investments of such Private Equity Clients, reasons of portfolio balance, and the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for such Private Equity Client.

PBI LLC will have the discretion to construct what in its business judgment constitutes an appropriate investment portfolio for each Private Equity Client. As such, in determining what it believes to be an appropriate portfolio for a particular Private Equity Client, PBI LLC may give consideration to factors in addition to those outlined above.

As a result, in certain circumstances investment opportunities suitable for a Private Equity Client may not be presented to such client. Moreover, certain Private Equity Clients may receive priority with respect to certain investment opportunities. There can be no assurance, however, that the application of the allocation policies described above will result in the allocation of a specific investment opportunity to a Private Equity Client, or that a Private Equity Client will participate in all investment opportunities falling within its investment objective, or that such investment opportunity may not be disproportionately allocated to one Private Equity Client versus another Private Equity Client.

Generally, co-investment opportunities will be allocated if PBI LLC determines that there is excess capacity in a particular investment opportunity. Please see “Co-Investments” below for further details.

**Co-Investments.** PBI LLC or its affiliates may, in their sole discretion, provide co-investment opportunities to one or more Strategic and Relationship Co-Investors (as defined below), as well as certain limited partners or other investors of any Private Equity Client, PBI LLC affiliates, or others. Strategic and Relationship Co-Investors will be determined by PBI LLC or its affiliates in its sole discretion, may include any limited partner or other investor of a Private Equity Client, PBI LLC’s affiliates and/or third parties, and will be persons that provide, or are expected to provide, strategic benefits in connection with sourcing or consummating the investment opportunity or following consummation of the investment, such as operational or similar strategic benefits, committed financing or lending support, certainty or expediency of closing, support in diligence or industry expertise, provision of directors, benefits to the investment in terms of regulatory or tax profile, or otherwise (each, a “Strategic and Relationship Co-Investor”). Co-investment opportunities will be offered on a deal-by-deal basis, to the extent available and appropriate, but PBI LLC and its affiliates will be under no obligation to offer any such opportunity to any limited partner or other investor of a Private Equity Client, or other potential Strategic and Relationship Co-Investor. PBI LLC has provided certain senior management and investment team members with opportunities to co-invest alongside Private Equity Clients and may offer similar co-investment opportunities in the future.

Co-investments are offered by PBI LLC or its affiliates to the extent that (i) the size of a particular investment opportunity exceeds the aggregate desired allocation to the Private Equity Client for which the investment opportunity would be appropriate and/or (ii) there is adequate interest of prospective investors, including Strategic and Relationship Co-Investors. Co-investments may be structured through investment vehicles or similar arrangements organized to facilitate such investments for legal, tax, regulatory or other purposes.

PBI LLC will allocate co-investment opportunities among co-investors in any manner it determines to be equitable over time, taking into account those factors that it deems relevant under the circumstances, including, but not limited to: (i) whether a prospective co-investor has expressed an interest in participating in co-investment opportunities (including, for example, by written election in such prospective co-investor’s investment agreement, subscription agreement, or side letter); (ii) the character

or nature of the co-investment opportunity (e.g., its size, structure, geographic location, relevant industry, tax characteristics and any contemplated minimum commitment threshold); (iii) the level of demand for participation in such co-investment opportunity; (iv) the ability of a prospective co-investor to analyze or consummate a potential co-investment opportunity on an expedited basis; (v) whether a prospective co-investor has previously declined to participate in a co-investment opportunity (and the number of times such prospective co-investor has previously declined); (vi) whether or not the prospective co-investor is willing to pay carried interest and management fees; (vii) the size of a prospective co-investor's investment; (viii) whether the applicable provisions of the prospective co-investor's constituent documents or investment agreements require PBI LLC to offer such co-investment opportunity to such prospective co-investor; and (ix) as noted above, whether a prospective co-investor is also a Strategic and Relationship Co-Investor.

PBI LLC or its affiliates will be under no obligation to provide co-investment opportunities to any particular person and may offer a co-investment opportunity to one or more of the categories of co-investors described above without offering such opportunity to the other categories of co-investors. In any event, no category of co-investors described above should have any expectation of receiving a co-investment opportunity nor will any such co-investors described above be owed any duty or obligation in connection with co-investment opportunities.

***Terms of Co-Investment Opportunities.*** PBI LLC or its affiliates may (or may not) in their discretion: (i) charge carried interest, incentive allocation, management fees or other similar fees to co-investors; (ii) make an investment, or otherwise participate, in any vehicle formed to structure a co-investment to facilitate, among other things, receipt of such carried interest, incentive allocation, management fees or other similar fees; and (iii) collect customary fees in connection with actual or contemplated portfolio investments that are the subject of such co-investment arrangements. To the extent co-investors do not agree to or do not otherwise bear fees, costs and expenses related to unconsummated co-investments, such fees, costs and expenses may be borne by PBI LLC or its affiliates or, if consistent with their governing documents, by the relevant Private Equity Clients on whose behalf PBI LLC or its affiliates evaluated and pursued such investment. Senior management and investment team members will not bear fees, costs and expenses related to unconsummated co-investments. Further, in those circumstances where such co-investors include one or more members of a portfolio company's management group, such co-investors may receive compensation arrangements relating to the investment, including incentive compensation arrangements. Finally, some of the co-investors with whom Private Equity Clients may co-invest have pre-existing investments with PBI LLC, and the terms of such pre-existing investments may differ from the terms upon which such persons may co-invest with the Private Equity Clients.

The terms of any co-investment will be determined by PBI LLC or its affiliates on a case-by-case basis in its sole discretion and any opportunity may be presented on an as-is basis and may therefore not be suitable for certain co-investors due to legal, tax, regulatory or similar considerations. PBI LLC or its affiliates may structure co-investments through one or more co-investment vehicles.

***Carried Interest Clawback.*** The constituent documents of certain Private Equity Clients contain Clawback provisions as more specifically described in the Fee Schedule section above.

## Item 7 - Types of Clients

### Description

PBI LLC may provide discretionary and non-discretionary investment advice to, among others, individuals, banks or thrift institutions, registered investment companies, insurance companies, pension and profit sharing plans, trusts, estates, charitable organizations, Private Funds, and other corporations and business entities.

To help fight the funding of terrorism and money laundering activities, U.S. federal law may require the Firm to obtain, verify and record information that identifies clients who open accounts, or investors that subscribe through the Firm for an interest in a Private Fund managed by the Firm. This means that PBI LLC may ask for information from the clients/investors to verify their identity in a manner consistent with applicable requirements that will allow PBI LLC to identify the clients/investors. PBI LLC may also share that information as required by applicable law or in connection with the execution of trades on behalf of clients/investors.

### Account Minimums

The minimum account size for most separate accounts is \$25 million; however, in exceptional circumstances these minimum sizes can be negotiated. There is generally a \$1 million minimum value for maintaining an account; however, this minimum may also be negotiated. In addition, the Firm offers other structures where investors may participate in investment products through commingled vehicles for smaller minimum account sizes.

Please refer to the Fees and Compensation section within this Brochure for fee schedules.

Also, please refer to Form ADV Part 1A, Schedule D, Section 7.B(1), located on the SEC's website, for additional information related to account minimums for Private Funds.

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

### Methods of Analysis

PBI LLC research analysts and investment personnel conduct research to formulate investment advice (for the portfolio management team) used to manage assets.

PBI LLC's security analyses include charting, fundamental, technical, and cyclical methodologies. The Firm may apply quantitative strategies to its selection of securities and construction of portfolios. The Firm's research analysts and investment personnel may use financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases as their sources of information. PBI LLC may also use financial databases as a resource to make portfolio management decisions.

