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Form ADV Part 2A: Brochure

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

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

ITEM 2. Material Changes

This Brochure dated **March 29, 2019** serves as an update to the Brochure dated **June 22, 2018**.

Item 11: Effective from March 2019, AMG has appointed Supervised Persons who are dual employees of AMG and First Principles Capital Management ("FPCM"), a wholly owned subsidiary of AIG and commonly controlled subsidiary. The Supervised Persons are disclosed to clients in the Part 2B brochure supplement as they continue to advise both AMG and FPCM clients on a continuing basis. This update reflects the appointments and the conflicts of interest protocol that applies (and as described herein).

Item 11: AMG is the Investment Manager of three new Global Real Estate private funds to manage secured assets. AMG will also separately advise Affiliate lenders who have extended credit in respect of certain real estate investments (directly owned by the lenders). As AMG will continue to advise both the funds and the lenders on a continuing basis, this update reflects the acknowledgement made by both parties and the conflicts of interest protocol that applies (and as described herein).



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ITEM 4. Advisory Business

OUR FIRM

AIG Asset Management (U.S.), LLC (“AMG” or the “Adviser”) is a wholly owned, indirect subsidiary of American International Group, Inc. (“AIG”), a company whose common shares are listed on the Tokyo Stock Exchange and the NY Stock Exchange. AIG owns 100% of AIG Capital Corporation, which owns 100% of AIG Global Asset Management Holdings Corp. (“AIGGAMHC”), the direct parent of the Adviser. The Adviser’s headquarters are located in New York, NY, with affiliated offices in Wilton, CT, Houston and Dallas, TX, New York, NY, Charlotte, NC, Los Angeles and San Francisco, CA, Dublin, Ireland and London, England.

AMG is dedicated to providing investment advisory and asset management services to AIG and its affiliates. The Adviser initially registered with the Securities and Exchange Commission (“SEC”) as an investment adviser on May 13, 2009. The Adviser directly managed \$317.3 billion discretionary assets for its Clients as of December 31, 2018.

The Adviser provides discretionary investment advice for Client portfolios pursuant to an investment management agreement between the Adviser and Clients, as appropriate, as well as any investment guidelines attached thereto, the Client’s investment policy, and applicable regulations. The scope of advisory services may be changed from time to time as the Adviser and the Client may agree, or pursuant to the Client’s instructions, as applicable.

The Adviser also provides investment advice and ancillary services to domestic and foreign affiliates and third parties with respect to portfolios of institutional clients managed by affiliates pursuant to sub-advisory agreements.

OUR ADVISORY SERVICES

AMG’s investment professionals have the primary responsibility for determining and understanding each client’s circumstances and managing the client’s portfolio according to each client’s objectives. Consistent with Rule 206(4)-7 of the Investment Adviser’s Act of 1940 (“Adviser’s Act”), AMG has developed portfolio management processes aimed, at a minimum, of satisfying AMG’s fiduciary and regulatory obligations under Adviser’s Act. Each portfolio management team has developed parameters for investing in assets. The procedures are specific to each team to ensure that credit quality, investment guidelines and applicable laws are taken into consideration before determining suitability of an

investment for the account.

ASSET TYPES

Consistent with client investment objectives and risk tolerances, AMG manages client portfolios comprised largely of publicly traded fixed income assets (also “Fixed Income Asset Class”). These assets represent the vast majority of AMG’s assets under management. AMG also invests in assets it categorizes as Specialty Asset Classes. Transactions in Specialty Asset Classes are contractual in nature and their acquisition and disposition are generally tailored for specific client mandates.

A. Fixed Income Asset Class

Categories of Fixed Income Asset Class include:

1. High Grade Corporate Asset Class
2. High Yield Corporate Asset Class
3. Sovereign/Agency Asset Class
4. Municipal Asset Class
5. Emerging Market Asset Class
6. Structured Asset Class

The following categories represent the bulk of Structured Assets Class:

- a. Residential Mortgage Backed Securities (“RMBS”): mortgage-backed debt obligation whose cash flows come from residential debt, such as mortgages, home-equity loans and subprime mortgages
- b. Collateralized Mortgage Backed Securities (“CMBS”): mortgage-backed security that is backed by obligations (including certificates of participation in obligations) that are principally secured by interests in commercial property. CMBS are issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes.
- c. Asset Backed Securities (“ABS”): secured by and payable from assets such as motor vehicle installment sales, installment loan contracts, leases of various types of real and personal property, receivables from revolving credit (credit card) agreements and other categories of receivables.
- d. Collateralized Loan Obligations (“CLOs”): backed by a pool of commercial or personal loans, structured so that there are several classes of bondholders with varying maturities in tranches. They are similar in structure to Collateralized Mortgage Obligations.
- e. Collateralized Debt Obligations (“CDOs”): pools fixed-income assets and repackages

asset pools into a product that can be sold to investors on the secondary market. A CDO is a security collateralized by various forms of debt, generally senior secured loans from below investment grade corporate issuers.

B. Specialty Asset Classes

Other assets in client portfolios may consist of different risk parameters. AMG refers to these assets as “Specialty Asset Classes” consisting of, inter alia, Private Credit, Real Estate, Commercial & Residential Mortgage Loans, Equity, Alternatives (Hedge Funds, Private Equity Funds and Direct Privative Equity), and Derivatives. While AMG manages Specialty Asset Classes consistent with its fiduciary duty under the Adviser’s Act, it may develop different allocation and execution parameters that more appropriately fit those asset classes and specific client mandates. Allocation and execution parameters relating to the Specialty Asset Classes are found in their respective policies and procedures or in client instructions.

