



REGIONS

INVESTMENT MANAGEMENT

Part 2A of Form ADV Brochure

1901 6th Ave North, 4th Floor
Birmingham, Alabama 35203
www.regions.com

Updated: March 21, 2017

This brochure provides information about the qualifications and business practices of Regions Investment Management, Inc. ("RIM"). If you have any questions about the contents of this brochure, please contact us at 205-264-6735. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

RIM is a Registered Investment Adviser. Registration as an Investment Adviser does not imply any level of skill or training.

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

Item 2 - Material Changes

The purpose of this Item is to provide a summary of material changes since July 6, 2016, the date of RIM's most recent update to Part 2A of Form ADV.

The following items are material changes since RIM's last update:

1. Brian Sullivan, President of RIM, has retired and has been replaced by Alan McKnight as RIM's new President.

In the future, if RIM amends this Part 2A of Form ADV, it will provide its clients with a summary of those material changes either on an annual basis or as required by regulation.

Item 3 - Table of Contents

| | |
|---|----|
| Item 1 – Title Page..... | 1 |
| Item 2 - Material Changes..... | 2 |
| Item 3 - Table of Contents | 2 |
| Item 4 - Advisory Business | 3 |
| Item 5 - Fees and Compensation | 4 |
| Item 6 - Performance Based Fees and Side-by-Side Management..... | 5 |
| Item 7 - Types of Clients | 6 |
| Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss..... | 6 |
| Methods of Analysis..... | 6 |
| Investment Strategies..... | 7 |
| Risk of Loss..... | 15 |
| Item 9 - Disciplinary Information | 16 |
| Item 10 - Other Financial Industry Activities and Affiliations | 19 |
| Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 20 |
| Item 12 - Brokerage Practices..... | 20 |
| Soft Dollar Benefits | 20 |
| Item 13 - Review of Accounts..... | 22 |
| Item 14 - Client Referrals and Other Compensation | 23 |
| Item 15 - Custody..... | 23 |
| Item 16 - Investment Discretion | 23 |

| | |
|--|----|
| Item 17 - Voting Client Securities | 23 |
| Item 18 - Financial Information..... | 26 |

Item 4 - Advisory Business

Regions Financial Corporation (ticker: RF) was formed in 1971 as First Alabama Bancshares Inc. With the combination of three banks, the company was renamed Regions Financial Corporation in 1994. Its merger with Memphis, Tennessee-based Union Planters Corporation took place in July 2004. On November 6th, 2006, Regions Financial Corporation and AmSouth Bancorporation merged to become the new Regions Financial Corporation. This merger resulted in AmSouth Asset Management, Inc. (AAMI) being absorbed into Morgan Asset Management, which was registered with the SEC as a registered investment adviser in 1986. Due to internal restructuring, and the sale of broker/dealer Morgan Keegan by Regions Financial Corporation, the firm's name was changed to Regions Investment Management, Inc. (RIM) in 2012.

RIM was formerly owned by RFC Financial Services Holding, LLC, which in turn, is a wholly owned subsidiary of Regions Financial Corporation. Effective January 1, 2016, RIM became a wholly owned subsidiary of Regions Bank, which is another wholly owned subsidiary of Regions Financial Corporation. Regions Financial Corporation is a regional financial holding company, and is a publicly held reporting company under the Securities Exchange Act of 1934. The change to RIM's ownership structure will not change the services offered through RIM.

RIM provides investment advisory services regarding domestic equity and fixed income portfolios. RIM provides model strategies and provides portfolio management for clients of Regions Wealth Management, a business unit of Regions Bank. RIM may provide the same services for individual clients through wrap fee programs sponsored by other financial service providers. Dependent upon the strategy selected, clients may be permitted to place restrictions on investing in certain securities or types of securities, as some strategies offered by RIM may be tailored to fit the needs of the client.

RIM primarily serves as the investment adviser to certain business units of Regions Bank. RIM provides customized investment management services to some of Regions Bank's high-net-worth client accounts. Additionally, RIM provides portfolio management services to the investment accounts of some of Regions Bank's institutional clients, including corporations, public funds, Taft-Hartley Plans, endowments, foundations, nonprofit organizations, consultants, and family offices. As of February, 2013, RIM's strategies became available on Regions Bank's Open Architecture platform. RIM's

strategies were formerly available on the Preferred Provider platform at Morgan Keegan, prior to that firm's sale to Raymond James. RIM continues to manage assets for some of those clients, and may manage assets for clients on Raymond James Managed Account platform. All client funds are managed in the same manner, whether the client is a customer of Regions Bank, or of another financial institution.

As of December 31, 2016, RIM managed \$4,713,367,527 on a discretionary basis on behalf of its clients, and \$5,503,213,876 on a non-discretionary basis. Discretion means that RIM does not need prior permission to conduct transactions in client accounts. RIM's total amount of assets under management is \$10,216,581,402.

There are risks associated with any investment or advisory service. There are no guarantees of the success of any particular investment or strategy, and it is possible that some or all of the principal could be lost. Past performance is not a guarantee of future performance; clients invest at their own risk.

Tax implications are a critical component of any investment strategy. It is possible that trading activities could result in taxable events and/or lower investment return. Because investments may have tax or legal consequences, clients should contact their own tax professionals and attorneys to assist them in answering questions about specific situations or needs.

Item 5 - Fees and Compensation

RIM receives annual compensation in the form of a flat fee from Regions Bank by written agreement to provide research information to Regions Bank personnel, among other services. Pursuant to the same written agreement, RIM may provide investment advisory services to Regions Bank clients where applicable, and for a fee. Fees and timing of fees charged to these clients are set and negotiated by Regions Bank personnel. In instances in which RIM's investment services are used, a portion of the overall fee may be given to RIM by Regions Bank. RIM's compensation is paid by Regions Bank, and is based upon a percentage of the assets managed according to RIM's strategies. RIM does not negotiate fees with clients. RIM does not bill Regions Bank or clients of Regions Bank, nor does it deduct fees from the accounts of clients of Regions Bank.