PBI LLC tailors advisory services in accordance with the particular client objective, and therefore investment strategies vary. In general, investment strategies used to implement any investment advice given to clients may include long term purchases (securities held at least one year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, and option writing, including covered options, uncovered options, spreading strategies, or other derivatives. PBI LLC may also use futures and forward foreign exchange contracts to implement its investment advice.

Investing in securities involves risk of loss that clients should be prepared to bear. The following sections, "Investment Strategies and Risks" and "Risk of Loss" describe certain of such risks.

### Investment Strategies and Risks

#### Alternatives

PBI LLC leverages its broad alternative investment capabilities across strategies, geographies and markets to deliver an ever-evolving and diverse range of investment opportunities. The Firm has a comprehensive and experienced private equity investment platform with a full suite of primary and secondary funds of funds and direct investments in structured capital and emerging markets. PBI LLC, or an affiliate, acts as a general partner, managing member, investment manager, or otherwise exercises investment discretion with respect to these products in which clients are solicited to invest. Strategies within alternatives include sector-focused investments, growth equity, and buyouts. Interests in alternative investments are speculative, may be leveraged, and involve a significant degree of risk. Investors may lose all or a significant portion of their invested capital. There is generally no secondary market for such investments, nor is one expected to develop; additionally, there are restrictions on transferring interests. Alternative investment strategies may have performance fees and higher management fees, which can affect investment performance. With respect to certain alternative strategies, PBI LLC may directly or indirectly use exchange traded derivatives (such as commodity futures and options on futures) and over-the counter derivatives (such as credit default swaps, interest rate swaps and foreign currency transactions). The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary investment transactions. Strategies that involve the use of over-the-counter derivatives present many risks that may result in loss such as counterparty credit risk, lack of liquidity and risk related to leverage and adverse market conditions. Some of the primary risks associated with exchange traded derivatives include risks related to price volatility, excessive leverage and speculative position limits and price limits.

### ***Equity and Related Strategies***

PBI LLC's equity strategy has a wide product offering, including global, international, regional and country. It also offers small, mid and large cap, research enhanced and socially responsible products. The Firm's equity strategies present many risks that may result in loss of investment value, and may include market, issuer, or strategy risks. Strategies that include international investing present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting, and the lesser degree of accurate public information available. Certain strategies may involve frequent trading of securities, which can affect investment performance through increased brokerage and other transaction costs and taxes. In addition, the Firm may employ a strategy that aims to replicate the movements of an index of a specific financial market (which may include debt securities), or a set of rules of ownership that are held constant, regardless of market conditions. Products that utilize an index tracking strategy may suffer a risk of loss, including as a result of tracking error.

### ***Fixed Income and Related Strategies***

PBI LLC's fixed income strategy has a scalable platform with capacity. With a stable and experienced investment team, research-intensive independent credit analysis is conducted for the diversified product offerings. The strategies within fixed income include Leveraged Loans and High Yield Bonds, U.S. Investment Grade, Emerging Markets and International Bonds. The Firm's fixed income strategies present many risks that may result in the loss of investment value, and may include market, issuer, credit, interest or strategy risks. Strategies that include international investing present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

### ***Multi-Asset Strategies***

PBI LLC's Multi-Asset strategy is an intermediate-term, forward-looking approach that seeks to benefit from market appreciation, while managing risk during periods of stress. Being a multi-asset, multi-strategy, multi-geography manager enables the Firm to provide global dynamic asset allocation products and services. The Multi-Asset team at PBI LLC believes that fundamentals ultimately drive the markets, and market prices converge towards fundamentals in intermediate term. This intermediate time frame sits between a pure tactical approach and a strategic approach.

To the extent a strategy is available as a Private Fund, additional applicable risks can be found in the fund's private placement memorandum.

### ***Risk of Loss***

The strategies described in the section above relate to a variety of investments, each of which can fluctuate in value. The value of portfolios PBI LLC manages may fall as well as rise, and the investor may not receive the full amount originally invested. The investment risks vary between different types of investments. For example, for investments involving exposure to a currency other than that in which the portfolio is denominated, changes in the rate of exchange may cause the value of investments, and consequently the value of the portfolio, to go up or down. In the case of a higher volatility portfolio the loss on realization or cancellation may be very high (including total loss of investment) as the value of such an investment may fall suddenly and substantially.

The following is a summary of some of the material risks associated with the strategies utilized by PBI LLC. This summary does not attempt to describe all of the risks associated with an investment in a fund or separate account advised by PBI LLC.



Further information related to risks relevant to alternative investment funds advised by PBI LLC and their strategies should be reviewed in the offering memoranda and other documents provided to investors in pooled investment vehicles or the IMA of each institutional separate account. Such documents are available only to current investors or prospective investors who are eligible to invest in such entities, and to advisory clients, as determined in the sole discretion of PBI LLC.

### ***Alternatives***

The risks with respect to alternatives relate to the pooled investment vehicles through which they are generally effected, as well as the risks of the underlying investments, which may include, without limitation, U.S. and non-U.S. equity and equity-related securities, U.S. and non-U.S. debt instruments and other fixed income financial instruments (all of which may be publicly-traded or privately-held), exchange traded and over-the-counter derivatives, currencies, warrants and other financial instruments. Risks related to financial instruments are described below. The investment vehicles may make direct investments in financial instruments or may invest in other pooled investment vehicles that effect transactions in financial instruments. PBI LLC also provides advice with respect to managed accounts that invest in private equity and hedge funds and that invest directly in financial instruments.

### ***Material Risk Factors Generally Associated with Private Equity and Hedge Fund Strategies***

#### **Private Equity Funds, Hedge Funds, and Funds of Funds - General**

The risks set forth below generally apply to an investment in private equity strategies, whether managed by PBI LLC or third parties.

***Nature of Investments.*** Investments in funds are generally illiquid, long-term commitments, which are speculative and involve a high degree of risk.

***General Economic Conditions.*** General economic conditions may significantly affect a fund's activities negatively and could cause it to incur losses.

***Delegation of Control.*** All decisions with respect to the investment and trading activities of each fund will be made by its investment manager or general partner. Investors will not take any part in the management or control of any fund. With respect to funds of funds, PBI LLC has no ability to predict or control investments that will be made by the underlying fund advisers and general partners, so profitability of investments in such funds will be dependent upon their expertise, and though PBI LLC will attempt to monitor the performance of each underlying adviser, if an adviser does not operate in accordance with its investment strategy or any guidelines, or if the information furnished thereby is not accurate, a fund may sustain losses with respect to its investment with the underlying adviser despite monitoring efforts. Further, the death, incapacity or retirement of any key personnel of any of such advisers may adversely affect investment results, and though the advisers will be subject to certain fiduciary duties, there can be no assurances against fraud, misappropriation or other misconduct by any adviser.

***Different Terms Offered and Existence of Side Letters.*** Certain investors may be permitted to invest on different terms than other investors, including with respect to liquidity, transparency, subscriptions and fees. In general, for fund entities, the general partner, on its own behalf or on behalf of the fund entities, may under the respective partnership agreement of such fund entity, without the approval of any other limited partner, enter into side letters with any limited partner or proposed limited partner with respect to the fund entities which have the effect of establishing rights under, or altering, amending or supplementing the terms of the partnership agreement of such fund entity and any subscription agreement. The terms of any such side letter may grant to a limited partner a right or rights not granted to other limited partners in particular, without limitation, in relation to (i) service on the limited partner advisory committee; (ii) consent to specified transfers; (iii) particular restrictions around the disclosure of a



limited partner's identity and the right to disclose information related to the fund to specified persons; (iv) co-investment rights; (v) excuse or exclusion from certain investments; (vi) tax and regulatory reporting; (vii) arrangements with respect to specific legal or regulatory provisions or administrative or constitutional requirements applicable to the recipient of such side letter (including its status as an ERISA-governed pension plan or fiduciary or as a sovereign or quasi-sovereign entity); or (viii) representations and warranties made by the limited partners. The benefit of any other preferential terms offered to a limited partner in a side letter may be offered to the other limited partners subject to the satisfaction of any conditions (including as to timing or size of commitment or the nature of a particular limited partner) on which such terms were offered.