1. **Private Placements:** The Private Placement Group (“PPG”) is part of the group of specialty asset classes within AMG and is made up of five underlying groups: (i) Corporate Private Placements; (ii) Leveraged Capital; (iii) Global Project Finance; (iv) Structured Privates; and (v) Direct Originations. Each group is headed by a senior credit professional who regularly reports to AMG senior management regarding operation of the respective group and performance of the underlying portfolio. The PPG acquires investments in unregistered securities, predominantly Regulation D offerings, through these groups on behalf of AMG clients. Investment opportunities are typically sourced through existing relationships with outside institutions.
2. **Commercial Mortgage Loans (“CML”):** The CML group originates and services commercial mortgage loans on behalf of AIG Insurance affiliates. These investments are diversified geographically and by property type, including, inter alia, warehouses, office buildings, shopping centers, and apartments. Loans are secured by first mortgages. Loan maturities typically range from 5 to 15 years.
3. **Residential Mortgage Loans (“RML”):** The RML Group is a specialized asset class within AMG designed to invest in residential mortgage loans. Individual mortgage loans are acquired by the RML Group in the secondary market and may be held for investment, securitized or sold. The RML Group seeks to accumulate assets in the form of a loan portfolio aimed at maximizing risk-adjusted returns

in excess of any cost of capital.

4. **Global Real Estate (“GRE”):** The equity real estate investment activities of AIG and its subsidiaries are conducted primarily by GRE. GRE has been actively involved in (i) the acquisition and development of office, industrial, residential, and hospitality properties, facilities management and fund management; (ii) the sponsorship and management of real estate collective investment funds; and (iii) Affordable Housing, a portfolio of housing projects generating low-income or affordable tax credits.
5. **Alternatives, Equity and External Mandates Group (“AEEM”):** The purpose of this group is to provide exposure to various asset classes. Research is performed to evaluate expertise and review the performance of potential external managers for suitability. A short list of funds is developed and then the selection is discussed with, and approved by, the Investment Committee. These funds can include Private Equity Funds: Private equity funds collaborate various equity investments into one fund, offering diversification to the clients’ portfolios.
 - a) **Hedge Funds:** Hedge fund investments can benefit clients in that the investments may generate equity-like returns with less volatility than can be expected with direct equity investments, while also achieving diversification in the clients’ accounts.

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

ITEM 5. Fees and Compensation

AMG typically charges fees for its Clients as displayed below:

SECURITIES ADVISED DIRECTLY BY AMG

AMG shall receive from the Client a monthly management fee (“Management Fee”) for the services with respect to the Portfolios. The Management Fee shall equal the percentage set forth below per annum of the Net Asset Value (defined below) of each Portfolio. A typical portfolio shall have the Management Fees as described below.

PORTFOLIO	MANAGEMENT FEE
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Equity	0.0825% (8.25 bps)
Fixed Income	0.0825% (8.25 bps)
Mortgage Loan	0.0825% (8.25 bps)
Derivatives	See below

Management Fee rates may range between 0.01% (1 basis point) and 0.175% (17.5 basis points). The Management Fee is calculated as of the last business day of each month and is payable by the Client in arrears within 10 business days following the receipt of the billing invoice, which shall include reasonably detailed documentation of how such Management Fee was calculated.

Should the Agreement terminate with respect to one or more Portfolios on a day which is not the last day of the month, the Management Fee will be pro-rated to the actual number of days in the month up to the date of termination and calculated on the basis of fair market value of the assets in the Portfolio on the date of withdrawal.

SECURITIES ADVISED BY DESIGNATED MANAGERS

i. Affiliated Designated Managers

As compensation for carrying out the oversight duties set forth in the Investment Management Agreement, AMG shall receive from the Client a quarterly management fee (the “Affiliated Designated Manager Management Fee”) in the amount of 0.01% (1 basis point) per annum of the Net Asset Value of the designated portfolios that are managed by Designated Managers that are affiliates of AMG.

ii. Unaffiliated Designated Managers

As compensation for carrying out the oversight duties set forth in the Investment Management Agreement, AMG shall receive from the Client a quarterly management fee (the “Unaffiliated Designated Manager Management Fee” and, together with the Affiliated Designated Manager Management Fee, the “Designated Manager Management Fee”) in the amount of 0.02% (2 basis points) of the Net Asset Value of the designated portfolios that are managed by Designated Managers that are not affiliated with AMG.

iii. The Designated Manager Management Fees

The Designated Manager Management Fees shall be calculated as of the last business day of March, June, September and December, and are payable by the Client in arrears within 10 business days following receipt of the billing invoice, which shall

include reasonably detailed documentation of how the Designated Manager Management Fees were calculated. The calculation will be based on the average of the 3 month-end market valuations, including cash and accrued interest, occurring in the quarter.

Should the agreement terminate with respect to one or more Designated Portfolios on a day which is not the last calendar day of a quarter, the Designated Manager Management Fees will be pro-rated according to the actual number of days in the quarter up to the date of termination and calculated on the basis of the average of each of the month-end market valuations occurring in the relevant quarter prior to the date of termination (if any) and a market valuation calculation on the actual value of withdrawal of the Designated Portfolio from AMG’s oversight.

iv. Designated Manager Expenses

In addition to the Designated Manager Management Fees, the Client shall, as soon as reasonably practical, pay directly or reimburse AMG for all reasonable, out-of-pocket expenses (collectively, “Designated Manager Expenses”) related to its oversight duties with respect to Designated Managers, including by way of example and without limitation, external legal fees and expenses (whether associated with a Security or transaction itself or arising from any subsequent action undertaken to enforce the Client’s rights with respect to such Security or transaction), external accounting and/or tax planning fees and expenses, consulting and expert fees and expenses, *provided, however*, that certain pre-approval restrictions pertaining to External Advisors are set forth in the Investment Management Agreement and shall apply to AMG with respect to such Designated Manager Expenses.

FEES FOR DERIVATIVE SERVICES

As compensation for services provided by AMG (or an affiliate of AMG) relating to Client’s derivatives portfolio (including hedging support, derivatives and advisory services, tracking of derivatives transactions, and trade processing, settlement, pricing, and other related services for such trades), AMG shall receive from the Client a quarterly fee (“Derivatives Management Fee”) as follows:

- i. Affiliated Derivatives Transactions: With respect to derivatives transactions between AIG Markets, Inc. (“AIGM”) and the Client, the Derivatives Management Fee shall be the Client’s Pro-Rata

Portion of AMG's derivatives cost.