In addition to investment management fees, clients may bear trading costs, and may also incur custodial fees.

The fee schedules below do not include brokerage commissions, other charges associated with securities transactions with or through a broker-dealer, mark-ups or mark-downs, odd-lot differentials, stock exchange fees, transfer taxes or any other charges mandated by law. These charges will be separately billed to each account by the broker-dealer or other custodial entity. Additional information concerning some fees can be found in Item 12 of this brochure.

The fee schedule below reflects the fees that RIM receives for its services to Regions Bank. The fees are paid to RIM quarterly, in arrears:

| Service | Annual Fee |
|---|---|
| Portfolio Management for Institutional Accounts | 50% of the fee received by Regions Bank |
| Equity Model Strategies | 0.2% of assets under management |
| Bond Model Strategies | 0.1% of assets under management |

RIM was engaged as a portfolio manager under a wrap fee program sponsored by Morgan Keegan & Company, Inc. ("MK"), and continues to manage the assets now that MK has been purchased by Raymond James. Client fees were negotiated by MK and/or Raymond James. RIM bills Raymond James for these services quarterly in arrears; RIM does not deduct fees from the accounts of clients of Raymond James. In the event that new accounts are placed in one of RIM's strategies by Raymond James, the same fee structure is charged. The annual fee structure for these accounts is as follows:

| Security Type | Annual Fee |
|----------------------|----------------------------------|
| Equities | 0.5% of assets under management |
| Fixed Income | 0.35% of assets under management |
| Cash Instruments | 0.25% of assets under management |

RIM does not receive compensation for the sale of securities or other investment products (e.g.: service fees from the sale of mutual funds or asset-based sales charges).

Item 6 - Performance Based Fees and Side-by-Side Management

Advisory fees that are based upon a share of capital gains or capital appreciation of assets of a client are commonly referred to as "performance based fees".

RIM does not currently charge performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to RIM.

Item 7 - Types of Clients

RIM, primarily provides customized investment management services through Regions Bank to high-net-worth individuals, institutions and associated trusts, estates, pension and profit sharing plans, and other legal entities. RIM's minimum account size for most strategies is generally \$200,000 but this amount is negotiable. Some strategies may require a higher minimum investment amount.

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

Securities held in advisory accounts managed by RIM are not, deposits or obligations of any bank, are not endorsed or guaranteed by any bank, and are not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board or any other governmental agency. Investments in securities involve risks, including possible loss of principal amount invested.

Methods of Analysis

RIM's Equity and Fixed Income Research Analysts conduct fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. For stocks and bonds the analysis generally includes quantitative and qualitative reviews of:

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

RIM has an Investment Strategy Committee ("ISC"), chaired by Alan McKnight, CFA, President and Chief Investment Officer of RIM. The ISC meets monthly to define and develop the investment strategies for RIM. One of the key functions of the ISC is to review product performance and establish and monitor guidelines, as well as provide a general outlook for the economy and the financial markets. Individual investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

Investment Strategies

Clients may invest using the following RIM equity strategies:

- **Total Return Opportunity Portfolio:** this portfolio is benchmarked against the S&P 500, and seeks to outperform the S&P 500 Index over a full cycle. The portfolio is constructed using domestic large cap stocks with both growth and value represented. It focuses on selecting companies using disciplines to identify high quality names at attractive valuations. The process employs business cycle analysis to identify sectors primed to benefit from turning points in economic activity and company analysis to select names trading out of favor. Non-benchmark names may not comprise more than 25% of the portfolio. The buy discipline is based on fundamental strength, valuation and a catalyst. The sell discipline monitors the development of the catalyst, as well as the valuation and the fundamentals of the company. If the valuation expands significantly, the fundamentals deteriorate, or if a catalyst is realized, this will trigger a disciplined process to re-examine the thesis behind the purchase of that stock and then its potential use as a source of funds. Currently, each stock holding is allotted between a one and three percent portfolio weight, however from inception until September 1, 2012, all stocks were allotted an equal two percent weight in the portfolio. This strategy can be tailored to meet various socially responsible guidelines.
- **Equity Income Opportunity Portfolio:** the portfolio seeks to maintain a 100 basis point yield advantage over the market over the long term while increasing dividend payments. The S&P 500 Value Index may be used as a performance benchmark although the portfolio is not constructed according to the same investment criteria. The portfolio is comprised of domestic large cap stocks. Currently, each stock holding is allotted between a one and three percent portfolio weight, however from inception until September 1, 2012, all stocks were allotted an equal two percent weight in the portfolio. The criterion for stocks selected includes but is not limited to: history of dividend growth, high dividend yield, strong cash flow generation and a stable and growing earnings stream.
- **High Dividend Yield Strategy:** this strategy begins with the Equity Income Portfolio and reweights the holdings to place the highest weight on the highest dividend yielders. The strategy is designed with the primary objective of current yield and a secondary objective of dividend growth. The criterion for stock selection is the same as the Equity Income Opportunity Portfolio.
- **Value Opportunity Portfolio:** a strategy that focuses on selecting companies with projected fundamental strength beyond current market expectations that are trading at attractive valuations. A Large Cap Value portfolio will typically contain a range of 50 to 80 names. Non-benchmark names may not comprise more than

25% of the portfolio. The buy discipline is based on fundamental strength, valuation and a catalyst. The sell discipline monitors the development of the catalyst. If the catalyst is realized, it triggers a disciplined process to re-examine the thesis behind the purchase of that stock and then its potential use as a source of funds.

