

Item 1 – Cover Page



Piedmont Investment Advisors, LLC

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This Brochure provides information about the qualifications and business practices of Piedmont Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (919) 688-8600. 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.

Piedmont Investment Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you use to determine to hire or retain an Adviser.

Additional information about Piedmont Investment Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV,” which amends the disclosure document that we provide to clients as required by SEC Rules.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to current SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

You may request a copy of our Brochure by contacting Clarissa Parker, Vice President, Investor Services, at (919) 688-8600 or cparker@piedmontinvestment.com. Additional information about Piedmont Investment Advisors, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Piedmont Investment Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Piedmont Investment Advisor, LLC.

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Item 4 – Advisory Business

Piedmont Investment Advisors, LLC (“Piedmont” or the “Adviser”) was organized as a North Carolina Limited Liability Company on August 1, 2000. The firm is currently 100% employee owned. The business of the firm is asset management. Piedmont began managing tax-exempt funds in October 2000. The firm was registered as an Investment Adviser with the Securities and Exchange Commission on October 16, 2000. Piedmont had approximately \$6.81 billion in assets under management and 46 client accounts as of December 31, 2017. Of that amount, \$6.80 billion was managed on a discretionary basis and approximately \$16.4 million on a non-discretionary basis.

Piedmont offers equity and fixed income investment strategies. Clients typically provide Piedmont with performance objectives, guidelines, and restrictions, as well as any brokerage requirements, and Piedmont invests the client’s assets within an appropriate strategy accordingly.

Item 5 – Fees and Compensation

Piedmont generally bills its clients based on assets under management. On occasion, Piedmont will agree to perform investment advisory services for a client in exchange for a performance-based fee pursuant to Rule 205-3 of the Investment Advisers Act of 1940. Fees based on the amount of assets under management are outlined below and are expressed in basis points (1% is equal to 100 basis points). Fees are charged to clients on a quarterly basis.

| Product | First \$50M | Next \$50M | Over \$100M | Minimum Institutional Account Size |
|----------------|--------------------|-------------------|--------------------|---|
| Strategic Core | 65 BP | 50 BP | 40 BP | \$25 million |
| Market Plus | 35 BP | 30 BP | 25 BP | \$25 million |

| Product | First \$25M | Next \$25M | Next \$50M | Over \$100M | Minimum Institutional Account Size |
|----------------|--------------------|-------------------|-------------------|--------------------|---|
| Core Value | 50 BP | 45 BP | 40 BP | 37.5 BP | \$10 million |

| Product | First \$250M | Next \$250M | Over \$500M | Minimum Institutional Account Size |
|------------------------------------|---------------------|--------------------|--------------------|---|
| Russell 1000 Value Index Strategy | 4BP | 3BP | 2BP | \$50 Million |
| Russell 1000 Growth Index Strategy | 4BP | 3BP | 2BP | \$50 Million |
| Russell 2000 Index Strategy | 4BP | 3BP | 2BP | \$10 Million |
| Russell Top 200 Index Strategy | 3BP | 2BP | 1BP | \$100 Million |
| S&P 500 Index Strategy | 5BP | 3BP | 1BP | \$50 Million |
| S&P 600 Index Strategy | 8BP | 5BP | 3BP | \$10 Million |

| Product | First \$250M | Next \$250M | Over \$500M | Minimum Institutional Account Size |
|-----------------------|---------------------|--------------------|--------------------|---|
| Smart Beta - Largecap | 20BP | 15BP | 10BP | \$15 Million |
| Smart Beta - Midcap | 25BP | 20BP | 15BP | \$10 Million |
| Smart Beta - Smallcap | 25BP | 20BP | 15BP | \$10 Million |

| Product | First \$10M | Next \$15M | Next \$25M | Next \$25M | Next \$25M | Over \$100M | Minimum Institutional Account Size |
|---------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|---|
| Optimized SMID Core | 85 BP | 80 BP | 75 BP | 70 BP | 65 BP | 60 BP | \$10 million |