Pro-Rata Portion shall mean a fraction, calculated with respect to the applicable period, (a) the numerator of which is the average daily notional amount of outstanding derivatives transactions between the Client and AIGM, and (b) the denominator of which is the aggregate of the average daily notional amounts of all outstanding derivatives transactions between advisory Clients of AMG that are also Affiliates of AMG, on one hand, and AIGM on the other. Other Derivatives Transactions: With respect to derivatives transactions other than those described in clause i. above, the Derivatives Management Fee shall be an amount equal to 0.02% (2 basis points) of the average daily notional amount of such outstanding derivatives transactions.

The Derivatives Management Fee shall be calculated as of the last business day of March, June, September and December, and is payable by the Client in arrears within 10 business days following receipt of the billing invoice, which shall include reasonably detailed documentation of how the Derivatives Management Fee was calculated.

Should the agreement terminate on a day which is not the last calendar day of a quarter, the Derivatives Management Fee will be pro-rated accordingly to the actual number of days in the quarter up to the date of termination. The average daily notional amount of outstanding derivatives shall be the arithmetic mean of the notional amount of outstanding derivatives for all days within the period for which the Derivatives Management Fee is so calculated.

FUNDS ADVISED BY COVENANT

The fees paid to Covenant are deducted from the Fund assets. Management fees are paid quarterly in arrears and the incentive fees are evaluated quarterly.

Other than advisory fees and, if applicable, incentive fees, paid to Covenant, a Fund may be subject to other fees including, but not limited to: trustee fees and expenses, collateral administration fees and expenses, fees and expenses of independent accountants, agents and counsel of the Fund; taxes, fees, governmental fees (including annual fees) and registered office fees payable by special purposes subsidiaries of a Fund; fees and expenses of rating agencies in connection with any rating of secured notes or collateral obligations of a Fund, reasonable expenses of the Adviser, including fees incurred and paid by the Adviser for its accountants, agents, counsel and administration and out-of-pocket travel and other miscellaneous expenses incurred and paid by the Adviser in

connection with its management of the collateral obligations, custodial and third party administration, as well as brokerage and other transaction costs; other fees or expenses permitted under the indentures (the "Indentures") governing the notes issued by a Fund (the "Notes") and the documents delivered pursuant to or in connection with the Indenture (including any petition expenses, expenses incurred in connection with setting up and administering special purposes subsidiaries of a Fund, the payment of facility rating fees and all legal and other fees and expenses incurred in connection with the purchase and sale of any collateral obligations and any other expenses incurred in connection with the collateral obligations including any excepted advances) and the Notes, including but not limited to any amounts due in respect of the listing of the Notes on any stock exchange or trading system and costs associated with producing definitive Notes. Client assets may be invested in money market funds. In these cases, the client will bear its pro rata share of the investment management fee and other fees of the fund, which are in addition to any fees or other compensation paid to the Adviser.

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

GRE FUNDS

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

FUNDS ADVISED BY COVENANT

CCP currently manages one Fund that charges performance-based fees. A performance fee arrangement generally entitles an investment adviser to additional compensation based on the performance of the Fund bearing the performance fee. The Adviser faces a conflict of interest to the extent that it manages a Fund for which it receives a performance fee at the same time as it manages one or more other clients for which it receives a different level of



performance fee. Refer to item 11 for further details on how these conflicts are managed.

ITEM 7. Types of Clients

The Adviser primarily serves the following:

INSURANCE COMPANIES: AIG and its insurance companies and other affiliates.

BANKING OR THRIFT INSTITUTIONS: AIG Federal Savings Bank.

POOLED INVESTMENT VEHICLES: In the GRE space, the Adviser serves pooled investment vehicles and trusts in which AIG and its affiliates are invested together with unaffiliated investors.

Covenant (as Relying Advisers) provide discretionary investment advisory services to its clients, which are private investment vehicles that invest primarily in senior bank loan assets (each, a CLO “Fund”).

SPECIAL PURPOSE VEHICLES: The Adviser serves as investment adviser or other similar capacity for special purpose vehicles, custodial pools or trusts created in connection with transactions involving the securitization of assets of AIG and its affiliates and other structured transactions entered into by AIG and its affiliates (which entities may be affiliates of the Adviser for certain purposes).

There are no minimum requirements for opening or maintaining an account.

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

INVESTMENT ANALYSIS PROCESS

AMG’s investment process begins with business line inputs regarding the individual insurance businesses and projected cash flows. This information is combined with market projections from AMG’s Global Economics Group and feedback from each of the Asset Class teams to construct an annual investment plan.

AMG Analytics provides support for the process utilizing asset/liability modeling platforms to identify balance sheet economic sensitivities to key risk factors such as interest rates, credit spreads, and inflation. A review of fundamentals, technical, and valuations for each asset class drive the overall asset allocation process.

AMG uses a multi-factor approach for research and credit analysis that ensures thorough examination of all materially relevant factors. The Sovereign team and AMG Global Economics Group provide top-down analyses of macro- and industry-sector trends that anchor and complement the bottom-up credit research conducted by corporate analysts. Working with the portfolio managers and traders, the analysts determine whether the investment opportunities will provide a sufficient return given the risk profile, the relative value versus other available investment securities, the structure, relevant covenants, and protections. Traders provide the portfolio managers with insight regarding the availability and pricing of potential investments.

Day-to-day investment decision-making is the responsibility of the individual asset class teams. Their investment process is constructed based on coordinated activity between portfolio managers, traders, and research analysts. The analysts conduct top-down and bottom-up fundamental research based on a thorough understanding of issuers and sectors. They work closely with traders, who provide market technical information including liquidity, trading flows, and pricing. These two functions are in turn linked with portfolio managers, who are charged with portfolio construction, positioning and ultimate relative value determinations, to make the ultimate buy/sell decisions. Portfolio managers consider each portfolio’s investment mandates, objectives, and constraints, as well as the availability and pricing of securities.

The Portfolio Management team is also required to pay close attention to the risk inherent in each portfolio. The top-down analysis helps to limit sector and market risk, while the bottom-up approach helps to limit company-specific risk. The security selection process considers a company’s credit fundamentals as well as relative value within its sector to accurately price risk. In order to help protect principal, once a security is in the portfolio, it undergoes continuous scrutiny. If a security begins to exhibit a fundamental deterioration to its credit outlook, a price decline or the management begins to execute against its stated business plan to a point where AMG’s thesis becomes challenged, the Portfolio Manager may choose to manage risk down or eliminate the security from the portfolio.