- Growth Opportunity Portfolio: the investment process focuses on approximately 120 active candidates within a universe of 350 to 400 companies. The strategy defines the Large Cap universe as companies generally greater than \$10 billion in capitalization. The screening and selection process uses sector weights, individual stock analysis, comparative index analysis, quantitative analysis, and technical analysis to construct and manage the strategy. The strategy does not employ non-dollar, emerging market, or synthetic securities. Both the buy and sell discipline process follow an incremental approach to adding or reducing holdings, recognizing that markets and security specific events may change without warning. It is anticipated that buy and sell decisions will contribute to portfolio turnover averaging 40% per annum and may vary around that level depending on market opportunities as well as general equity market volatility.

Clients may invest using the following RIM fixed income strategies:

- Aggregate Bond Opportunity Portfolio: this portfolio is comprised of Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling primarily within the AAA through BBB quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Aggregate Bond Index.
- A-Rated Aggregate Bond Opportunity Portfolio: this portfolio contains Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling primarily within the AAA through A quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Aggregate Bond Ex Baa Index.
- Government/Credit Bond Opportunity Portfolio: this portfolio is comprised of Treasury, Agency and Corporate bonds primarily falling within the AAA through BBB quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector.

The strategy is benchmarked against the Barclays Capital Government/Credit Bond Index.

- Government/Credit Intermediate Bond Opportunity Portfolio: this portfolio is comprised of intermediate maturity Treasury, Agency and Corporate bonds primarily falling within the AAA through BBB quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Intermediate Government/Credit Bond Index.
- Corporate Bond Opportunity Portfolio: this portfolio is comprised of corporate bonds primarily falling within the AAA through BBB quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Credit Index.
- All Corporate Intermediate Bond Opportunity Portfolio: this portfolio is comprised of intermediate maturity corporate bonds primarily falling within the AAA through BBB quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Intermediate Credit Index.
- Enhanced Cash Bond Opportunity Portfolio: this portfolio is designed for investors with at least a two-year investment horizon. The primary objective of the strategy is the preservation of capital, with a secondary objective of generating returns that exceed standard money market funds. Portfolios are constructed with securities rated A and higher by Moody's and S&P. Duration positioning, yield curve management, sector exposure and security selection are the four tools employed to manage the portfolio. The strategy incorporates a ladder type portfolio structure and invests in debt securities as long as three years. The strategy is benchmarked against a blended index consisting of fifty percent of the Bank of America/Merrill Lynch 1-3 year Corporate and Government Index, and fifty percent of the Bank of America/Merrill Lynch 3 Month U.S. Treasury Bill Index.
- Intermediate Bond Opportunity Portfolio: this portfolio relies on duration positioning, sector selection, yield curve positioning and security analysis to continuously evaluate all areas of the bond market to manage risk and seek opportunities. This portfolio is comprised of intermediate maturity Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling primarily within the

AAA through BBB quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Intermediate Aggregate Index.

- A-Rated Intermediate Bond Opportunity Portfolio: this portfolio relies on duration positioning, sector selection, yield curve positioning and security analysis to continuously evaluate all areas of the bond market to manage risk and seek opportunities. This portfolio is comprised of Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling within the AAA through A quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Intermediate Aggregate, Ex Baa Index.
- Socially Responsible Bond Opportunity Portfolio: this portfolio relies on duration positioning, sector selection, yield curve positioning and security analysis to continuously evaluate all areas of the bond market to manage risk and seek opportunities. Security selection is based upon screens that can identify a variety of social issues-based businesses, and either include or exclude investments in those companies based upon the client's preferences. This portfolio is comprised of Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling primarily within the AAA through BBB quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Aggregate Index.
- A-Rated Social Bond Opportunity Portfolio: this portfolio contains Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling within the AAA through A quality spectrum according to national ratings agencies. . Security selection is based upon screens that can identify a variety of social issues-based businesses, and either include or exclude investments in those companies based upon the client's preferences. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Aggregate, Ex Baa Index.
- 1-10 Year Municipal Income Portfolio: this portfolio has a laddered maturity structure from one to ten years for a predictable flow of tax-exempt income. Securities are selected for credit quality, relative value and geographic

diversification. They are monitored for credit changes and cash flow is reinvested. Commonly purchased issue types include: General Obligation, Pre-Refunded, Tax-Revenue, Essential Service Revenue, Higher Education, and School District Bonds. The portfolio is constructed with bonds that fall within the AAA through BBB quality spectrum. Downgrades are reviewed and monitored. Portfolio composition will vary depending upon the relative value of bonds available for purchase at the time of portfolio construction. The strategy is benchmarked against the BofA Merrill Lynch Municipal, 1-10 Year A-AAA Rated Index.

Regions Institutional Investment Management ("RIIM") is a division within RIM that manages a variety of equity, fixed-income and balanced assets, primarily for U.S. institutional investors. Through RIIM, clients may invest using the following equity institutional strategies:

- Large Cap Growth Portfolio: the investment process focuses on approximately 120 active candidates within a universe of 350 to 400 companies. The strategy defines the Large Cap universe as companies generally greater than \$10 billion in capitalization. The screening and selection process uses sector weights, individual stock analysis, comparative index analysis, quantitative analysis, and technical analysis to construct and manage the strategy. The strategy does not employ non-dollar, emerging market, or synthetic securities. Both the buy and sell discipline process follow an incremental approach to adding or reducing holdings, recognizing that markets and security specific events may change without warning. It is anticipated that buy and sell decisions will contribute to portfolio turnover averaging 40% per annum and may vary around that level depending on market opportunities as well as general equity market volatility. The Growth Opportunity Portfolio is developed from this portfolio.
- Large Cap Value Portfolio: A strategy that focuses on selecting companies with projected fundamental strength beyond current market expectations that are trading at attractive valuations. A Large Cap Value portfolio will typically contain a range of 50 to 80 names. Non-benchmark names may not comprise more than 25% of the portfolio. The buy discipline is based on fundamental strength, valuation and a catalyst. The sell discipline monitors the development of the catalyst. If the catalyst is realized, it triggers a disciplined process to re-examine the thesis behind the purchase of that stock and then its potential use as a source of funds. The Value Opportunity Portfolio is developed from this portfolio.
- Large Cap Core Portfolio: The strategy is identical to the Total Return Opportunity Portfolio. It focuses on selecting companies using disciplines to identify high quality names at attractive valuations. The process employs