| Product | First \$10M | Next \$15M | Next \$25M | Over \$50M | Minimum Institutional Account Size |
|--------------------------|--------------------|-------------------|-------------------|-------------------|---|
| Optimized Small Cap Core | 90 BP | 85 BP | 80 BP | 75 BP | \$10 million |

| Product | First \$10M | Next \$15M | Next \$25M | Over \$50M | Minimum Institutional Account Size |
|----------------|--------------------|-------------------|-------------------|-------------------|---|
| Mid-Cap Growth | 75 BP | 70 BP | 65 BP | 50 BP | \$10 million |

| Product | First \$50M | Next \$25M | Next \$25M | Over \$100M | Minimum Institutional Account Size |
|------------------------------------|--------------------|-------------------|-------------------|--------------------|---|
| Yield Advantage Opportunistic Core | 30BP | 28BP | 25BP | 20BP | \$20 Million |
| Y.A. Intermediate Govt./Credit | 25BP | 22BP | 20BP | | \$20 Million |
| Y.A. Limited Duration | 16BP | 13BP | 10BP | | \$20 Million |
| Yield Advantage Tactical Income | 40BP | 30BP | 25BP | 20BP | \$20 Million |
| Y.A. Govt./Credit | 35BP | 30BP | 25BP | 20BP | \$20 Million |
| Core Focus Int. Govt./Credit | 30BP | 27BP | 22BP | 20BP | \$20 Million |

| Product | First \$25M | Next \$25M | Over \$50M | Minimum Institutional Account Size |
|----------------|--------------------|-------------------|-------------------|---|
| High Yield | 50BP | 45BP | 40BP | \$10 Million |

The fees and institutional account minimums set forth in the schedules above are negotiable. The specific manner in which fees are charged by Piedmont is established in a client's Investment Management Agreement ("IMA") with Piedmont. No compensation will be due prior to the rendering of service. After the end of each quarter, clients will be invoiced in arrears for services rendered during the previous quarter. Clients may either remit compensation directly to Piedmont, or alternatively, clients may instruct their custodian to compensate Piedmont for its services from the assets contained in the account. If the client has given permission to Piedmont to authorize their (the client's) custodian to deduct the fee directly from the client's account, the client must provide written authorization for such withdrawals as provided in their IMA or by a separate written agreement that permits the fee to be paid directly from the client's account.

Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (except for de minimis contributions and withdrawals). Accounts

initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The details of the above matter will generally be confirmed in the client's Investment Management Agreement. The account broker/custodian must provide the client, at least quarterly, a written statement that shows the amount of the advisory fee deducted from the account. The fee shown as deducted from the client's account should be identified as "management fee," "advisory fee," or other terms of similar meaning. Piedmont's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees, and commissions are exclusive of and in addition to Piedmont's fee, and Piedmont shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Piedmont considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Piedmont provides a client with consulting services relating to knowledge transfer to build in-house investment management capabilities for managing domestic passive mandates. The client pays a fixed dollar amount each quarter for this service.

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

As a general firm practice, Piedmont does not offer a performance-based fee. In some cases, at a client's specific request, Piedmont has entered into performance fee arrangements. Such fees are subject to individualized negotiation with the client. Piedmont will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (The Advisers Act) in accordance with the available exemptions there under, including the exemption set forth in Rule 205-3. In measuring a client's assets for the calculation of performance-based fees, Piedmont shall include realized and unrealized capital gains and losses. It has been suggested that performance-based fee arrangements may create an incentive for Piedmont to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Piedmont has designed and implemented procedures to ensure that all clients are treated fairly and equally and to prevent conflicts potentially arising from performance-based fees from influencing the allocation of investment opportunities among clients.

In those limited cases that a client does have a performance-based fee, they are not treated differently than other clients. Piedmont uses a model portfolio management approach in which all accounts are mirrored to a selected model, creating substantially equal treatment in terms of investment strategy

and investment opportunity. Piedmont's trading allocation policy is designed to ensure to the best of its ability that the allocation of trades among its client accounts is done in a manner that is fair and equitable to all clients. When consistent with client objectives, orders are aggregated if possible. If a block trade is filled in different lots with the same broker, these trades will be average priced to ensure that all the accounts executed in that block trade receive the same price.