***Substantial Fees and Expenses Payable Regardless of Profits.*** Each fund will incur obligations to pay its expenses (which may include, without limitation, management fees, performance fees or allocations, transaction costs, operating, accounting, auditing, research and due diligence expenses), which are payable regardless of whether any profits are realized, and each fund of funds will also bear its proportionate share of the fees and expenses of the underlying private equity or hedge funds.

***Compliance with Employee Retirement Income Security Act ("ERISA") Restrictions.*** Certain funds may restrict transfers or purchases so that ownership of each class of equity interests by benefit plan investors will remain below 25% in order to not be treated as plan asset entities or may seek to comply with other exemptions from being treated as plan asset entities such as the venture capital operating company ("VCOC") exemption. In the event that a redemption would cause a fund to exceed the 25% threshold, certain investors may be required to redeem so that the fund may remain below the 25% threshold. If the assets of a fund were to become "plan assets," certain investments made or to be made by the fund in the normal course of its operations might result in non-exempt prohibited transactions and might have to be rescinded.

***Tax Risks.*** With respect to each fund, the applicable tax risks will be different depending on, among other things, the strategy of the fund, the asset classes in which it invests, and the profile of the relevant investor. In addition, there may be changes in tax laws or interpretations of such tax laws adverse to a fund or its investors.

***Lack of Regulation.*** Private equity and hedge funds are generally not registered under the Investment Company Act of 1940 (the "Investment Company Act"), as amended, or the Securities Act of 1933, as amended. Accordingly, the funds will not be subject to certain regulations applicable to registered funds.

***Applicable Law and Regulatory Developments.*** Each fund must comply with various legal requirements, including requirements that may be imposed by U.S. federal securities laws and tax laws, and regulations of the jurisdiction of the relevant fund and jurisdictions in which the fund invests. Should any of those laws or regulations change, the legal requirements to which the fund and its investors may be subject could differ materially from current requirements. The regulatory environment for private equity and hedge funds is evolving, and changes in the regulation of such funds and their investments may adversely affect the value of investments held by the funds and their ability to pursue their investment strategy.

### Private Equity Investments

The risks set forth below generally apply to an investment in private equity strategies that directly invest in equities, fixed income instruments, and other financial instruments, as well as interests in other private equity funds, whether managed by PBI LLC or third parties.

***Competition; Failure to Be Fully Invested.*** Competition with other investors may prevent identification of a sufficient number of attractive opportunities to meet the investment objectives of the fund. To the extent funds are not invested in transactions fulfilling long-term investment objectives, the fund may not achieve its investment objectives. Some of a fund's competitors have greater resources or different

return criteria than the fund, and may have greater access to secondary investment opportunities and greater ability to complete investments than the fund, any of which affords them a competitive advantage.

***Reliance on Management of Portfolio Companies.*** Each fund will rely upon the management of the portfolio companies for day-to-day operations. No assurance can be given that a portfolio company will be able to attract and retain the qualified personnel necessary for success or that it will be successful.

***Risks upon Disposition of Certain Investments.*** Sales of portfolio companies may result in contingent liabilities (e.g., indemnification obligations), which might ultimately have to be funded by the investors to the extent that they have received prior distributions.

***No Control over Drawdown Schedules of Underlying Funds.*** A fund of funds will not have control over the drawdown schedules of its underlying funds.

***Importance of Valuations and Structuring of Acquisitions.*** Overall performance will depend in large part on the acquisition price paid by the fund for its investments. The valuation of investments may be based on limited information and is subject to inherent uncertainties and performance will be adversely affected in the event the valuations assumed in the course of negotiating acquisitions of investments prove to have been too high.

***Consequences of Failure to Satisfy Capital Calls.*** If an obligation to make capital contributions when due is not made, significant penalties may be imposed, which could have a material adverse effect on the value of an investment.

***Minority Investments.*** A fund's investments will generally represent minority interests in portfolio companies and it may hold minority voting positions (if any) on the boards of directors of certain portfolio companies. A fund may not be able to control or exercise substantial influence over such portfolio company.

***Follow-On Investments.*** A fund may be called upon to provide follow-on funding for its investments or have the opportunity to increase its investment in such investment. There can be no assurance that a fund will be directed to make a follow-on investment or that it will have sufficient funds to do so.

***Political Risks.*** Investments may be subject to changing political environments, regulatory restrictions and changes in government institutions and policies, any of which could adversely affect private investments, and the funds do not intend to obtain political risk insurance.

***Non-Public Information.*** From time to time, a fund's investment manager may come into possession of material, non-public information concerning an entity in which a fund has invested, or proposes to invest, and the possession of such information may limit the ability of the manager to buy or sell securities of such entity on behalf of the fund.

***Distributions in Kind.*** It is possible that not all investments will be realized by the end of the fund's term. In that case, there may be in-kind distributions by a fund of assets, which are likely to be illiquid. There can be no assurance that any investors would be able to dispose of such assets or that the value of such assets will ultimately be realized.

***Control Positions.*** A fund may be deemed to have a control or management position with respect to one or more of the portfolio companies in which it has an investment. This in turn could expose the fund to risk of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the generally limited liability characteristic of business operations may be ignored.

***Illiquid Nature of Investment.*** Investors in a private equity fund will generally not be permitted to redeem their shares/interests.

***Leverage.*** Certain of the portfolio companies in which a fund invests may utilize leverage. Leveraging enhances the ability to acquire assets, but also amplifies net profits and losses and increases transaction costs.

## Hedge Fund Investments

The risks set forth below generally apply to an investment in hedge funds that directly invest in equities, fixed income instruments and other financial instruments, as well as interests in hedge funds, whether managed by PBI LLC or third parties.

***Illiquid Nature of Investment.*** Because of the limitations on redemptions and the fact that interests/shares in funds are not tradable, an investment in a fund is relatively illiquid. Additionally, the fund may suspend or postpone redemptions entirely or delay payment for extended periods of time.

***Illiquid Portfolio Investments.*** Hedge funds may invest in assets for which no liquid market exists and may separately account for illiquid investments in “side pockets.” The valuation of illiquid investments may differ materially from the prices at which they are sold, and the redemption proceeds related to illiquid investments may be delayed for long periods of time. In addition, liquidity risk may be exacerbated, as it was by the recent dislocation of U.S. and global financial markets, by future dislocations.

***Possible Effects of Substantial Redemptions.*** Substantial redemptions could, among other things, require liquidation of the positions held by a fund more rapidly than would otherwise be desirable, adversely affect the risk profile of the remaining investments of a fund and/or result in redemptions from a fund being temporarily suspended.

***No Investment Restrictions.*** A fund's investment manager may not be bound by any particular investment restrictions in pursuing a fund's investment objectives and in such cases, there will be no concentration or diversification limits with respect to the fund's direct investments.

***Market Volatility.*** Market volatility may cause sudden and severe reductions in the value of a fund's investments.

***Mandatory Redemption.*** An investor's interest/shares in a fund may generally be mandatorily redeemed at any time and potentially result in a loss.

***Valuation; Pricing Information.*** Observable pricing inputs may not always be available from any source with respect to certain investments. Amounts ultimately realized upon the sale or disposition of the relevant asset could differ materially from the valuation inputs provided to the fund.