FOCUS ON CERTAIN INVESTMENT STRATEGIES

AMG employs a number of investment strategies in the management of its investment portfolios. The bulk of these strategies relate to fixed income, and are matched to the underlying liabilities of the individual Clients. Attributes of some strategies are as follows:

HIGH GRADE: High grade portfolios, which are comprised of diversified portfolios of primarily corporate, but also sovereign, investment grade issues, are managed in multiple

currencies matched to the liabilities of the underlying Clients. The primary objective of the bulk of the high grade portfolios is to obtain as high a level of current interest income as is consistent with preservation of invested capital and active management of portfolio assets. The objective can also be achieved through construction of a portfolio that is diversified by type, quality, industry/sector, and maturity.

HIGH YIELD: The primary objective of the high yield portfolios is to generate performance that exceeds their designated benchmarks by investing in diversified corporate bonds with financials that are rated B or better. AMG consistently monitors obligors which represent the highest performance and credit risks in the High Yield portfolios. Specific focus is placed on tracking error volatility, largest portfolio exposures, higher risk issues and the size of AMG exposures relative to outstanding debt.

MUNICIPALS: AMG manages both taxable and tax-exempt securities on behalf of its insurance company Clients. Like the high grade portfolios, the primary objective of these municipal bond portfolios is to obtain a high level of current interest income as is consistent with preservation of invested capital and active management of portfolio assets. Municipal portfolios are also intended to be diversified by quality, sector and maturity.

PRIVATE PLACEMENTS: The team of highly experienced private placement professionals source transactions directly and through intermediaries, most of which are primarily large banks. Credit, structure and pricing analyses are conducted by each deal team. Credit work involves independent diligence on the company, industry and economy. Structural analysis is conducted with support from internal and external legal counsel and includes bankruptcy/restructuring considerations. Pricing analysis considers appropriate relative value versus comparable public issues, the risk/return for the credit and yields.

STRUCTURED PRODUCTS: The dedicated and experienced structured product team focuses on analysis and investment into structured instruments, issued by unaffiliated third-party issuers. Security selection is made based on credit worthiness of the issuer, analysis of the specific instrument, maturity, and other related risks.

FOCUS ON CERTAIN INVESTMENT RISKS

The Adviser's investment platform spans multiple asset classes as exemplified below. The following risks may apply to the asset classes offered by AMG:

FIXED-INCOME INVESTMENTS RISK: The value of fixed-income securities will change as the general levels of volatility in the marketplace and interest rates fluctuate. When interest rates decline, the value of fixed rate and

fixed-income securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline. Investments in lower rated or unrated fixed-income securities, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk. In addition, the absence of an active and liquid trading market, issuer ratings downgrades, macroeconomic or systemic events, and other factors may negatively impact the value of certain fixed income investments.

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

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

generally fall when interest rates rise, but when interest rates fall, their potential for capital appreciation is limited due to the existence of the prepayment feature.

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

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

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

borrower than residential lending on smaller properties.

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

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

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

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

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

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

REAL ESTATE FUNDS RISK: Investment in the GRE Funds entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks, including the risk of total loss of capital. An investment in the GRE Funds requires a long-term commitment, with no certainty of return. The GRE Funds' targeted returns are merely a goal and there can be no assurance that the targeted returns can be achieved. Interests in the GRE Funds (the "Interests") are subject to restrictions on transfer. The Interests have not been and will not be registered under the United States Securities Act of 1933 ("Securities Act"), the securities laws of any state or the securities laws of any other jurisdiction. It is anticipated that the offering and sale of the Interests will be exempt from registration in the United States pursuant to

Regulation D promulgated under the Securities Act. Following the offering, there will be no public market for the Interests and none is expected to develop. The investments by the GRE Funds will be subject to, directly or indirectly, the risks inherent in the ownership and operation of real estate and real estate-related assets. Complete risk disclosures for each real estate fund are contained in each fund's offering documents. Copies of the offering documents are provided to eligible investors prior to investing in the fund.

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

ASSET ALLOCATION STRATEGY RISK: Asset allocation strategies do not assure profit or diversification and do not protect against loss.

ASSET CLASS RISK: Securities in a portfolio may underperform in comparison to the general securities markets, a particular securities market, or other asset classes.

BORROWING RISK: Borrowing may exaggerate changes in the net assets and returns of a portfolio. Borrowing will cost the portfolio interest expense and other fees and may reduce a portfolio's return. A portfolio may need to liquidate positions when it may not be advantageous to do so to satisfy its borrowing obligations. Borrowing arrangements may be used to meet short-term investment and liquidity needs or to employ forms of leverage. The use of leverage entails risks, including the potential for higher volatility and greater declines of a portfolio's value, and fluctuations of dividends and other distribution payments.

COMMODITY RISK: Negative changes in a commodity market could have an inverse impact on the value of commodity-linked investments including companies that are susceptible to fluctuations in commodity markets. The value of commodity-linked investments may be affected by changes in overall market movements, taxation, terrorism, nationalization or expropriation, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as weather (e.g. drought, flooding), livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of sector commodities (e.g. energy, metals, agriculture and livestock) may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies.

CONCENTRATION RISK: Concentrating investments in an issuer or issuers, in a particular country, group of countries, region, market, industry, group of industries, sector or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that issuer or issuers, particular country, group of countries, region,

market, industry, group of industries, sector or asset class than a more diversified mix of investments.

CONVERSION OF EQUITY INVESTMENTS: After its purchase, a non-equity investment directly or indirectly held by a portfolio (such as a convertible debt obligation) may convert to an equity security (converted investment). Alternatively, a portfolio may directly or indirectly acquire equity securities in connection with a restructuring even related to one or more of its non-equity investments. The portfolio may be unable to liquidate the converted investment at an advantageous time, impacting the performance of the portfolio.

COUNTERPARTY RISK: Transactions, including certain derivative transactions, entered into directly with a counterparty is subject to the risk that the counterparty will fail to perform its obligations in accordance with the agreed terms and conditions of the transaction. A counterparty may become bankrupt or otherwise fail to perform its obligations due to financial difficulties, resulting in significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding or no recovery in such circumstances.