Item 7 – Types of Clients

Piedmont provides portfolio management services to corporate pension and profit-sharing plans, public pension plans, Taft-Hartley plans, foundations, endowments, municipalities, and individuals. Please refer to Item 5 for Piedmont's minimum account requirements.

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

Equity Investment Philosophy and Process

Piedmont's risk-aware equity investment philosophy focuses on extracting alpha from three interconnected parts of our process: Quantitative, Fundamental, and Macro. We believe that this combination offers us the best opportunity to outperform in the long term and maximize the return per unit of risk for our clients.

All of Piedmont's active equity products use this three-pronged process with each component used in varying degrees for each product. Strategic Core and Midcap Growth are managed using a fundamental process but utilizes quantitative models as a source of idea generation; macro insights are taken into consideration in the process of portfolio construction. For the Market Plus, Optimized SMID Core, Optimized Small Cap Core, and Core Value the quantitative models are the primary drivers of stock selection and portfolio construction while fundamental and macro insights are used as inputs for risk control in the portfolio construction process.

Smart Beta products are managed using factor based weighting schemes.

Piedmont's Russell Top 200 Index strategy, Russell 1000 value strategy, Russell 1000 Growth strategy, Russell 2000 strategy, S&P 500 Index Strategy and S&P 600 Index Strategy use replication methodologies to generate index like returns.

Fundamental Research

Stock selection is the primary driver of our fundamental research process. The goal is to identify stocks undergoing sustainable and positive changes which result in earnings growth prospects that are not yet fully appreciated in the consensus view. We believe consensus forecasts tend to underestimate improving fundamentals as analysts are prone to anchoring biases and are slow to adapt. Our research process is grounded in identifying stocks with investable themes within the

following models of sustainability that have the potential to drive improvement in their fundamentals:

- **Brand Franchise/Technological Advantage** – These companies consistently use significant brand or technological advantages to generate greater than anticipated earnings power.
- **Improving Competitive Position** – These companies are poised to benefit from increased market share, consolidation, and/or expansion in the addressable market.
- **Value-Driven Restructuring** – These companies use restructuring activities to deliver shareholder value.
- **Cyclical Environment** – Companies that are poised to benefit from the cyclical environment.

The Fundamental team uses quantitative models and industry analysis as sources to generate ideas and identify attractive stocks. Additionally, we listen to quarterly conference calls held by the management of companies that we either own or have under review. This enables us to track whether company fundamentals are progressing as expected.

Quantitative Model

Piedmont utilizes several internally-developed quantitative models that are objective representations of our investment philosophy. Our multi-factor cross-sectional and industry group models provide systematic tools that allow us to filter the investable universe of stocks and identify those with the greatest potential for excess return or "alpha." The factors utilized are metrics that reflect and measure fundamental drivers of growth, value, and profitability and have also been shown to be consistent and predictive drivers of long-term excess returns. Additionally, there is a dynamic component in our cross-sectional models, where the weightings of the factors are adjusted monthly, ensuring that stocks found attractive by the models reflect changing market conditions.

Risk Control

Portfolio risk control is critically important to our investment process. Our objective is to position our active portfolios to realize the highest risk-adjusted premium the market will bear. Therefore, portfolio risk control and monitoring is critically important to our investment process. We classify risk into three main categories: stock specific; common factor (including systematic and industry) risk and market risk. We use a multifactor risk model based on a company's exposures to and the covariance between various style factors and industry factors based on the Global Industry Classification Standard (GICS). The style factors are constructed from financially intuitive stock attributes which serve as effective predictors of equity return covariance.