***Leverage.*** The overall degree of leverage that a fund may utilize, which may arise from borrowings as well as leverage inherent in derivatives, may not be limited to any predetermined level. Leveraging enhances the ability to acquire assets, but also amplifies net profits and losses and increases transaction costs. In addition, if a fund is in a leveraged position, any losses would be more pronounced than if leverage were not used and, under particularly adverse circumstances, could cause a complete loss of the fund's capital.

***Designated Investments.*** To the extent a fund invests in assets that are or become highly illiquid, those assets may be segregated as designated investments or side pockets. Investors generally may not redeem their interests/shares that participate in designated investments or side pockets prior to a

disposition thereof, and therefore may have to retain such interests/shares for years after they have otherwise entirely been redeemed.

**Concentration.** A portfolio of investments that contains a large concentration in few investments may be subject to greater change in value than a portfolio composed of smaller investments in a greater number of properties or asset classes.

**Currency Risk.** To the extent unhedged, the value of a fund denominated in one currency with assets denominated in another will fluctuate with the relevant exchange rates. Hedges against currency fluctuations may be utilized but there can be no assurance that they will be effective in preventing loss.

**Counterparty Credit Risk.** To the extent a fund invests in over-the-counter transactions or enters into certain other transactions (e.g., repurchase agreements) it may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default.

**Risk of Loss Due to the Bankruptcy or Failure of Counterparties.** A fund will be subject to various risks related to the insolvency of its counterparties (such as broker-dealers, futures commission merchants, banks or other financial institutions, exchanges or clearinghouses) or the failure of such counterparties to comply with applicable law (including with respect to asset segregation, if applicable).

**Technical Trading Systems.** In a trendless or erratic market, a technical trading system may fail to identify a trend on which action should be taken or may overreact to minor price movements and thus establish a position contrary to overall price trends, which may result in losses.

**Reliance on Quantitative Analysis.** There can be no assurance that quantitative models will be accurate and work as intended, or that they will not result in significant losses. The effectiveness of such models may diminish over time, and attempts to apply existing quantitative models to new markets may prove ineffective.

**Reliance on Fundamental Analysis.** There can be no assurance that a fundamental trading system will enable the accurate valuation of assets or that any anticipated price trends will materialize with respect to such assets.

**Hedging Techniques.** Hedging techniques could result in a loss, regardless of whether the intent was to reduce risk, and may also increase the volatility of instruments.

**Frequent Purchases and Sales.** Frequent purchases and sales may be required by the different trading strategies and will increase the commission costs and certain other expenses.

**Over-the-Counter and Other Derivative Instruments.** Various derivative instruments, including futures, options, forward contracts, swaps and other derivatives may be used, which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Additional risks may exist because of, among other things, illiquidity, counterparty exposure, leverage and pricing issues (e.g., lack of valuation information).

**Commodities, Futures Trading and Currency Interest Trading.** A principal risk in trading futures and currency interests is the traditional volatility (rapid and wide fluctuation) in the market prices of currencies. Because of the low margin deposits typically required in such trading, a relatively small movement in the market price of a currency interest may result in a disproportionately large profit or loss, depending on the amount of leverage used. Positions in such instruments may also be illiquid. If prices fluctuate during a single day's trading beyond exchange limits, a fund could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

## ***Material Risk Factors Generally Associated with Equity Investments and Related Strategies***

Certain of the risks associated with investing in equities have been discussed above in relation to investing in hedge funds and private equity funds. Set forth below is a description of additional risks associated with investing in equity securities and certain related strategies employed. Such risks are applicable to funds that invest directly in equities and employ the related strategies, and to funds of funds and managed accounts that allocate assets indirectly to equities and that employ the related strategies.

***Equity Securities.*** The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments, which may result in losses to a fund.

***Small and Medium Capitalization Companies.*** Stocks of companies with small- to medium-sized market capitalizations involve higher risks (e.g., increased volatility) than do investments in stocks of larger companies. Risks also exist because such companies lack the management experience, financial resources, product diversification and competitive strength of larger corporations, and the shares of such companies are generally illiquid.

***Newly Issued Securities.*** Prices of newly issued securities may not increase as expected and, in fact, may decline more rapidly than other securities.

***Private Placements and Unregistered Securities.*** The market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

***Emerging and Less Developed Markets.*** Investing in the companies (and governments) of emerging countries with less well regulated markets than the U.S., the United Kingdom ("UK") or other European Union ("EU") countries generally involves significant risks, including without limitation, risks with respect to expropriation, nationalization and general social, political and economic instability. In addition, foreign equities in less developed markets may involve greater risks than comparable U.S., UK or EU investments because of, among other things, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations.

***Arbitrage Transactions.*** The success of arbitrage strategies (whether convertible arbitrage, merger arbitrage, volatility arbitrage, capital structure arbitrage or otherwise) depends often on the ability to execute two or more simultaneous transactions at desired prices. Should such transactions not be executed simultaneously at the desired prices, losses may be incurred on both sides of the transaction.

***Restructurings.*** If assets are purchased in anticipation of an acquisition attempt or reorganization and an acquisition attempt or reorganization does not in fact occur, assets may have to be sold at a material loss.

***Global Macro.*** This strategy involves taking unhedged long or short positions in various markets. Such unhedged investments may expose a fund to full market risk and are subject to substantial losses.

***Short Sales.*** There are many risks related to using short sales, including that losses from short sales may be unlimited if the price of the security sold short continues to appreciate.

***Warrants, Rights and Options.*** The value of warrants and options can be very volatile and they can expire worthless, resulting in a loss of the entire investment over a very short time period. In addition, the prices of warrants, rights and options do not necessarily move parallel to the prices of the underlying securities.

*Effect of Socially Responsible Investment Principles.* To the extent a strategy is socially responsible, investment principles may prevent it from making or disposing of an investment it otherwise would have made. Such strategy may earn less profit than it otherwise would have earned had it not been for such principles.

*Indexing Risk.* Where a passive indexing strategy is used – either replication or representative sampling – to manage a portfolio, the portfolio invests in the securities included in, or representative of, its underlying index regardless of their investment merit. There is generally no attempt to outperform a portfolio's underlying indexes or take defensive positions in declining markets; as a result, a portfolio's performance may be adversely affected by a general decline in the market segments relating to its underlying index.

*Index Tracking Risk.* Imperfect correlation between a portfolio of securities and those in the underlying index, rounding of prices, changes to the underlying index and regulatory requirements may cause tracking error, which is the divergence of the portfolio's performance from that of the underlying index. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because a portfolio incurs fees and expenses while the underlying index does not.

*Quantitative Model Risk.* Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

#### ***Material Risk Factors Generally Associated with Fixed Income Instruments and Related Strategies***

Certain of the risks associated with investing in fixed income instruments have been discussed above in relation to investing in hedge funds and private equity funds. Set forth below is a description of additional risks associated with investing in fixed income instruments and certain related strategies employed. Such risks are applicable to funds that invest directly in fixed income instruments and that employ the related strategies, and to funds of funds and managed accounts that allocate assets indirectly to fixed income instruments and employ the related strategies.

*Investment in Fixed Income Instruments.* The value of fixed income securities will change in response to fluctuations in interest rates and credit quality, which may result in losses.

*Interest Rate Risk.* Adverse interest rate developments, such as interest rate increases, instability, or even increased uncertainty, may be expected to adversely affect the debt markets and render more difficult the achievement of satisfactory returns in such markets. Additionally, during periods of falling interest rates, an obligor to a debt instrument may "call" or repay its higher interest bearing debt instrument before its maturity date, requiring a strategy to invest in new securities with lower interest rates.