CREDIT/DEFAULT RISK: Debt issuers and other counterparties of fixed income securities or instruments may default on their obligation to pay interest, repay principal or make a margin payment, or default on any other obligation. Additionally, the credit quality of securities or instruments may deteriorate (e.g. be downgraded by ratings agencies), which may impair a security's or instrument's liquidity and decrease its value.

CURRENCY RISK: Currencies may be purchased or sold for a portfolio through the use of forward contracts or other instruments. A portfolio that seeks to trade in foreign currencies may have limited access to certain currency markets due to a variety of factors including government regulations, adverse tax treatment, exchange controls, and currency convertibility issues. A portfolio may hold investments denominated in currencies other than the currency in which the portfolio is denominated. Currency exchange rates can be volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks. A change in the exchange rates may produce significant losses to a portfolio.

CYBERSECURITY RISK: With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting

data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

DERIVATIVE RISK: Investments in derivatives or similar instruments, including but not limited to options, futures, options on futures, forwards, participatory notes, swaps, structured securities, tender-option bonds and derivatives relating to foreign currency transactions, which can be used to hedge a portfolio's investments or to seek to enhance returns, entail specific risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Losses in a portfolio from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to fulfill its contractual obligations, the portfolio receiving cash collateral under the transactions and some or all of that collateral being invested in the market, or the risks arising from margin posting requirements and related leverage factors associated with such transactions. In addition, many jurisdictions globally have proposed or adopted new regulations for derivatives transactions (e.g. U.S. Doff-Frank Wall Street Reform and Consumer Protection Act of 2010). The full extent and impact of some of the regulations are not yet known and may not be known for some time. New regulations may make derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the value or performance of derivatives.

DEVELOPED COUNTRIES RISK: Investments in developed countries may subject a portfolio to regulatory, political, currency, security, demographic, and economic risks specific to developed countries. Developed countries may be impacted by changes to the economic health of certain key trading partners, regulatory burdens, debt burdens and the price or availability of certain commodities. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some other countries or regions.

DISTRESSED SECURITIES: Investments in companies that are in poor financial condition, lack sufficient capital, or are involved in bankruptcy or reorganization proceedings face the unique risks of lack of information with respect to the issuer, the effects of bankruptcy laws and regulations and greater market volatility than is typically found in other

securities markets. As a result, investments in securities of distressed companies involve significant risks that could result in a portfolio incurring losses with respect to such investments.

EMERGING MARKETS RISK: Investments in emerging markets may be subject to a greater risk of loss than investments in more developed markets, as they are more likely to experience inflation risk, political turmoil and rapid changes in economic conditions. Investing in the securities of emerging markets involves certain considerations not typically associated with investing in more developed markets, including but not limited to, the small size of such securities markets and the low volume of trading (possibly resulting in potential lack of liquidity and in price volatility), political risks of emerging markets which may include unstable governments, government intervention in securities or currency markets, nationalization, restrictions on foreign ownership and investments, laws preventing repatriation of assets and legal systems that do not adequately protect property rights. Further, emerging markets may be adversely affected by changes to the economic health of certain key trading partners, such as the U.S., regional and global conflicts and terrorism and war. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

EQUITY SECURITIES RISK: Equity securities are subject to changes in value and their values may be more volatile than other asset classes. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and the industry in which the issuer securities are subject to stock risk. Historically, U.S. and non-U.S. stock markets have experienced periods of substantial price volatility and may do so again in the future.

FRONTIER MARKETS RISK: Investments in frontier markets may be subject to a greater risk of loss than investments in more developed and traditional emerging markets. Frontier markets are more likely to experience inflation, currency and liquidity risks, political turmoil, and rapid changes in economic conditions than more developed and traditional emerging markets. Frontier markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

HEDGING RISK: Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. A transaction used as a hedge to reduce or eliminate losses associated with a

portfolio holding or particular market where a portfolio has exposure, including currency exposure, can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the hedging transaction and its reference portfolio holding or market (correlation risk), and there can be no assurance that a portfolio's hedging transaction will be effective. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of the portfolio. Increased volatility will generally reduce the effectiveness of the portfolio's currency hedging strategy. Hedging transactions, to the extent they are implemented, may not be completely effective in insulating portfolios from currency or other risks.

INCOME RISK: A portfolio's income may decline when interest rates decrease. During periods of falling interest rates, an issuer may be able to repay principal prior to the security's maturity ("prepayment"), causing the portfolio to have to reinvest in securities with lower yield, resulting in a decline in the portfolio's income.

INDEX-RELATED RISK: Index strategies are passively managed and do not take defensive positions in declining markets. There is no guarantee that a portfolio managed to an index strategy ("index portfolio") will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio's ability to adjust its exposure to the required levels in order to track its underlying index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on a portfolio managed to the index. The index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect to their indices, and does not guarantee that the index will be in line with its described index methodology. Errors and rebalances carried out by the index provider to the underlying index may increase the costs and market exposure risk of a portfolio.

INTEREST RATE RISK: When interest rates increase, fixed income securities or instruments will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments.

ISSUER RISK: A portfolio's performance depends on the performance of individual securities to which the portfolio has exposure. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or become worthless.

INVESTMENT STYLE RISK: Different investment styles tend to shift in and out of favor depending on market and economic conditions and investor sentiment. Portfolios may outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

LEVERAGE RISK: A portfolio utilizing leverage will be subject to heightened risk. Leverage may involve the use of various financial instruments or borrowed capital in an attempt to increase the return on an investment and may be intrinsic to certain derivative instruments. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including but not limited to, forward contracts, futures contracts, repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings and other instruments and transactions that are inherently leveraged. Any such leverage, including instruments and transactions that are inherently leveraged, may result in the portfolio's market value exposure being in excess of the net asset value of the portfolio. A portfolio may need to liquidate positions when it may not be advantageous to do so to satisfy its borrowing obligations. The use of leverage entails risks, including the potential for higher volatility and greater declines of a portfolio's value, and fluctuations of dividends and other distribution payments.