Our portfolios are broad based and diversified and each product can own securities in all sectors in its respective benchmark. Our products have annual turnovers ranging in the 50% to 120% band and we do not use any high frequency trading tactics. The equity portfolios are most exposed to idiosyncratic risk from the stocks in the portfolio, followed by the risk of being exposed to common factors like market cap, value, momentum, beta etc. All these risks are the same kind of risks that

impact the benchmarks we use as universes for stock selection and should not be regarded as unusual.

Our index portfolios are designed to replicate the selected benchmarks and the risk profile of these portfolios mirrors the risk profiles of the benchmarks they are indexed to.

Macro Insight

Piedmont's unified investment platform allows for and encourages communication between our quantitative, fundamental equity and fixed income investment professionals. Together, we review a full set of economic indicators through our macro dashboard to estimate the direction of sentiment and the price of risk. We identify and track major global investment themes that we believe can override historic predictors of stock or bond performance. This approach provides two important outcomes: it gives us a new lens through which to view our current portfolio, and it allows us to find new investments that take advantage of key themes.

Fixed Income Investment Philosophy and Process

Piedmont's investment philosophy is grounded in the belief that to generate returns, one must accept some measure of risk. We believe that the fixed income market offers the clearest insight into the price of market risk and the direction of changes in the marginal demand for exposure to market risk. We believe our uniqueness lies in our establishment of a risk-aware investment philosophy that combines multiple disciplines to out-perform client benchmarks on a risk-managed basis. We don't rely on just a single source of insights, but rather, our process extracts value from the combination of three investment disciplines: quantitative, fundamental, and macro. Accordingly, Piedmont employs a collaborative investment process, the Unified Investment Platform, where all investment professionals come together in multiple forums to develop a firm-wide macro strategy and to discuss quantitative and fundamental research insights that can be applied across all products.

Piedmont's fixed income investment philosophy entails constructing customized, yield-advantaged portfolios with the reasoned expectation of outperformance over a full market cycle. Our yield-advantaged style seeks to dampen performance volatility by encompassing moderate duration shifts, strategically overweighting spread sectors, and being opportunistic along the yield curve. These objectives are synthesized and implemented within the context of a quantitative backdrop. Active management by Piedmont connotes a constant assessment of relative value, that is, whether expected returns are commensurate with the level of risk taken.

Our bias is typically an overweight in the spread sectors. We construct well-diversified portfolios to give our clients the broad benefit of owning these sectors while remaining mindful of not unduly exposing the portfolio to any one issue. Conversely, security selection is emphasized, but within the context of its overall risk versus expected return. Our philosophy for the spread sectors parallel each other in that we consistently seek relative value. This incremental yield/value bias is attained by underweighting Treasuries. We maintain, however, the ability to match and exceed the Treasury

weighting, depending on our relative value call. We perform bottom-up analysis on the corporate market, which is supplemented with research from our equity research team. The fixed income portfolio manager evaluates this fundamental equity analysis in the context of the portfolio, market, and the firm's overall macro thesis. Our mortgage-backed securities philosophy differs in that we look to make an over/underweight call on the sector, then deviate away from the index composition (either on coupon, vintage, or other factors), based on our yield curve view and prepayment assumptions.

Thus, Piedmont's Yield Advantage products seek to deliver long-term results that maximize yield's contribution to total return. Our philosophy has translated into strong risk-adjusted performance ratios and an asymmetric payoff pattern exemplified by alpha capture and capital preservation.

Piedmont Equity and Fixed Income Product Offerings

Piedmont's Strategic Core product is a large cap equity product with a focused portfolio that typically has 35-45 holdings and offers high excess return potential. It utilizes both fundamental and quantitative research efforts and is benchmarked against the S&P 500 and Russell 1000 indices. Predicted tracking error target range is from 2% to 4%. It is targeted to return-seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Market Plus product is a low tracking error, large cap core product driven by our quantitative models. The portfolio typically holds 100-175 stocks and its predicted tracking error target range is from 1% to 2%. This product offers controlled risk and excess return potential and is an attractive alternative to passive index funds.