business cycle analysis to identify sectors primed to benefit from turning points in economic activity and company analysis to select names trading out of favor. Non-benchmark names may not comprise more than 25% of the portfolio. The buy discipline is based on fundamental strength, valuation and a catalyst. The sell discipline monitors the development of the catalyst. If the catalyst is realized, it triggers a disciplined process to re-examine the thesis behind the purchase of that stock and then its potential use as a source of funds.

Through RIIM, clients may invest using the following fixed income institutional strategies:

- **Aggregate Bond:** The universe of security types screened for selection comprise all Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling within the AAA through BBB quality spectrum. All investment decisions are managed within risk parameters limiting portfolio duration to within +/- 15% of the benchmark. Sector exposures are measured on a duration-weighted basis and relative to the benchmark range from 30 to 200%. Credit sensitive securities are limited to 3% but typically range from 1-2%. RIM's buy and sell discipline is an integral part of the risk management process. All buy and sell decisions are based on relative value analysis, subject to internally established exposure constraints as well as client guidelines. Factors evaluated in buy or sell decision are yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. If no substitute can be found to replace a sale, the proceeds are typically invested in Treasuries to minimize the impact on current duration and yield curve strategies. Market timing is not an element of the strategy and we do not allocate to cash. The strategy is benchmarked against the Barclays Capital Aggregate Bond Index.
- **A-Rated Bond:** The primary objective of the strategy is to generate income by investing in high quality bonds rated A or better in the 1-30 year maturity range. This portfolio is comprised of Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling within the AAA through A quality spectrum according to national ratings agencies. Factors evaluated in buy or sell decisions include but are not limited to: yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital Aggregate Bond Ex Baa Index.
- **Long Duration:** The primary objective of the strategy is to maintain a duration/risk profile similar to the Barclays Capital Long Government Credit Index. The universe of security types screened for selection comprise all Treasury, Agency and Corporate issuers falling within the AAA through BBB quality spectrum. All investment decisions are managed within risk parameters limiting portfolio

duration to within +/- 10% of the benchmark. Sector exposures are measured on a duration-weighted basis and relative to the benchmark range from 30 to 200%. Credit sensitive securities are limited to 3% but typically range from of 1-2%. Factors evaluated in buy or sell decision are yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. If no substitute can be found to replace a sale, the proceeds are typically invested in Treasuries to minimize the impact on current duration and yield curve strategies. Market timing is not an element of the strategy and we do not allocate to cash.

- **Enhanced Cash:** this portfolio is designed for investors with at least a two-year investment horizon. The primary objective of the strategy is the preservation of capital, with a secondary objective of generating returns that exceed standard money market funds. Portfolios are constructed with securities rated A and higher by Moody's and S&P. Duration positioning, yield curve management, sector exposure and security selection are the four tools employed to manage the portfolio. The strategy incorporates a laddered type portfolio structure and invests in debt securities. Securities as long as three years. The strategy is benchmarked against a blended index consisting of fifty percent of the Bank of America/Merrill Lynch 1-3 year Corporate and Government Index, and fifty percent of the Bank of America/Merrill Lynch 3 Month U.S. Treasury Bill Index.
- **Government Only Enhanced Cash:** This strategy emphasizes income return combined with value, within a framework of offering a high degree of liquidity. The Government Only Enhanced Cash strategy is designed for investors with at least a two year investment horizon. The effective final maturity of any single issue selected will not exceed three years. The primary objective of the strategy is to preserve principal and generate stable income flows that exceed money market funds. The portfolio will generally be structured in a laddered manner with a focus on a maturity structure that reflects an interest rate outlook as well as opportunities to purchase undervalued securities between cash equivalents and 3 years. The strategy is benchmarked against a blended index consisting of 50% of the Merrill Lynch 1-3 Year Government Index and 50% of the Merrill Lynch 3 Month U.S. Treasury Bill Index.
- **Low Duration:** The Low Duration strategy is designed for investors with at least a two year investment horizon. The universe of security types screened for selection comprise all U.S. Treasury, Agency, Corporate, Mortgage and Asset Backed bonds falling within the AAA through BBB quality spectrum with an effective final maturity no greater than five years. Credit sensitive securities are limited to 3% but typically range from of 1-2%. Factors evaluated in buy or sell decision are yield spreads, credit quality trends, industry conditions and comparative value in another issue or sector. If no substitute can be found to

replace a sale, the proceeds are typically invested in Treasuries to minimize the impact on current duration and yield curve strategies. The strategy is benchmarked against the Barclays Capital 1-3 Year Government/Credit Index.