LIQUIDITY RISKS: Liquidity risk exists when particular investments are difficult to purchase or sell (e.g. not publicly traded and/or no market is currently available or may become less liquid in response to market developments). This can reduce a portfolio's returns because the portfolio may be unable to transact at advantageous times or prices. Investments that are illiquid or that trade in lower volumes may be more difficult to value.

LONG/SHORT STRATEGY RISK: There is no guarantee that returns on a portfolio's long or short positions will produce high, or even positive, returns and the portfolio could lose money if either or both the portfolio's long and short positions produce negative returns.

MANAGEMENT RISK: A portfolio is subject to management risk, which is the risk that the investment process, techniques, and analyses applied will not produce the desired results, and those securities or other financial instruments selected for a portfolio may result in returns that are inconsistent with the portfolio's investment objective. Portfolios advised by AMG may become subject to threshold limitations on aggregate ownership interests in certain companies arising from statutory regulatory or self-regulatory organization requirements or company ownership restrictions (e.g. poison pills or other restrictions in organizational documents). In addition, legislative, regulatory or tax developments may affect the investment

techniques or opportunities available in connection with managing the portfolio and may also adversely affect the ability of the portfolio to achieve its investment objective (e.g. where aggregate ownership thresholds or limitations must be observed, a portfolio may become subject to investment limitations in certain companies arising from statutory regulatory or self-regulatory organization requirements or company ownership restrictions).

MARKET RISK: The market value of the instruments in which a portfolio invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets.

MICRO-CAP COMPANIES RISK: Stock prices of microcap companies are significantly more volatile and more vulnerable to adverse business and economic developments than those of larger companies. Microcap stocks may also be thinly traded, making it difficult for a portfolio to buy and sell them.

MUNICIPAL SECURITIES RISK: Municipal securities can be significantly affected by political or economic changes, as well as uncertainties in the municipal market related to taxation, changes in interest rates, relative lack of information about certain issuers of municipal securities, legislative changes or the rights of municipal security holders. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the inability to collect revenues for the project or from the assets.

NON-DIVERSIFICATION RISK: Non-diversification of investments means a portfolio may invest a large percentage of its assets in securities issued by or representing a small number of issuers of exposure types. As a result, a portfolio's performance may depend on the performance of a small number of issuers or exposures.

NON-U.S. EXCHANGE RISK EXPOSURE: Portfolios that are denominated in U.S. dollars but that invest in securities that are denominated and may receive a portion of their income and gains in currencies other than the U.S. dollar may experience a reduction in the value of such other currencies relative to the U.S. dollar prior to conversion into U.S. dollars. This may adversely affect the net asset values of the portfolios.

NON-U.S. SECURITIES RISK: Investments in the securities of non-U.S. issuers are subject to the risks associated with non-U.S. markets in which those non-U.S. issuers are organized and operate, including but not limited to, risks related to foreign currency limited liquidity, less government

regulation, privatization, and the possibility of substantial volatility due to adverse political, economic, and geographic events or other developments, differences in accounting, auditing and financial reporting standards, the possibility of repatriation, expropriation or confiscatory taxation, adverse changes in investment or exchange controls or other regulations and potential restrictions on the flow of international capital. These risks are often heightened for investments in smaller capital markets, emerging markets, developing markets or frontier markets.

OFFSHORE INVESTOR RISK: A portfolio seeking to trade in foreign currencies may have limited access to certain currency markets due to a variety of factors including government regulations, adverse tax treatment, exchange controls, and currency convertibility issues. These limitations and restrictions may impact the availability, liquidity and pricing of the financial instruments that are necessary for the portfolio to gain exposure to the currency markets, impairing the portfolio's ability to achieve its investment objective.

OPERATIONAL RISK: A portfolio may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routing processing errors to potentially costly incidents related to, for example, major systems failures.

PRIVATE INVESTMENT RISK: Investments in private investments, which include debt or equity investments in operating or holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets, and other similar types of investments that are highly illiquid and long-term. A portfolio's ability to transfer and/or dispose of private investments is expected to be highly restricted.

QUANTITATIVE MODEL RISK: When executing an investment strategy using various proprietary quantitative or investment models, securities or other financial instruments selected may perform differently than expected, or from the market as a whole, as a result of a model's component factors, the weight placed on each factor, changes from the factor's historical trends, and technical issues in the construction, implementation and maintenance of the models (e.g. data problems, software issues, etc.). There can be no assurance that a model will achieve its objective.

REAL ESTATE RISK: Historically, real estate has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in real estate opportunities, value of real property interests and, possibly, the amount of income generated by real property. All real estate-related investments are subject to the risk attributable to, but not limited to: (i) inability to consummate investments on favorable terms; (ii) inability to complete

renovation, expansion or development on advantageous terms; (iii) adverse government, environmental and tax regulations; (iv) leasing delays, tenant bankruptcies and low occupancy levels and lease rates; and (v) changes in the illiquidity of real estate markets. Real estate investment strategies which employ leverage are subject to risks normally associated with debt financing, including the risk that: (a) cash flow after debt service will be insufficient to accumulate sufficient cash for distributions; (b) existing indebtedness (which is unlikely to be fully amortized at maturity) will not be able to be refinanced; (c) terms of available refinancing will not be as favorable as the terms of existing indebtedness; or that the loan covenants will not be complied with. It is possible that property could be foreclosed upon or otherwise transferred to the mortgagee, with a consequent loss of income and asset value.

SHORT SELLING RISK: Short sales in securities that it does not own exposes a portfolio to speculative exposure risks. If a portfolio makes short sales in securities that increase in value, the portfolio will lose value. Certain securities may not be available or eligible for short sales. Short selling involves the risks of: increased leverage and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing the portfolio to close the transaction under unfavorable conditions; the additional costs that may be incurred; and the potential loss of investment flexibility caused by the obligation to provide collateral to the lender and set aside assets to cover the open position. There can be no assurance that a portfolio will be able to close out a short sale position at any particular time or at an acceptable price. Any loss on short positions may or may not be offset by investing short sale proceeds in other investments.

SMALL- AND MID-CAP RISK: Compared to large-capitalization companies, small-capitalization and mid-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid.

U.S. ECONOMIC RISK: The United States is a significant trading partner with other countries. Certain changes in the U.S. economy may have an adverse effect on the economy and markets of other countries.