Piedmont's Core Value product is a large cap equity strategy with a focused portfolio of 40-50 holdings that aims to generate higher current income than the broader market while maintaining enhanced reward-to-risk characteristics compared to the benchmark. The goal of the strategy is to deliver a stable return stream by focusing on high quality stocks that have low idiosyncratic risk and those that have strong cash flow, above average dividend yield, and a demonstrated willingness to increase return of capital to investors.

Piedmont's Optimized SMID Core product is a SMID (small-to-midcap) core product driven by our quantitative algorithms. The portfolio typically holds fewer than 100 stocks, has a predicted tracking error target range from 3% to 5%, and is benchmarked against the Russell 2500 index. It is targeted to return-seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Optimized Small Cap Core product is a Small Cap core product driven by our quantitative algorithms. The portfolio holds fewer than 100, has a predicted tracking error target range from 3% to 5%, and is benchmarked against the Russell 2000 index. It is targeted to return-

seeking institutional plans seeking a high alpha complement to a large exposure to passive products, as well as to individuals seeking high absolute return potential.

Piedmont's Mid-Cap Growth product provides long-term capital appreciation by investing in mid-cap stocks with potential for above-average earnings growth. The Mid Cap Growth product is designed to give clients exposure to the long-term growth potential of well-managed medium-sized companies with attractive growth prospects. The portfolio typically holds 65-75 stocks. The goal of the strategy is to outperform the Russell Midcap Growth Index over a market cycle (3-5 years) with an emphasis on growth and managing risks (i.e., fundamental, sector, stock level, and price) in a portfolio that is fully invested (5% or less cash) at all times.

Piedmont's Smart Beta strategy is a quantitative factor-based investment strategy where factors other than market capitalization determine individual stock position weights. Smart Beta portfolios combine the best attributes of active and passive investing. Benchmark stocks are re-weighted using three different factors within three categories – value, growth, and quality. The firm believes each one of these factors has cyclical performance and the best strategy is to combine these three factors to create one portfolio. The firm uses a proprietary model to re-weight the factors at periodic intervals – allowing the portfolio to potentially outperform the broad benchmark across all phases of the business cycle. To summarize, this product uses a dynamic combination of three factors to generate weights for all stocks in the benchmark. The resulting portfolio owns all the names in the benchmark but at different weights than those that are used in the broad capitalization weighted benchmarks.

Piedmont's Passive Strategies encompass a number of indexed products. At this time Piedmont manages strategies indexed to the Russell Top 200, Russell 1000 Value, Russell 1000 Growth, Russell 2000, S&P 500, and S&P 600. These portfolios use methodologies like full replication and optimization to mirror the selected indices. They typically have tracking errors below 0.25% and own a large percentage of the holdings in the benchmark. Piedmont also has the capabilities to manage index strategies versus any other S&P, Russell, or MSCI benchmarks including factor and ESG indices.

Piedmont's Yield Advantage products are opportunistic core fixed income vehicles featuring actively managed portfolios implemented within a risk aware construct. The level of interest rate risk (duration) ranges from 85-110% of the respective index/benchmark. Emphasis is placed on generating excess returns by achieving a yield advantage versus the benchmark. Customized portfolios are constructed and monitored using a top-down, whole market framework.

Piedmont's Yield Advantage Tactical Income products are total return strategies that strive to achieve high income yield and long-term capital appreciation. The yield advantage is achieved through optionality, curve relationships and issue size (illiquidity premium). The product's investment in credit instruments typically include corporate and sovereign bonds, CLOs, GSE range accrual notes and other securitized instruments. The product's credit analysis and valuation of individual issues take advantage of market inefficiencies due to liquidity and coupon variability.

Piedmont's High Yield strategy combines current yield placement along the capital structure and security characteristics to produce returns. The strategy primarily purchases corporate debt securities rated "B" or better by Standard and Poor's (or the equivalent rating of Moody's or Fitch IBCA). Piedmont believes that extensive credit research is key to capturing return potential in the market. Piedmont focuses on security specific risk over sector risk to build portfolios bond by bond based on intensive, company-specific fundamental research. Utilizing this approach, Piedmont seeks to construct client portfolios with attractive risk/reward characteristics.