*High-Yield Bonds and Leveraged Loans.* High-yield bonds and leveraged loans generally have lower credit ratings (or no credit ratings in some cases) and are subject to greater risk of loss of principal and interest than investment-grade bonds and loans. Such instruments are generally considered to be predominantly speculative with respect to the issuer's and borrower's capacity to pay interest and repay principal. The highly leveraged capital structure of the issuers and borrowers in such transactions may make such bonds and loans especially vulnerable to adverse changes in economic or market conditions.

*Investment-Grade Debt.* Investment-grade debt instruments may possess speculative characteristics and may be more sensitive to economic changes and to changes in the financial conditions of issuers.



**Credit Risk.** Some borrowers and issuers may be unable to make the required payments on senior loans and other debt-related instruments held by a fund. Debt instruments also increase or decrease in value based on the perceived creditworthiness of issuers and borrowers. A default on an investment held by a fund could cause the fund's value to decline.

**Investment in Loans.** A fund investing in loans may be exposed to losses resulting from loan defaults. Additionally, a fund may be unable to sell loans at a time when it may otherwise be desirable to do so or may be able to sell them only at prices that are less than their fair market value.

**Distressed Loans.** Distressed loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such distressed loans. A risk exists that, upon maturity of the restructured distressed loan, replacement "takeout" financing will not be available and several risks exist with respect to foreclosure on such loans and the related collateral, if any.

**Weak Economy Could Trigger Defaults.** Any substantial economic slowdown could increase delinquencies, defaults and foreclosures and reduce a fund's ability to purchase suitable debt obligations.

**Asset-Backed Securities and Mortgage-Backed Securities (ABS and MBS).** Holders of asset-backed and mortgage-backed securities bear various risks, including prepayment risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. Within mortgage-related securities, there are three main categories: government guaranteed residential mortgages, non-government guaranteed residential mortgages and commercial mortgages. Government guaranteed mortgage backed securities have limited to no credit risk, however the timing of the repayment of principal on those securities is an inherent risk because the underlying mortgages are subject to prepayment risks associated with, among other things, interest rate fluctuations. While non-government guaranteed MBS and commercial MBS carry the aforementioned prepayment risks, they also carry credit risk. Credit risk is an important issue in such securities because of the significant credit risks inherent in the underlying collateral and because issuers are primarily private entities.

**Collateralized Loan Obligations ("CLOs") and Collateralized Debt Obligations ("CDOs").** CLOs and CDOs issue classes or "tranches" of debt and equity that vary in risk and yield, and may experience substantial losses due to actual defaults, decrease of market value due to collateral defaults and the erosion or disappearance of subordinate tranches, market anticipation of defaults, and investor aversion to CLO and CDO securities as a class. The risks of investing in CLOs and CDOs depend largely on the type of the underlying collateral. There is no public market for interests in CLOs and CDOs and such interests may be difficult to sell at an advantageous price or time.

**Lower Credit Quality Financial Instruments.** Lower rated and unrated instruments in which a portfolio may invest have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative. Generally, such instruments involve greater volatility of price and greater risk of loss of income and principal.

### **Material Risk Factors Generally Associated with Multi-Asset Strategies**

The risks associated with investing in multi-asset strategies have been discussed above in relation to equity investments, fixed income instruments, hedge funds and private equity funds.

**Multi-Asset Strategy Risk.** Multi-Asset strategies do not assure profit and do not protect against loss.

## **Item 9 - Disciplinary Information**

PBI LLC has no material or disciplinary events to disclose; therefore, this section is not applicable.



## Item 10 - Other Financial Industry Activities and Affiliations

### **Broker-dealer or Registered Representative**

PineBridge Securities LLC, an affiliate of PBI LLC, is a Delaware limited liability company and is registered as a broker-dealer. Certain of the Firm's employees are Registered Representatives of PineBridge Securities LLC.

### **Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person**

PBI LLC is registered as a commodity pool operator and commodity trading adviser under the Commodity Exchange Act.

### **Material Relationships or Arrangements with Financial Industry**

As mentioned in the "Advisory Business" section of this Brochure, PineBridge Investments is a group of companies owned by PCG. PCG is a private investment group, which has interests in infrastructure, property and other investments mainly in the Asia Pacific region.

PineBridge Securities LLC is a limited purpose broker-dealer registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and a Financial Industry Regulatory Authority ("FINRA") member, and serves as placement agent for certain private investment funds sponsored and/or managed by PBI LLC and other third-party advisors.

PBI LLC manages a variety of alternative investment products that are intended to take advantage of market opportunities or to meet specific investment mandates. These products are Private Funds offered and typically structured as, without limitation, limited partnerships, limited liability companies, or unit trusts, in order to meet the legal, regulatory and tax demands of clients. In and of themselves, the assets under management in relation to the Private Funds are not material, but as a whole, they are one part of PBI LLC's advisory and sub-advisory business. PBI LLC serves as investment adviser or provides advisory services to U.S. registered and offshore investment companies. PBI LLC also provides sub-advisory services to registered investment companies sponsored by unaffiliated investment advisers.

### ***Participating Affiliate Relationships***

PBI LLC may utilize the advisory and/or management services of certain of its foreign affiliates ("PineBridge Affiliates") to provide advisory and/or management services to U.S. clients with respect to foreign securities and markets. PBI LLC currently utilizes (or may utilize) the services of the following PineBridge Affiliates:

- PineBridge Investments Europe Ltd.
- PineBridge Investments Asia Ltd.
- PineBridge Investments Japan Co., Ltd.
- PineBridge Investments Canada Inc.
- PineBridge Investments Latin America SpA
- PineBridge Galaxy LLC

PineBridge Affiliates are "Participating Affiliates" of PBI LLC (as that term has been used by the Division of Investment Management of the SEC) in that they provide investment advice through and under the supervision and control of PBI LLC to its clients.

Guidance set forth under applicable law and related SEC staff guidance permits registered advisers to access the services of affiliates not registered with the SEC, under prescribed conditions. Conditions include, among other things, the Participating Affiliates providing the SEC access to trading and other records, observing specific recordkeeping rules, and cooperating with the SEC as it relates to the accounts managed by the Participating Affiliates. Each Participating Affiliate and each employee thereof whose duties relate to the investment decisions or recommendations that PBI LLC makes to clients in connection with the Participating Affiliate arrangements, or who has access to certain related information, is deemed to be an “associated person” of PBI LLC.

### ***Other Non-SEC Registrations***

PBI LLC is registered with the China Securities Regulatory Commission.

### **Recommend or Select Other Investment Advisers**

PBI LLC does not recommend or select other investment advisers for clients and receive compensation directly or indirectly from those investment advisers, and therefore this section is not applicable.

### **Fund General Partners**

Affiliates of PBI LLC serve as the general partners (or, if pertinent, managing members) of certain Private Funds (the “Fund General Partners”). Any persons acting on behalf of any of the Fund General Partners are subject to the supervision and control of PBI LLC in connection with any investment advisory activities. In accordance with SEC staff guidance, the Fund General Partners are registered as investment advisers in reliance on the Form ADV filed by PBI LLC.

### **Outsourcing to Third Parties**

From time to time, PBI LLC may outsource to third parties certain processes or functions related to a variety of services provided to its clients in administrative or other capacities. Such outsourcing may give rise to conflicts of interest. In order to mitigate such conflicts, PBI LLC has adopted a Third Party Oversight Policy which requires PBI LLC to oversee certain activities performed by third parties that relate to PBI LLC’s investment adviser business. The Third Party Oversight Policy requires due diligence to be performed prior to engaging with the third party, as well as ongoing due diligence on a risk assessed basis after contracting with a third party.