UNDERLYING FUND RISK: A portfolio investing in funds (underlying funds) includes, but is not limited to, the performance of the underlying fund and investment risk of the underlying fund's investments, as the underlying fund may involve highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. In particular, the risks for a portfolio

operating under a fund of funds structure are various. The performance of the portfolio will depend on the performance of the underlying funds' investments – there can be no assurance that a multi-manager approach will be successful or diversified, or that the collective performance of underlying fund portfolio investments will be profitable. There may be limited information about or influence regarding the activities of the underlying fund's investment advisors and underlying funds, like any other asset, may be subject to trading restrictions or liquidity risk. Portfolio investments in underlying funds will generally be charged the proportionate share of the expenses of investing in the underlying fund(s).

VALUATION RISK: The net asset value of a portfolio as of a particular date may be materially greater than or less than its net asset value that would be determined if a portfolio's investments were to be liquidated as of such date. For example, if a portfolio was required to sell a certain asset, a substantial portion of its assets, or all of its assets on a particular date, the actual price that a portfolio would realize upon the disposition of such asset or assets could be materially less than the value of such asset(s) as reflected in the net asset value of a portfolio. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of a portfolio.

VOLATILITY RISK: The prices of a portfolio's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies.

ITEM 9. Disciplinary Information

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

ITEM 10. Other Financial Industry Activities and Affiliations

AFFILIATES

AIG Global Capital Markets Securities, LLC ("GCMS"), a direct subsidiary of AIG Markets, Inc. ("AIG Markets," described below) is registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA"), and the SEC and is also a member of the Securities Investor

Protection Corporation ("SIPC"). GCMS is used for very limited activities on behalf of AIG affiliates consistent with its Membership Agreement with FINRA. GCMS may trade fixed income securities on an agency basis. From time to time it will act as a placement agent or otherwise affect a variety of different types of private placements and/or debt-related transactions on an agency "best efforts" basis, and GCMS may receive fees and compensation from the Adviser for such services. Certain management persons employed by the Adviser are registered representatives of GCMS.

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

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

In September 2015, AIG acquired First Principles Capital Management, LLC ("FPCM"), a registered investment advisor. FPCM is a wholly-owned subsidiary of AIG and also an affiliate of the Adviser, with expertise across the global fixed income securities and derivatives markets. They provide customized investment portfolios for institutional clients, including endowments and foundations, insurance companies and corporations. Additionally, FPCM provides fixed income services to their commercial bank clients, as well as various investment management and wealth maximization strategies for private clients, including single and multi-family offices, trusts, family owned businesses and high net worth individuals and their advisors.



RELYING ADVISORS

In May 2018, AIG acquired Covenant Credit Partners, LLC (“CCP”), a registered investment advisor and its subsidiary investment advisor, Covenant CLO Advisors, LLC (together referred to as Covenant). Covenant provides discretionary investment advisory services to its clients, which are private investment vehicles that invest primarily in senior bank loan assets (each, a “Fund”). Each Fund is a structured debt vehicle known as a Collateralized Loan Obligation, or “CLO”, organized in the Cayman Islands as an exempted company.

AFFILIATE TRANSACTIONS

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

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

CODE OF ETHICS

The Adviser maintains a code of ethics as required by applicable SEC rules. The AMG code of ethics requires employees to conduct business in an honest and forthright manner in accordance with the highest of ethical standards. In addition, the code of ethics requires employees to put Client interests ahead of our own and disclose actual and potential meaningful conflicts of interest. The code of ethics incorporates AMG’s information barrier and personal securities trading standards that are described in greater detail below. AMG employees are required to report any violation of the code of ethics promptly to the Chief Compliance Officer.

A copy of the code of ethics is available upon request by any client or prospective client.

POTENTIAL CONFLICTS OF INTEREST REGARDING SECURITIES TRADING

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

In order to address conflicts that may arise because AMG’s general accounts, the accounts of its affiliates and/or Client accounts may hold the same investments or may be interested in the same investment opportunity, AMG has implemented policies and procedures to address the conflicts, including allocation policies specific to the asset class. These allocation policies are designed to ensure that investment opportunities are allocated in a fair and equitable manner to AMG Clients, AMG’s general accounts and/or the accounts of its affiliates, particularly when a single investment opportunity cannot be shared on a pro-rata basis between AMG Clients and AMG’s general or affiliated accounts.

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

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

POTENTIAL CONFLICTS OF INTEREST ARISING FROM CO-INVESTMENT OPPORTUNITIES AND ADDITIONAL COMPENSATION

The Adviser may from time to time originate or arrange transactions in which both the Adviser’s clients and third parties participate as co-lenders or co-investors. While the circumstances may vary, the decision to seek additional third party co-investors may arise, among other reasons, as a function of (i) the size, nature, risk profile, target return profile and type of investment opportunity; (ii) principles of

diversification of assets, including, without limitation, in respect of geography, investment size and sector; (iii) the investment guidelines, limitations and investment strategies of the Adviser's clients; (iv) then-existing cash availability of the Adviser's clients; (v) the magnitude of the investment; (vi) a determination by the Adviser that the opportunity is inappropriate, in whole or in part, for one or more of the Adviser's clients; (vii) liquidity considerations, and (viii) legal, regulatory, tax or contractual restrictions or consequences affecting the Adviser's clients' ability to participate in the investment.

In connection with these transactions, the Adviser may earn and retain "up-front" or recurring origination, arrangement, structuring, servicing or other customary fees in respect of such third-party investors' participation. Such fee income creates a conflict of interest because there is an inherent incentive for the Adviser to maximize the potential to receive fees. For example, the Adviser will be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from third parties that pay such fees as opposed to client accounts that do not. Areas in which scarce investment opportunities may exist include commercial mortgage loans, equity real estate investments, middle market loans, directly-originated private placements notes, privately negotiated structured credit transactions, side-by-side investment opportunities, primary investments in alternative investment funds, direct or indirect investments in and co-investments alongside alternative investment funds, and new issue securities. The Adviser may also have an incentive to originate or arrange transactions, funded in part by client accounts, with a view toward attracting fee generating co-investments by third parties rather than furthering the investment objectives of its clients.