Investing in equity and fixed income securities involves risk of principal and the potential for losses that clients should be prepared to bear.

Item 9 – Disciplinary Information

Piedmont has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

In July 2015, Piedmont entered into a consulting agreement with a client to transfer knowledge necessary to build its in-house investment management capabilities for managing domestic passive mandates. In the opinion of the Adviser, this service provided to the client falls outside the definition of "investment advisory services".

Item 11 – Code of Ethics

Piedmont has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940. This Code of Ethics is based on the principle that Piedmont and each of its employees owe a fiduciary duty to its clients and a duty to comply with federal and state securities laws and all other applicable laws. Piedmont deems all of its employees and independent contractors to be Access Persons.

Piedmont may buy or sell securities for client accounts in which an Access Person may have a material interest. In order to avoid any potential conflicts of interest between Piedmont and its clients, pursuant to its Code, Piedmont requires that all Access Persons obtain written permission of the CCO before buying or selling the shares of a "Covered Security" in their personal brokerage accounts. Furthermore, no Access Person may purchase or sell a security during a period beginning two (2) business days before and ending two (2) business days after a PIA client account, other than Index or Smart Beta strategies ("Blackout Period"). An Access Person must hold a covered security for a minimum of a year before being allowed to sell the security. In addition, an Access Person may not participate in an IPO or purchase a security via private placement.

An Access Person must submit an Initial Holdings Report upon employment at Piedmont and subsequent Annual Personal Securities Holding. The report must provide the following information:

- The title, number of shares and principal amount (if fixed income securities) of each covered security in which the Access Person had any direct or indirect beneficial ownership interest or ownership;
- The name of any broker/dealer, bank, or other institution where the Access Person maintains an account in which any covered securities may be or are held for the direct or indirect benefit of the Access Person.

The Code requires Access Persons to provide copies of all trade confirmations and duplicate account statements to Piedmont's Compliance Department. Piedmont also requires all employees to provide a quarterly certification attesting to the approved personal trading they did or did not conduct during the quarter.

At the end of each calendar quarter, Compliance reviews the personal trading of all associates to verify there have been no violations of the firm's Code. Finally, Piedmont has a Material Non-Public Information and Insider Trading Policy and has implemented informational barriers that significantly reduce the likelihood that an Associate will obtain or misuse material nonpublic information that may be in the firm's possession.

Current regulations impose strict limitations on business relationships with government entities that have received contributions from an investment adviser or any of its employees (Rule 206(4)-5 of the Investment Advisor's Act of 1940). Therefore, Piedmont has implemented a policy requiring pre-clearance of any contributions to political entities and officials.

Piedmont encourages all of its employees to make charitable contributions to organizations of their choice. Nevertheless, there may be situations in which an individual charitable contribution may create a conflict of interest for Piedmont. In situations where there is a reasonable likelihood that a conflict of interest exists, Piedmont will ask the individual to withhold the contribution.

Piedmont has a Gift and Entertainment Policy that establishes monetary caps for gifts that Piedmont employees may give or may receive. This policy also covers entertainment that Piedmont employees may provide to clients and prospects. Associates of Piedmont and members of their immediate families are prohibited from accepting meals, refreshments, or other forms of entertainment except for in situations that are covered in the policy's exemption for investment-related and educational events or functions.

Piedmont has an Outside Business Interests Policy that states that prior to accepting a position as a member, officer, trustee, or director of a non-profit entity or outside enterprise or employment in any other capacity in an outside enterprise, Piedmont employees and members of their immediate families must disclose such information to the CCO.

Employees are required to certify quarterly that they have complied with all provisions of the firm's Personal Securities Transactions Policy, Political Contributions Policy, Charitable Contributions Policy, Gift & Entertainment Policy and Outside Business Interests Policy.