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

The Firm has adopted a Code of Ethics (the “Code”), which applies to all employees (“Access Persons,” as defined in the Code), that is designed to help detect and prevent conflicts of interest and fraudulent practices. The PBI LLC Board of Directors has approved the Code and approves any material amendments. In accordance with Rule 204A-1 under the Advisers Act, the Code: (i) describes the fiduciary duty Access Persons have to the Firm’s clients; (ii) requires Access Persons to comply with federal securities laws; (iii) requires Access Persons to report, and for PBI LLC or its affiliates to review, Access Persons’ personal investment transactions and holdings; (iv) requires Access Persons to report any violations of the Code to Compliance; and (v) requires PBI LLC or its affiliates to provide each Access Person with a copy of the Code and any amendments, and requires Access Persons to acknowledge their receipt of the Code.

The Code includes policies designed to minimize potential conflicts of interest between Access Persons’ personal activities and those undertaken PBI LLC. Topics covered by the Code include, but are not limited to, gifts and entertainment, political contributions, outside business activities, the treatment of material non-public information, and personal securities transactions.

PBI LLC permits Access Persons to engage in personal securities transactions; however, there are policies in place to address potential conflicts of interest when Access Persons buy or sell securities also bought or sold for clients. Personal securities transactions by an Access Person may raise a potential conflict of interest when an Access Person trades in a security that is considered for purchase or sale by a client, or recommended for purchase or sale by an Access Person to a client, in that the Access Person may be able to personally benefit from prior knowledge of transactions for a client by trading in a personal account. Per the Code, there is a “Blackout Period” which subjects Access Persons to restrictive trading prohibitions when the Access Person or the Firm is also trading in the security for clients. Under the Code, Access Persons must submit initial and annual reports of all applicable brokerage accounts and holdings, as well as duplicate trade execution confirmations and statements. In addition, Access Persons are required to pre-clear non-exempt securities transactions (as defined in the Code) via procedures established to mitigate conflicts of interest; and not engage in short-term trading without an exemption. The purchase of equity securities in initial public offerings (“IPOs”) by Access Persons can create an appearance that such personnel have taken inappropriate advantage of their positions for personal benefit. Accordingly, Access Persons who are investment personnel are prohibited from purchasing an IPO. All other Access Persons must obtain pre-clearance from the Compliance Department prior to participating in an IPO. Failure to abide by the Code may result in sanctions, including termination.

It is possible that PBI LLC and PineBridge Affiliates may recommend securities of companies in which a related person of PBI LLC has a direct or indirect interest or other financial interest not otherwise known to the Firm. In addition, PBI LLC or its affiliates may, from time to time, recommend to its clients affiliated funds for which PBI LLC or its affiliates act as an investment adviser. In the case of recommending affiliated funds to its clients, PBI LLC or its affiliates shall, prior to the client’s investment, disclose to such client (by providing the client with a copy of the current offering materials relating to such fund) the nature of the Firm’s (or its affiliate’s) relationship with such fund and the fee which PBI LLC or such affiliate will receive as a result of such client’s subscription to such fund. In addition, PBI LLC maintains certain compliance policies as well as the Code, which address activities that can raise conflicts.

PBI LLC may affect or recommend transactions to or on behalf of its clients in which client securities are sold to or bought from PBI LLC, or an affiliate acting as principal. To the extent that PBI LLC enters into transactions with affiliates on behalf of a client and/or fund, the terms of such transactions will be on terms that are no less favorable to the client / fund than would be obtained on an arms’ length basis and

in accordance with applicable legal or other requirements. If PBI LLC determines it is required to seek the consent of the client / fund under the Advisers Act or otherwise in connection with the transaction, PBI LLC will obtain the necessary consent prior to the completion of such transaction, as outlined in the respective client / fund documentation.

PineBridge affiliates, officers, directors and employees of PBI LLC and such affiliates may engage, at or about the same time, in transactions or cause or advise other clients to engage in transactions, which may differ from or be identical to transactions engaged by client portfolios. Alternatively, PineBridge affiliates, officers, directors and employees of PBI LLC and such affiliates may recommend any transaction which any such affiliates or any of the officers, directors or employees of PBI LLC or such affiliates may engage in for their own accounts or the account of any other customer, except as otherwise required by applicable law and subject to PBI LLC's personal trading policy in the Code. Related persons of PBI LLC routinely purchase and sell securities that, in due course, PBI LLC also recommends to its clients, subject to applicable law and PBI LLC's personal trading policy.

Under certain circumstances, conflicts may arise in cases where different clients of PBI LLC invest in different parts of a single issuer's capital structure, including circumstances in which one or more PBI LLC clients may own private securities or obligations of an issuer and other PBI LLC clients may own public securities of the same issuer. Such conflicts of interest will be discussed and resolved on a case-by-case basis and will take into consideration the interest of the relevant clients, the circumstances giving rise to the conflict, and applicable regulations. Policies described here, and elsewhere in this document, including descriptions of the Firm's trade allocation policies, seek to mitigate these potential conflicts of interest. There can be no assurance, however, that all conflicts have been addressed in all situations.

A copy of the Code may be obtained by any client or prospective client upon request.

## Item 12 - Brokerage Practices

### Selecting Brokerage Firms

In selecting broker-dealers for the execution of trades and reasonableness of their compensation, the investment and/or trading teams will consider the full range and quality of the broker-dealer's services and may take into consideration, among other things, the following factors:

- General considerations such as price limitations, the nature of the security being traded, the size of the transaction, the nature and character of the markets for the security, the desired timing of the trade, the difficulty of the trade, and pertinent market information that may impact the price of the security
- Responsiveness to PBI LLC and the quality of previous execution services
- Level of trading and execution expertise, including the broker-dealer's ability to:
  - minimize the number of incomplete trades
  - execute trades quickly
  - search for and obtain liquidity to minimize market impact and accommodate unusual market conditions
  - execute unique trading strategies
  - execute and settle difficult trades
  - respond during volatile market periods
  - maintain the anonymity of an investment manager
  - maximize the opportunities for price improvement
  - reimburse the portfolio for its trade errors and correct them in a satisfactory manner
  - engage in after-hours and cross-border trading
- Adequacy of the infrastructure and technology, including access to a trading system characterized by efficient order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume
- Financial condition and stability, including ability to maintain and commit adequate capital when necessary to complete trades
- Ability to provide services to accommodate special transaction needs, including ability to implement step-outs and execute for client-directed brokerage arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain IPO shares
- Ability to provide the following information or services among others and as applicable:
  - general communication with PBI LLC and information flow on securities
  - suggestions that improve the quality of trade executions
  - proprietary or third-party research
  - access to research analysts
  - access to broker-dealer staff

Factors that are not considered by investment and/or trading teams when selecting broker-dealers for the execution of trades include:

- sale of interests in any PineBridge sponsored fund
- placement of any PineBridge fund or product
- personal relationships with employees of the broker-dealer
- gifts and entertainment received from the broker-dealer

PBI LLC does not adhere to any rigid formulas for selecting brokers, but weighs a combination of the preceding criteria. PBI LLC has no fixed internal brokerage allocation procedures designating specific percentages of brokerage commissions to particular firms. The Firm seeks best execution in transactions for its clients and will direct brokerage to firms providing research products and services on that basis. In recognition of the value of products and services provided by a broker, PBI LLC may effect securities transactions, which cause the client to pay the broker an amount of commission, through soft dollars, in excess of the amount of commission another broker would have charged, for execution only.