- **Government Only Low Duration:** The Government Only Low Duration strategy is designed for investors with a long term investment horizon, yet maintains a high degree of liquidity. The primary objective of the strategy is the preservation of principal, and the secondary objective is to generate returns that exceed standard money market funds. The universe of security types screened for selection comprise all U.S. Treasury, Agency and Agency mortgage issues with an effective final maturity no greater than five years. Portfolios have an effective maturity of three years or less and the maximum effective maturity of any individual security is five (5) years. Factors evaluated in buy or sell decisions are yield spreads, security structure and comparative value in another issue or sector. The strategy is benchmarked against the Barclays Capital 1-3 Year Government Index.
- **Insurance Strategy:** The primary objectives for portfolios in the Insurance Strategy are to preserve principal and generate income. To achieve these objectives, portfolios in this strategy tend to emphasize fixed income instruments that are rated in the top four rating categories by at least one NRSRO. The strategy is tailored to each client's specific needs. Some of the accounts in the Insurance Strategy invest in common stocks for diversification purposes and to protect against inflation. The strategy is benchmarked against the Barclays Capital Intermediate Aggregate Bond Index.
- **Core Plus Bond Strategy:** The primary objective of the strategy is to maximize total return and generate a high level of current income. The strategy seeks value through duration adjustments, yield curve positioning, sector rotation and security selection. The strategy will invest in the core investment universe, combined with tactical, opportunistic allocations to high-yield, non-U.S. dollar, emerging market, convertible debt instruments, residential and commercial mortgage-backed securities, asset-backed securities and preferred stocks. The strategy is benchmarked against the Barclays Aggregate Bond Index. Due to "high yield" holdings, this strategy may carry greater market risk than other bond strategies.

RIM primarily invests for relatively long time horizons, often for a year or more; however, market developments could cause RIM to sell securities more quickly. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

While the performance of RIM's strategies may be represented using Indices as benchmarks, the index performance benchmarks are not intended as direct comparisons to the performance of the portfolio, but is intended to represent the performance of certain sectors of the overall securities market. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and the type of securities held within RIM's strategies. Indices are unmanaged, and you cannot invest directly in an index. The volatility of the indices is materially different at times than the volatility experienced by clients. Broad-based indices do not reflect fees and expenses, while client accounts are managed and are subject to fees, trading and other expenses.

RIM does not engage in short selling or option writing.

Risk of Loss

Investing in securities involves risk of loss of principal that clients should be prepared to bear. All securities are subject to some level of risk which could cause the value of the client's securities to decrease in value, and in some cases, could result in a loss of the client's entire investment. The following are some types of risk that could affect the value of a client's portfolio:

- Market risk: the risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- Business risk: whether because of management or unfortunate circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock may become worthless in the event of a bankruptcy, which would result in a loss of capital to the shareholders.
- Interest rate risk: if the Federal Reserve pushes interest rates higher, the market prices of bonds may be affected. When interest rates rise, the market price of bonds falls.
- Inflation risk: Uncontrolled inflation reduces the buying power of a dollar, and may cause uncertainty among individual investors, possibly resulting in corporations backing away from projects, which could further reduce the value of corporate equities.
- Regulatory risk: legislative, regulatory and/or judicial changes that impact businesses can drastically change entire industries.
- Liquidity risk: certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.

- Opportunity risk: clients may choose a conservative product to invest in, which could cause the client to miss out on market upswings which may have increased the value of securities with higher risk. The opposite is also true; market downturns could cause the client to lose a significant amount of principal invested in higher risk securities, when their funds could have been invested in lower risk options.
- Reinvestment risk: clients may be unable to make additional purchases of a security already in their portfolio at the same rate at which the original purchase was made.
- Currency or exchange rate risk: foreign securities face the uncertainty that the value of either the foreign currency will increase or decrease; either of which may cause the value of the client's portfolio to fluctuate.
- Transactional cost risk: the client may incur significant transactional charges in an actively traded account. Frequent trading can decrease the value of a client's account due to increased brokerage and transaction costs. In addition, the frequent trading may cause taxable events to occur, which could increase the client's tax burden.

Clients should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

Item 9 - Disciplinary Information

The following disciplinary actions occurred under RIM's previous business name and supervisory model.

Regions Bank and AmSouth Bank merged in 2006 which resulted in AmSouth Asset Management, Inc. (AAMI) being absorbed into Morgan Asset Management (MAM). On September 23, 2008, the Securities and Exchange Commission, Los Angeles Regional Office sent MAM a cease and desist order pertaining to events alleged to have occurred between 1999 to 2004 at AmSouth Asset Management, Inc. AAMI and AmSouth Bank were charged with violating Sections 206(1) and (2) of the Investment Advisers Act of 1940 (the "Advisers Act") and Sections 12(B) and 34(B) and Rule 12B-1 of the Investment Company Act of 1940 (the "Investment Company Act") while serving as advisor to the AmSouth Funds for entering into side arrangements with Bisys Fund Services for payments of certain fees that were not properly disclosed to the AmSouth Funds' Board or shareholders. The matter was settled on September 23, 2008, with AmSouth Bank and AAMI being required to pay: \$7,789,232 in disgorgement, \$2,198,952.81 in prejudgment interest and \$1,500,000 in civil monetary penalty to Pioneer Funds, which acquired the AmSouth Funds in 2005, within 30 days of the date

of the order. The respondents were also required to cease and desist committing further violations of the relevant sections of the Advisers Act and the Investment Company Act.

When AmSouth Bank merged with Regions Bank in 2006, AAMI's business was absorbed into MAM as of the end of 2007, and AAMI's registration as an investment adviser was withdrawn in January 2008.