Piedmont may manage assets of individuals or institutions that may have a managerial or ownership interest in the company. To mitigate such conflicts of interest, as a practice, Piedmont uses a model portfolio management approach in which all accounts are mirrored to a selected model, creating substantially equal treatment in terms of investment strategy and investment opportunity. Piedmont's trading allocation policy is designed to ensure to the best of its ability that the allocation of trades among its client accounts is done in a manner that is fair and equitable to all clients. When consistent with client objectives, orders are aggregated if possible. If a block trade is filled in different lots with the same broker, these trades will be average priced to ensure that all the accounts executed in that block trade receive the same price.

Each client may obtain a complete copy of Piedmont's Code of Ethics by contacting Marion White, Chief Compliance Officer, at (919) 688-8600 or at mwhite@piedmontinvestment.com.

Item 12 – Brokerage Practices

Brokerage and trading practices can present potential conflicts of interest for investment advisers. Piedmont's trade management policies and procedures are reasonably designed to protect its clients from brokerage and trading practices that may harm, adversely impact, or treat clients unfairly. These policies and procedures address, among other items, Piedmont's duty to seek best execution of client transactions, soft dollars, client directed brokerage, trading errors, and aggregation and allocation of trades.

Piedmont has established the Trade Oversight Committee (the "TOC" or "Committee") which meets periodically and is charged with periodically and systematically evaluating the quality of execution of its client's transactions. The TOC is empowered to modify, implement, and enforce Piedmont's trade management policies and procedures. This includes: assessing the quality of a broker-dealer, maintaining a list of approved broker-dealers and conducting periodic reviews to determine whether to add or remove any such broker-dealers, evaluating broker performance and execution quality, evaluating the reasonableness of brokerage commissions (including in comparison to research products and services received), and monitoring compliance with client directed brokerage.

Periodically, Piedmont will perform transactions for client (equity) accounts with broker/dealers that provide research services or investment decision making tools that have a demonstrable benefit to client accounts (collectively, "soft dollar items"). Soft dollar payments must be used only for bona fide research, trade execution, or market information services. Typically, soft dollar items are used to service all client accounts; however, a client account may not benefit to the full extent of the soft dollar items provided every time. Negotiated commissions paid to broker/dealers supplying soft dollar items may not represent the lowest obtainable commission rate; although, the amount of these

commissions must be reasonable in relation to the value of the brokerage and soft dollar items provided by the broker/dealer and are viewed in terms of either the transaction or the overall brokerage relationship. Piedmont acts in compliance with the provisions of Section 28(e) under the Securities Exchange Act of 1934 with respect to soft dollar items and other applicable laws in force from time to time.

In certain circumstances, Piedmont has determined that a research product or service provides both a demonstrable benefit in the making of investment decisions and serves functions that are unrelated to the making of investment decisions, such as accounting, compliance or record keeping – a “mixed-use” product. In such a situation, Piedmont makes a good faith estimate in determining the appropriate percentage allocation of between hard and soft dollars and maintains records to support the firm’s determination. Piedmont has a fiduciary duty under the Investment Advisers Act of 1940 to treat all client accounts fairly and equitably in the allocation and distribution of securities. There are, however, differences in client needs, investment criteria, investment objectives, account size, cash availability, and additional brokerage fees including custodial brokerage, institutional desk, and trade away fees, which prevent all client accounts from being treated equally in all circumstances. Where possible, client orders in the same securities are aggregated or “bunched” for the purposes of gaining best execution. Piedmont is not required to bunch client orders and will not do so if this action works to the detriment of our clients. Aggregated orders must be averaged for price, and transaction costs must be shared pro rata.

Should a client instruct Piedmont to use a specific broker/dealer (“Directed Brokerage”), Piedmont cannot guarantee that the client will receive best execution because of these instructions. The client may pay higher brokerage commissions because Piedmont may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices. Additionally, all Directed Brokerage instructions must be communicated to Piedmont in writing.

Piedmont is not affiliated with a broker/dealer, and therefore does not enter into transactions with an affiliated broker/dealer.