### **Research and Soft Dollars**

PBI LLC uses brokerage commissions to provide its clients with the best possible combination of best execution and high quality research. This research is paid for by paying a portion of brokerage commissions to certain brokers who provide research related products and services that benefit clients. When PBI LLC pays a broker more than is required to execute a trade, it is doing so in order to obtain research services that benefit the Firm's clients. It is possible that such a trade could be executed at a lower commission rate with a different broker. Use of client commissions to receive products and services will be done in accordance with the "safe harbor" provided by Section 28(e) under the Exchange Act.

PBI LLC does not solicit competitive bids and does not have an obligation to seek the lowest transaction cost.

In some instances, PBI LLC may receive products and services that may be used for both research and non-research purposes. In such instances, PBI LLC will make a good faith effort to determine the relative proportion of the products and services used for research purposes and the relative proportion used for non-research purposes. The proportion of the products and services attributable to research purposes will be paid through brokerage commissions generated by client transactions; the proportion attributable to non-research purposes will be paid for by PBI LLC from its own resources.

Products and services may be used by PBI LLC or its affiliates for themselves and/or in servicing some or all of their clients. In addition, some products and services may not necessarily be used by a client even though its commission dollars (or other transaction charges) may have helped pay for the products and services. A client, therefore, may not, in any particular instance, be the direct or indirect beneficiary of the products or services paid for with its commission dollars.

The relationships with brokerage firms that provide services to PBI LLC in exchange for commission payments may influence the Firm's judgment in allocating brokerage business and create a conflict of interest, whereby PBI LLC may be inclined to do business with brokers for their research rather than best execution for the Firm's clients.

In order to address this conflict of interest, PBI LLC has a formal procedure in place for the initial approval of a soft dollar / commission arrangement, as well as procedures in place for ongoing monitoring. Strategies are monitored in terms of year-to-date commission rates paid. Each strategy is also periodically compared to peers to ensure that targets are in line with peers. The Firm has also adopted a Best Execution Policy, which states that PBI LLC will seek to obtain the most favorable terms for each

transaction reasonably available under the circumstances, subject to any limitations placed by a client on the Firm's discretion to choose executing broker-dealers. The Best Execution Policy provides additional assurance that conflicts of interest posed by soft dollar arrangements are monitored.

When PBI LLC uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, PBI LLC receives a benefit because the Firm does not have to produce or pay for the research, products or services.

PBI LLC may have an incentive to select or recommend a broker-dealer based on interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution.

PBI LLC may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as "paying-up").

Research-related products and services may include: clearance, settlement, on-line pricing and financial information, economic and market information, both written and oral, independent research, technical data, economic, political and financial studies. Examples of providers of these services may include Bloomberg, Capital Forum, Morningstar Direct and Options Price Reporting Authority, among others.

### **Brokerage for Client Referrals**

PBI LLC currently does not select or recommend broker-dealers on the basis of client referrals, and therefore this section is not applicable.

### **Directed Brokerage**

PBI LLC does not routinely recommend, request or require that a client direct PBI LLC execute transactions through a specified broker-dealer.

The Firm permits clients to direct brokerage. In the event the client directs the Firm to use a particular broker, it should be understood that under those circumstances accounts subject to directed brokerage arrangements ("directed portfolios") will forgo any benefit from savings on execution costs that PBI LLC may obtain by negotiating volume commission discounts on aggregated orders. Additionally, directed portfolios may pay higher commission rates than the commission rates paid by non-directed portfolios. Generally, the Firm would place and/or execute directed trades after it has placed blocked or aggregated trades. Under these circumstances, a disparity in execution quantity, price and commission charges may exist with respect to those of other clients. In addition, a client who directs PBI LLC to use a specific broker may not be able to participate in an allocation of shares of a new issue if those shares are sold only by another broker, and when PBI LLC buys over-the-counter securities directly from brokers that are market makers in such securities, such client may be charged a commission in addition to any other transactional charge for such securities. PBI LLC may also have a potential conflict of interest if the directed broker has referred the client or other clients to PBI LLC.

PBI LLC may be unable to achieve most favorable execution of client transactions in directed brokerage arrangements, and directing brokerage may cost clients more money. For example, when a client directs the Firm to use a particular broker, the client may pay higher brokerage commissions because PBI LLC may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

## Order Aggregation

PBI LLC may or may not purchase or sell the same security for all clients that are eligible to buy or sell the security under each account's objective. Eligibility depends on various factors, including but not limited to, the size of the accounts, cash availability in each account and each account's investment restrictions, investment strategies and appetite for risk. To the extent permitted by law, the Firm may bunch or aggregate orders for several client accounts. All portfolios participating in an aggregated trade must receive/pay the same price and must share in the aggregate transaction costs relating to the aggregated trade, proportionate with their respective allocations.

## Trade Allocation

It is the policy of PBI LLC to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including Initial Public Offerings ("IPOs") or other new issue and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time. No client or group of clients, regardless of affiliation, receives preferential treatment in connection with investment opportunities. The Firm's fiduciary duty, including the equitable treatment of clients, is the underpinning of the trade allocation policy and procedure.

PBI LLC clients have a broad range of investment objectives and risk tolerances. They may also have any number of accounting, regulatory, liquidity, or other limitations or goals that influence the optimal composition of their respective investment portfolios. Therefore, a number of factors may influence an allocation decision. These factors include, but are not limited to:

- Existing portfolio composition and applicable sector weightings;
- The desire to bring a portfolio up to a target exposure level;
- Cash limitations or excess cash, or an expectation of limitations or excess cash;
- Portfolio-specific investment restrictions or guidelines;
- Specific overriding client instructions;
- Foreign regulations, foreign market settlement practices (e.g., certain countries may prohibit trade aggregation);
- Trading inefficiencies (including order size) created by trade aggregation; and/or
- Accounting, regulatory or compliance-related issues (e.g., restricted securities, Section 16 limitations, Investment Company Act limitations).

Accordingly, in lieu of employing a compulsory pro rata allocation based on the relative market values of participating portfolios for every batch trade, the portfolio manager may submit an allocation plan with each batch trade order submitted to the trading desk.

The purpose of the allocation plan is to determine, in advance of the trade, how purchases and sales are to be allocated among specified portfolios and in what percentages any partially filled order will be allocated among those portfolios.

## Cross Trades

In certain circumstances, PBI LLC may (but is not required to) purchase and sell a security between two or more client accounts (a practice known as "cross trading"). PBI LLC will effect these purchases and sales between client accounts only if it believes such transactions are appropriate based on each party's



investment objectives, subject to applicable law and regulation. Cross trades for accounts subject to ERISA requirements are made in accordance with applicable Department of Labor requirements. PBI LLC seeks to assure that the price paid or proceeds received by clients in a cross trade is fair and appropriate. Where a U.S. registered fund participates in a cross trade, the Firm will comply with procedures adopted pursuant to Rule 17a-7 under the Investment Company Act. An inherent conflict of interest may exist when engaging in these types of transactions.

### **Trade Error Policy**

PBI LLC implements trade reconciliation and confirmation procedures intended to prevent trade errors. As soon as possible, after an error has been discovered, Compliance conducts a full review of the facts and recommends appropriate action. Corrective actions are based on the facts and circumstances of each error on a case-by-case basis. With respect to Fixed Income, Asset Allocation, and Equity, if an error occurs and the client is disadvantaged, PBI LLC takes appropriate remedial steps to bring the client back to the position it was in prior to the trade error. With respect to Hedge Funds, PBI LLC (unless it otherwise determines) will treat all trade errors (including those which result in losses and those which result in gains) as for the account of the client, unless they are the result of conduct by PBI LLC which is inconsistent with the standard of care set forth in the constituent documents or investment management agreement, as applicable.