On June 22, 2011, the Securities and Exchange Commission (the "SEC") and the securities commissioners or divisions in the states of Alabama, Kentucky, South Carolina, Tennessee and Mississippi announced settlements with MAM, Morgan Keegan & Co., Inc. ("MK"), an individual previously associated with RIM, and in the SEC order another individual who was associated with MK, of administrative proceedings initiated by those regulators in 2010. The Financial Industry Regulatory Authority, Inc. ("FINRA") also announced a settlement with MK. The SEC order found that MAM violated Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 (prohibiting certain fraudulent activities by advisers) and Rule 206(4)-7 thereunder (requiring advisers to maintain compliance policies and procedures), and Section 34(b) of the Investment Company Act (prohibiting material misstatements or omissions in registration statements, reports and other documents filed with the SEC), and aided and abetted and caused violations of Rules 22c-1 (pertaining to the net asset value pricing of fund shares) and 38a-1 (requiring funds to maintain compliance policies and procedures) under the Investment Company Act. The SEC order found that MK violated Rule 22c-1 under the Investment Company Act, and aided and abetted and caused violations of Section 34(b) of the Investment Company Act and Rule 38a-1 thereunder. The SEC order made additional findings with respect to the two individuals. The SEC findings as to MAM all related to the failure to comply with the "fair value" valuation standards adopted by certain funds (the "funds") formerly managed by MAM and distributed by MK for the valuation of securities held by those funds, for which readily available market quotations were not available. In particular, the SEC order found that MAM failed to disclose to the boards of the funds that it was not complying with the funds' valuation procedures with respect to these securities, that it failed to have adequate policies and procedures in place, that it made material misrepresentations concerning a fund's performance in its reports and records, and submitted inflated prices for such securities for the fund's net asset value calculations and records supporting its financial statements, and that it aided and abetted and caused violations by the funds with respect to their net asset value calculations and failure to implement their fair valuation procedures. The State orders each listed the following practices by MAM and/or MK as violations of their respective state laws: MAM's and/or MK's failure to disclose the risks associated with investments in the funds in filings, disclosure and marketing materials; misclassification of asset backed securities; the use of not directly comparable industry benchmarks; the incorrect

characterization of the funds and their holdings in certain marketing and disclosure materials; inappropriate comparison of investment returns; misleading marketing materials; failure to supervise employees, agents and associated persons in activities relating to the funds and failure to enforce supervisory procedures; failure to make suitable investment recommendations to some investors; and failure to review customer accounts, correspondence and marketing materials. Other findings are made against the settling individual named in the state actions. The FINRA order against MK (a Letter of Acceptance, Waiver and Consent submitted by MK) found violations of NASD Conduct Rules 2110, 2210, 2210(c), 2210(d), 3010(a), 3010(b) with regard to statements in certain marketing materials for a fund and MK's supervisory procedures for advertising activities. These orders resolved the administrative proceedings initiated by the regulators as to MAM, MK and the two individuals. RIM and MK agreed to pay an aggregate amount of \$210 million under the orders, \$200 million of which will be put into a Fair Fund for the benefit of certain fund investors, and to comply with certain other undertakings. The individuals agreed to certain sanctions under the order(s). The SEC and state orders also resolved pending actions against a former MAM portfolio manager, and in addition the SEC order resolved charges against a former MK Controller. Copies of the orders are available on the respective regulator's website. MAM and MK did not admit or deny the findings (except as to jurisdiction) in the SEC or FINRA orders. With respect to the state orders, MAM and MK admitted jurisdictional allegations, and certain statements relating to the maintenance of books and records. In addition to the monetary sanctions, the SEC order censured MAM and MK and imposed a cease and desist order upon them.

On December 10, 2012, the SEC issued an order instituting administrative and cease and desist proceedings against each of the persons who were members of the board of directors of the RMK High Income Fund, Inc., the RMK Multi-Sector High Income Fund, Inc., the RMK Strategic Income Fund, Inc., the RMK Advantage Income Funds, Inc. and the Morgan Keegan Select Fund, Inc. (collectively, the "Funds") during the period between January 2007 and August 2007. The SEC proceedings against the former Fund directors arose from the same set of facts and circumstances that were the subject to the SEC MAM Order described above and alleged that the former Fund directors caused the Funds to violate various requirements of the SEC's rules under the Investment Company Act and willfully caused certain misstatements or omissions to be made in registration statements relating to the Funds filed with the SEC under the Investment Company Act. On June 13, 2013, without admitting or denying the findings, the former Fund directors consented to the entry of an order requiring them to cease and desist from committing or causing violations of Rule 38a-1 of the Investment Company Act, which requires funds to adopt and implement written policies and procedures reasonably designed to prevent violations of federal securities laws by funds.

The legal relationships between the Funds and Regions Financial Corporation, Regions Bank and their affiliates ceased in 2009, following which Regions Financial Corporation sold MK, restructured MAM, and re-named MAM as RIM in 2012. RIM does not offer or act as adviser or sub-adviser to any mutual funds.

Item 10 - Other Financial Industry Activities and Affiliations

Regions Financial Corporation (RFC) is the parent company of Regions Bank and Regions Insurance Group, as well as RFC Financial Services Holding, LLC. Regions Investment Management, Inc. (RIM) is owned by Regions Bank.

Regions Securities, LLC, ("RSL"), is wholly owned by RFC Financial Services Holding, LLC, which is a wholly owned subsidiary of Regions Financial Corporation, and is a registered broker-dealer with the various federal regulators and self-regulatory organizations ("SRO"), including but not limited to the SEC and FINRA.

RFC Financial Services Holding LLC also wholly owns BlackArch Partners, an investment bank, which is a direct owner of BlackArch Securities LLC, a broker-dealer registered with the SEC and FINRA.

Under the trade name of Regions Investment Solutions, and through a networking agreement, securities are offered to Regions clients through Cetera Investment Services ("Cetera"), a broker/dealer and FINRA member. The personnel offering these services are dual employees of Cetera and of Regions Bank.

Regions Insurance Group, Inc., a subsidiary of Regions Financial Corporation, is an insurance broker that offers insurance products through its subsidiaries: Regions Insurance, Inc., headquartered in Birmingham, Alabama, and Regions Insurance Services, Inc., headquartered in Memphis, Tennessee. Through its insurance brokerage operations in Alabama, Arkansas, Florida, Georgia, Indiana, Louisiana, Mississippi, South Carolina, Tennessee and Texas, Regions Insurance, Inc. offers insurance coverage for various lines of personal and commercial insurance, such as property, vehicle, casualty, life, health and accident insurance.