Item 13 – Review of Accounts

Piedmont monitors compliance with a client’s guidelines and investment objectives through the Investment Oversight Committee. Reviews are conducted periodically to ensure compliance with all guidelines and investment objectives. If a client materially changes its IMA, Investment Policy, investment guidelines or restrictions, Piedmont follows an “Account Change” process with appropriate procedures to document the amendment(s) and make sure all systems are updated accordingly. Trading activities are monitored quarterly at the Trade Oversight Committee Meeting. Piedmont provides monthly and quarterly reports to its clients along with any requested special or customized reports. Monthly reports include a Summary of Transactions Report, Portfolio Holdings, and Performance Return information. Quarterly reports include a Quarterly Market Commentary, Transactions Report, Portfolio Holdings and Performance. Customized client reports include—but

are not limited to—Dividend and Interest Reports, Analytical Reports, Brokerage Reports, Soft Dollar Reporting, and Realized Gains & Losses.

Item 14 – Client Referrals and Other Compensation

Piedmont has no information applicable to this Item.

Item 15 – Custody

Piedmont does not have custody of client funds. The broker/dealer, bank, or other custodian handling the account will physically hold securities and cash in client accounts. At no time will Piedmont ever intentionally hold client cash and securities. However, Piedmont may enter into an arrangement for the automatic deduction of Piedmont's advisory fees from any client's account provided the following conditions are met:

- The client must evidence authorization for the automatic withdrawal of advisory fees in writing. Authorization will be shown on the client's IMA or on a separately signed document. Unless otherwise agreed, Piedmont's advisory fee will be based on a percentage of the value of the client's assets under management.
- The account broker/custodian must provide the client, at least quarterly, a written statement that shows the amount of the advisory fee deducted from the account. The fee shown as deducted from the client's account should be identified as "management fee", "advisory fee," or other terms of similar meaning.

Item 16 – Investment Discretion

Piedmont usually receives discretionary authority from the client at the onset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the client account. This discretionary authority is granted through the Investment Management Agreement between the client and Piedmont, and the discretion is limited to trading in a client's account.

When selecting securities and determining amounts, Piedmont observes the investment policies, limitations, and restrictions of the clients for which it advises. Client must provide their investment guidelines and restrictions in writing to Piedmont.

Item 17 – Voting Client Securities

Proxy voting is deemed by the Act to be an investment management function; therefore, the delegation of voting authority is implied by the overall delegation of investment discretionary

authority to the advisor. The advisor is relieved of its duty to vote proxies only if the investment management agreement explicitly assigns this responsibility to another party.

In order to fulfill its proxy voting responsibilities, Piedmont currently subscribes to ISS Proxy Voting Services, which includes ISS' end-to-end voting service, as well as research & recommendations on the various issues subject to shareholder vote. These services are delivered via an electronic delivery platform. ISS makes recommendations to Piedmont on how proxies should be voted and acts as voting agent on the firm's behalf. Piedmont votes the shares that it manages per ISS' U.S. Proxy Voting Guidelines. If a client has a custom voting policy, Piedmont will vote in line with their policy.

Piedmont's Proxy Committee provides oversight of the proxy voting process to ensure compliance with the firm's proxy policies and procedures and meets at least semi-annually to review proxy reports. Proxy reports are provided to those clients on whose behalf Piedmont votes proxies.

Piedmont does not serve as custodian for any client securities. Proxies for securities held in accounts will therefore be distributed as appropriate by the broker/custodian designated for the account.

With respect to class action lawsuits, Piedmont will not be obligated to advise or act for its clients in any legal proceeding, including class actions and bankruptcies involving securities purchased or held in accounts managed by Piedmont. Notice of Piedmont's position with respect to such legal proceedings may also be acknowledged in Piedmont's Investment Management Agreement.

Clients may obtain a copy of Piedmont's complete proxy voting policies and procedures and the results of any proxies voted on their behalf upon request by contacting Clarissa Parker, Vice President, Investor Services at (919) 688-8600 or cparker@piedmontinvestment.com.

Item 18 – Financial Information

Piedmont has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.