### **Step Outs**

Unless inconsistent with the duty to seek best execution, PBI LLC may, on occasion, instruct the executing broker to credit a portion of an aggregated trade to another broker that provides brokerage or research related services to PBI LLC, a common practice known as a “Step Out.” Generally, this may occur when numerous allocations are aggregated into one single trade order, whereas one or more of the clients participating in the block may have placed trade directions to one or more brokers other than the executing broker. A Step Out, in this case, allows the Firm’s traders to aggregate a trade order where all participating allocations receive the same price and facilitates specific client direction to trade with a specified broker(s). PBI LLC may also use Step Out transactions for regulatory or other purposes. It is unlikely that a client would be disadvantaged by means of a Step Out.

## **Item 13 - Review of Accounts**

### **Periodic Reviews**

Portfolio managers have overall responsibility for the accounts they manage and monitor them on an on-going basis. Accounts may be reviewed against a benchmark or against other accounts in the same strategy. Reviews are conducted to monitor portfolio performance and ensure that each portfolio conforms to guidelines established by PBI LLC and each client. In addition, Compliance reviews guidelines and conducts a formal review of guidelines on a bi-annual basis.

### **Review Triggers**

In addition to the above reviews, client account reviews may also be triggered by a number of factors, including, but not limited to: significant shifts in the market, account terminations or accounts winding down, on-boarding an account, change in account guidelines, client requests for review, or a change in the Firm's processes or strategies.

### **Regular Reports**

In general, PBI LLC provides written client reports on a monthly and/or quarterly basis. The reports generally contain evaluations of the portfolio and general economic conditions which, in the opinion of PBI LLC, impact such portfolio and may include the following information: (i) for each investment in the portfolio on the valuation date, the number of units held, the value of such units, and a comparison of such information with the information contained in the previous statement; (ii) details of transactions undertaken since the previous statement; (iii) basis of the valuations of investment; and (iv) exchange rates used, where applicable.

Limited partners and shareholders in Private Funds generally receive written reports per the reporting timeline outlined in the Private Fund offering materials.

## Item 14 - Client Referrals and Other Compensation

### Economic Benefits

From time to time, PBI LLC or PineBridge Affiliates may receive cash payments, stock options or other benefits (collectively, remuneration) from privately-held companies as a result of officers, directors or employees of the Firm or an affiliate serving on the board of directors of such companies, or for providing consulting, solicitation or related services to such companies. PBI LLC and/or PineBridge Affiliates may take fees from third parties for services provided by the Firm and/or PineBridge 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, PBI LLC or PineBridge Affiliates 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 PBI LLC or PineBridge Affiliates, 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 PBI LLC and PineBridge Affiliates. There may be a conflict that PBI LLC or PineBridge Affiliates would have a financial incentive to invest client assets, directly or indirectly, in companies from which it receives remuneration. Nevertheless, it is the policy of PBI LLC to invest client assets only in securities and other portfolio assets that are in the client's best interest. Refer to the "Code of Ethics" section of this Brochure for additional details regarding conflicts of interest.

For information related to soft dollars, refer to the "Brokerage Practices" section within this Brochure.

### Third Party Solicitors

PBI LLC may enter into compensation arrangements with solicitors for new business. Any soliciting arrangements will comply with Rule 206(4)-3 under the Advisers Act, pursuant to which persons introducing new client accounts to the Firm may receive a portion of the advisory fee generated by the account and/or a flat fee for a period of time that varies on a case-by-case basis.

Employees of PBI LLC may periodically participate and/or attend conferences sponsored by industry consultants. PBI LLC will act at all times in the clients' best interest, considering such factors as suitability.

In the event that an advisory client is obtained through a consultant to which the Firm has provided either compensation for such conferences or for which the Firm's personnel have participated in such conferences, PBI LLC will disclose such relationship to the advisory client upon request.

## Item 15 - Custody

Under Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), PBI LLC has custody of the assets contained in the portfolios of certain fund clients, because PBI LLC or an affiliate serves as the general partner of, or in a similar capacity for, the fund. Accordingly, PBI LLC is subject to the relevant provisions of the Custody Rule. Fund investors do not receive account statements from the custodian; rather, the pertinent funds are subject to an annual audit and the audited financial statements are distributed to each fund investor within the required time period.

## Item 16 - Investment Discretion

### Discretionary Authority for Trading

PBI LLC provides both discretionary and non-discretionary investment advisory services to clients. The IMA established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, the Firm generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, the brokers with whom orders for the purchase or sale of securities are placed for execution, the price per share, and the commission rates at which securities transactions are effected. In some instances, the Firm's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to PBI LLC).

## Item 17 - Voting Client Securities

### Proxy Voting

Through IMAs, clients may give the Firm authority to vote proxies relating to securities held in their accounts. Consistent with applicable rules under the Advisers Act, the Firm has adopted and implemented written proxy voting policies and procedures that are reasonably designed to ensure that proxies are voted, consistent with its fiduciary obligations. PBI LLC has a fiduciary obligation, for those clients for whom it has voting authority, to make the best interests of such clients the sole consideration when voting proxies of their portfolio companies. The Firm has established specific voting procedures and has engaged a proxy voting administrator to assist in the execution of those procedures on its behalf. PBI LLC votes (or refrains from voting) proxies with respect to securities it manages, on a client by client basis, ensuring that all reasonable steps have been taken to vote in the client's best interest and to avoid acting on any conflicts that may arise between itself and its clients. In the case of a material conflict between the interests of the Firm and those of its clients, the Firm consults with counsel and resolves all conflicts in the client's best interest. When votes are cast in accordance with PBI LLC's proxy voting policies and procedures and in a manner PBI LLC believes to be consistent with its fiduciary obligations, actual proxy voting decisions made on behalf of one client may have the effect of favoring or harming the interests of other clients.

During the client on-boarding process, clients have two options as it relates to responsibility of proxy voting: (i) the option to choose to have sole responsibility of voting their own proxies, and thereby prohibiting PBI LLC from voting proxies on that client's behalf; or (ii) clients may elect PBI LLC to vote proxies on the clients' behalf. There is no option available to clients where clients have the ability to choose to direct PBI LLC's vote in a particular solicitation.

When exercising voting rights, the Firm will generally vote on specific proxy issues in accordance with its proxy voting guidelines. The Firm has established a "Proxy Committee," consisting of senior PBI LLC personnel, who maintain the proxy voting guidelines, policies and procedures, and are responsible for the review and approval of amendments to the proxy guidelines, policies and procedures.

In certain markets, proxy voting involves logistical issues, which can affect the Firm's ability to vote such proxies, as well as the desirability of voting such proxies. These issues include, but are not limited to, untimely notice of shareholder meetings, restrictions on a foreign investor's ability to exercise votes, requirements to vote proxies in person, potential difficulties in translating proxy, and requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions. Another logistical issue that may arise is "shareblocking," where investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder meeting. Because of the aforementioned potential logistical issues, the Firm votes proxies on a "best efforts" basis, which may include not voting proxies of companies in certain countries if the costs (such as opportunity costs related to shareblocking constraints) associated with exercising a vote outweigh the benefit the client will gain by voting.

Each proxy statement received and any corresponding vote cast is retained on behalf of the Firm's clients.

Clients may obtain a record of votes and/or a copy of the proxy voting policies and procedures by requesting such information at (646) 857-8000 or contacting their client service representative.

## **Item 18 - Financial Information**

### **Prepayment of Fees**

PBI LLC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore this section is not applicable.

### **Financial Condition**

PBI LLC does not have any financial conditions that would impair its ability to meet its clients' contractual commitments.

### **Bankruptcy**

PBI LLC has not been the subject of a bankruptcy petition at any time.



## **Item 19 - Requirements for State-Registered Advisers**

PBI LLC is not registered with any state securities authorities, and therefore this section is not applicable.