While these companies are affiliated with RIM and/or its parent company, this affiliation does not present a conflict of interest to RIM's clients. RIM personnel are not affiliated with Regions Securities, LLC or with Regions Insurance Group. RIM's strategies are not available through Cetera. RIM does not engage in transactions for client accounts with Regions Securities, LLC, BlackArch Securities, LLC or with Cetera.

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

RIM has adopted a written Code of Ethics ("the Code") that is applicable to all employees. The Code, among other things, requires RIM employees to act first and foremost in the clients' best interests, to abide by all applicable regulations, and to avoid even the appearance of any potential conflict of interest or any abuse of their position of trust. A copy of RIM's Code of Ethics is available upon request, by calling 205-264-6735.

RIM's employees are generally permitted to trade securities in their personal accounts, alongside client accounts as long as specified transactions are submitted for pre-clearance review and approval. The Chief Compliance Officer or his/her designee monitors employee trading, relative to client trading, to ensure that employees do not engage in restricted or prohibited transactions. Further, the Chief Compliance Officer or their designee does not grant preclearance where it would appear that an employee's trading could disadvantage a client.

RIM's restrictions on personal securities trading apply to all employees, as well as the employees' family members living in the same household.

Item 12 - Brokerage Practices

RIM, by virtue of management of the portfolios, must trade securities on behalf of clients. All transactions are executed on an agency basis through a variety of available brokers who have met the requirements of the Best Execution/Soft Dollar Committee. RIM acknowledges that a client bears an expense when trading both in the form of commissions and other transaction costs however, RIM will endeavor to keep these costs as low as possible within the constraints of proper portfolio management.

Soft Dollar Benefits

RIM receives certain research products and services from a variety of providers at discounted rates from the utilization of commissions as soft dollar credits. The use of soft dollars allows RIM to use services to benefit all clients, and does not pay for these services separately. In such cases, RIM receives a benefit, since RIM does not have to produce or pay for the research, products or services. The purchase of such research material is based on using said products strictly to assist RIM in its investment decision-making process. These products and services may include but are not limited to portfolio management systems and software that supports RIM's research processes. The types of products and services that RIM purchases with soft dollars include research (e.g. advice, analyses, or reports concerning companies or sectors of the market) used to aid in investment decisions, and trading systems. RIM may have an

incentive to select or recommend a broker-dealer based upon receipt of soft dollars, however, commissions may only be used as soft dollars to purchase these research products and services, provided that:

- The service must be for the primary benefit of client accounts managed by RIM, and
- The commissions rates paid must be competitive with rates paid by RIM to other brokers.

Currently, transactions are executed through three institutions identified by RIM as “Soft Dollar Brokers” to include the Bank of New York ConvergeX, Gateway Trading and Sungard Institutional Brokerage, Inc., because these firms have met the requirements noted above. Most transactions are routed to one of these brokers as, in addition to the soft dollar benefits, they provide discounted commission rates, based upon the size of the transaction. In these cases, we are confident that we would receive the same, or nearly the same, execution price as with any other broker. Soft dollar benefits are used to service all client accounts equally. No client is disadvantaged based upon the lack of soft dollar benefits generated by the account.

RIM does not receive client referrals from any broker-dealer.

The Selection of Trading Counterparties

Fixed income transactions are based on the availability and pricing of bonds which will vary more widely with fixed income dealers. Prior to placing a bond trade, RIM fixed income traders solicit bids from several dealers and then execute the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

Custody Accounts

For clients who elect to have their accounts held by firms other than Regions Bank, the accounts are classified as outside custody accounts. In such cases, RIM may be unable to select a broker.

Directed Brokerage Accounts

RIM allows, but does not encourage, clients to designate a specific broker for the execution of their respective trade orders providing no fiduciary standards are violated by the designation. Orders designated to a specific broker will be considered market orders.

RIM's policy requires all client instructions which direct transactions in client accounts to a specific broker-dealer to be in written form and include the following disclosure:

- We may not be authorized under these circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution for transactions placed with the broker-dealer designated; and
- There may be disparity between the commissions charged to the transactions directed to the broker designated on this form and the commissions charged to transactions otherwise placed by or on behalf of other clients, which may cost clients who direct brokerage more money.

Best Execution Reviews

RIM's Best Execution/Soft Dollar Committee meets on a quarterly basis to review the execution performance of brokers that were selected to execute client transactions. Committee members continue to evaluate the pricing and services offered by the trading counterparties with those offered by other reputable firms. The Committee contracts with an independent research company, Global Trading Analytics (GTA), to compare the trading activity of approximately 200 firms. RIM has sought to make a good-faith determination that these chosen trading counterparties provide clients with good services at competitive prices. Clients should be aware that this determination could have been influenced by RIM's receipt of products and services from research providers. However, as previously noted, the brokers whose agreements include "soft dollar" arrangements are also reviewed on this quarterly basis to ensure they continue to meet RIM's criteria.

Aggregated Trades

Whenever possible, RIM aggregates client trades in an effort to treat all clients fairly. Clients participating in a aggregated order receive the same average price and may incur a reduced trading cost than they would have paid if they were trading individually. If an order is partially filled, clients will have their orders filled on a pro-rata basis. RIM will seek to complete any unfilled client orders on the next trading day.

Item 13 - Review of Accounts

All accounts assigned to RIM will be reviewed at least quarterly by the Portfolio Manager with regard to the account's asset allocations versus its target allocation. The review will also include the levels of available cash for investing as related to the client's stated investment objectives.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. RIM may supplement these custodial statements with individualized reports provided during client meetings or as requested.

RIM personnel continuously monitor events that could impact client accounts, and will make changes in strategies and portfolios as deemed necessary to act in the best interest of our clients.

Item 14 - Client Referrals and Other Compensation

RIM does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients. RIM does not receive compensation for referring clients to other business entities, nor does RIM pay any person or company in exchange for referring clients to RIM.

Item 15 - Custody

RIM does not custody client accounts. Some client accounts are custodied by Regions Bank, the parent company of RIM. Regions Bank is subject to annual unannounced audits as a result of its provision of this service.

Item 16 - Investment Discretion

Generally, client accounts managed by RIM are managed on a fully discretionary basis subject to limitations imposed by client investment objectives and other regulatory limitations. Any limitations on this authority must be stated in writing. Clients may amend any such limitations as needed and these amendments must also be in writing. A non-discretionary agreement may also be arranged, in which RIM makes recommendations only, which the client may choose to accept, reject or modify.

Item 17 - Voting Client Securities

RIM has adopted proxy voting procedures for voting proxies on behalf of clients in instances in which clients delegate this function. To facilitate the process, RIM has retained ISS Proxy Advisory Services ("ISS") to provide proxy research and voting recommendations, and to vote proxies on its behalf. In addition, RIM subscribes to ISS' proxy vote management system, which provides a means to receive and vote proxies, as well as services for recordkeeping, auditing, reporting and disclosure regarding votes. Except in instances where clients have retained voting authority or retained a different proxy voting service, RIM will instruct custodians of client accounts to forward all proxy statements and materials received in respect of client accounts to ISS.

RIM's proxy voting procedures seek to ensure that proxies are voted in the best interest of its clients. The procedures contemplate various proposals that may arise and a predetermined manner in which RIM will vote or circumstances under which RIM will

conduct further review before determining the manner in which it will vote. In general, proxies for all clients will be voted in the same manner. In all circumstances, RIM will comply with specific client directions to vote proxies, whether or not those directions specify voting proxies in a manner that is different from RIM's Policies and Procedures.

Routine Matters: Generally, RIM votes all client proxies in accordance with the voting recommendations of ISS' Proxy Voting Manual, with some exceptions, as noted below. In the event that ISS refrains from making a recommendation, and provided that the Proxy Committee determines that there is no material conflict of interest between RIM and the clients with respect to the voting of the proxy, the Proxy Committee will vote the proxy consistent with RIM's policies and procedures, and in the client's best interest. There may be circumstances under which the Proxy Committee believes that it is in the best interest of a client or clients to vote proxies in a manner inconsistent with the foregoing proxy voting guidelines or in a manner inconsistent with the ISS recommendations. These situations are as follows:

- i. Separation of Chairman and CEO – if ISS votes “for,” the Proxy Committee designee will review the recommendation;
- ii. Executive and director compensation – If ISS votes “against,” the Proxy Committee designee will review the issue. If the ISS objection is in part or whole due to the shareholder value transfer being equal to or greater than 500 basis points over the allowable cap, the Proxy Committee will automatically vote against;
- iii. Authorizing the board to hire and terminate sub-advisors without shareholder approval – RIM will vote with management.
- iv. RIM will vote with management on the following Corporate Governance issues:
 - a. Community impact assessments;
 - b. Energy efficiency;
 - c. Facility safety policy;
 - d. Internet privacy and censorship;
 - e. Product safety;
 - f. Requirement to hold stock in post-retirement period; and
 - g. Lobbying and political contribution disclosure.

In the event of a departure from these Policies and Procedures, RIM will maintain a record supporting such a vote.

Conflicts of Interest: If RIM believes that it either has a material conflict, or to avoid a conflict of interest, RIM will vote in accordance with ISS' recommendation. An example

of this would be proxies relating to RIM's parent company, Regions Financial Corporation. All proxies related to Regions Financial Corporation will be voted according to the recommendation received from ISS. ISS will vote proxies in accordance with their written procedures. RIM believes that the use of ISS, as well as the procedures stated herein, is reasonably designed to address material conflicts of interest that may arise between RIM and a client as to how proxies are voted. Except for the circumstances outlined under Routine Matters above, or if the proxy voting guidelines described do not address how a proxy should be voted and ISS refrains from making a recommendation as to how such proxy should be voted, the Proxy Committee will review the proxy and assess the extent to which there may be a material conflict of interest between RIM and the client or clients. Material conflicts cannot be resolved by simply abstaining from voting. In the event that the Proxy Committee determines that the voting of the proxy presents a material conflict of interest between RIM and the client or clients, RIM will:

- In cases where ISS had made a recommendation, take no further action, in which case, ISS shall vote such proxy in accordance with the proxy voting guidelines or as ISS recommends; or
- Disclose such conflict to the client or clients and obtain written direction from the client as to how to vote the proxy; or
- Suggest that the client or clients engage another party to determine how to vote the proxy; or
- Engage another independent third party to determine how to vote the proxy.

Abstention: In recognition of its fiduciary obligations, RIM generally endeavors to vote all proxies it receives. However, RIM may abstain from voting proxies in certain circumstances. For example, we may determine that abstaining from voting is appropriate if voting may be unduly burdensome or expensive, or otherwise not in the best economic interest of the clients, such as (by example and without limitation) when foreign proxy issuers impose unreasonable or expensive voting or holding requirements, when the costs to effect a vote would be uneconomic relative to the value of the client's investment in the issuer, or when a foreign government requires disclosure of confidential client information.

Recordkeeping: RIM will maintain copies of proxy voting policies and procedures, proxy votes cast, proxy statements received, material documentation supporting decisions, and copies of any requests received and responses sent regarding how we voted a proxy. These records will be maintained according to regulatory requirements.

RIM clients may obtain a complete copy of the procedures and records of how their respective securities were voted by writing to:

Regions Investment Management, Inc.
1901 6th Avenue North, 4th Floor
Birmingham, AL 35203

In instances where RIM has not been given the authority to vote client proxies, it is the responsibility of the client to instruct the relevant custody bank or brokerage to mail proxy material directly to the client.

Item 18 - Financial Information

RIM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.