To address these types of conflicts, the Adviser has adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that we believe to be consistent with our obligations as an investment adviser.

POTENTIAL CONFLICTS OF INTEREST ARISING FROM MANAGING FUNDS THAT HAVE DIFFERENT LEVELS OF PERFORMANCE FEES

Covenant faces a conflict of interest to the extent that it manages a Fund for which it receives a performance fee at the same time as it manages one or more other clients for which it receives a different level of performance fee.

To address these types of conflicts, the Adviser has adopted policies and procedures (that include the consideration of various factors e.g. Collateral Quality Test Limits (as defined in the corresponding Indenture) pursuant to which

allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that we believe to be consistent with our obligations as an investment adviser.

POTENTIAL CONFLICTS OF INTEREST ARISING FROM MANAGING SECURED ASSETS OF REAL ESTATE FUNDS AND SEPARATELY ADVISING LENDERS IN CONNECTION WITH THE SAME FUNDS.

AMG faces a conflict of interest to the extent that it manages real estate Funds for which it receives certain management fees. At the same time, AMG provides advice to one or more Affiliate Lenders in connection with the Security Agreements related to credit extended in respect of real estate investments indirectly owned by such lenders (i.e. secured assets). AMG will receive management fees for both its role as investment manager of the funds and in connection with its advisory role in connection with the security agreement.

To address these types of conflicts, the Adviser has adopted a specific protocol (that identifies and separates which divisions will act in the best interests of the funds and the lenders in particular, in the event of a material and unresolved conflict over the legal rights of both parties) and both parties in writing have acknowledged the protocol.

POTENTIAL CONFLICTS OF INTEREST ARISING FROM SUPERVISED PERSONS THAT ARE DUAL EMPLOYEES OF AMG AND FPCM.

Effective March 2019, AMG and its affiliate, First Principles Capital Management, LLC ("FPCM"), an SEC registered investment adviser with headquarters in New York, New York have combined certain of their operations, compliance, and asset management services. As part of this organizational alignment, certain employees who perform investment advisory functions of AMG and FPCM will be harmonized, e.g. the portfolio management team managing certain AMG client strategies will consist of portfolio managers and research analysts from both FPCM and AMG.

In cases where a portfolio management team manages assets for both AMG's and FPCM's clients, the potential for conflict exists if AMG and FPCM recommends the same security to clients of both FPCM and AMG. In transactions involving FPCM accounts, the AMG accounts may seek a larger position than other clients participating in these transactions due to the size of the AMG accounts as compared to other client account sizes. AMG and FPCM have implemented policies and procedures to address the conflicts that arise in situations relating to asset management for AMG and FPCM clients, including allocation policies. These allocation policies are designed to ensure that investment opportunities are allocated in a fair and equitable manner over time to clients of AMG and



FPCM. A copy of these policies can be made available to clients upon request.

PRINCIPAL TRADES POLICY

A principal transaction is one in which AMG purchases or sells for its own account or the account of its affiliates. Realistically, as AMG has a large number of affiliated insurance company Clients, a principal transaction would occur when a portfolio manager determined that it would be beneficial to both an unaffiliated Client and an affiliated Client to engage in a securities transaction. If the Advisor decides to engage in any such principal transaction, it will comply with the requirements of Section 206(3) of the Advisers Act by: (i) disclosing to the Client in writing the material terms of the transaction; and (ii) obtaining the written consent of the Client for such transaction.

PERSONAL SECURITIES TRADING STANDARDS

The Adviser maintains personal securities trading standards that govern the trading activities of its employees as well as their household members and dependents. Subject to certain limited exceptions, employees are required by standards to:

- Report personal securities transactions to our Compliance unit;
- Pre-clear personal securities transactions (for employees considered to be “supervised persons” under SEC rules);
- Maintain brokerage accounts only with certain approved brokers that report transaction information to our Compliance unit;
- Annually report securities holdings to the Compliance unit.

AMG supervised persons and investment personnel are subject to additional restrictions under the policy, including the following:

- Investment personnel are generally prohibited from purchasing securities in initial public offerings;
- Supervised persons may not trade any security on the same day that AMG trades such security (or an equivalent security) for Client accounts;
- Investment personnel are prohibited from trading any security within seven days before or after AMG trades such security (or an equivalent security) for Client accounts.

The Adviser compares personal trading activity versus firm trading and restricted list content, and any potential violations and, if necessary, disciplinary actions are

considered and investigated by the Compliance department.

All investment advisory employees receive annual training regarding the personal securities trading and information barrier standards. In addition, employees must annually confirm that they have read and understand AMG’s code of ethics, including the personal securities trading and information barrier policies.

GIFTS AND ENTERTAINMENT POLICY

Adviser employees may occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws and regulations and rules of self-regulatory organizations. AMG has adopted a policy to address the conflicts of interest related to gifts and entertainment, such as the appearance of having given or received something of value that influenced AMG’s business decisions or the business decisions of AMG’s Clients. The policy requires the reporting and pre-clearance of gifts, meals and entertainment given or received which exceed certain thresholds. In addition, AMG employees are prohibited from soliciting the receipt of gifts, meals or entertainment. Senior management periodically reviews summaries of gifts and entertainment activities to detect trends of abuse, conflicts of interest, or possible policy violations.

POLITICAL CONTRIBUTIONS POLICY

Due to the potential for conflicts of interest, AMG has established policies relating to the political contributions that are designed to comply with applicable federal, state and local laws. Under AMG’s political contributions policy, all AMG employees (including spouses and dependent children) must obtain pre-approval before making a political contribution. This policy also prohibits AMG employees from making a political contribution with the intent of influencing a public official regarding the award of a contract to AMG or its affiliates.

OUTSIDE BUSINESS ACTIVITY POLICY

Given the nature of AMG’s business, AMG’s duties to its Clients and the role of investment advisory professionals generally, employees that engage in outside business activities may face numerous conflicts of interest. Outside business activities include, but are not limited to, service as a partner, officer, director, owner or trustee of, or an employee or consultant to a corporation, partnership, limited liability company, association or other organization that is not owned, in whole or in part, or otherwise affiliated with AMG. To avoid such conflicts, employees must disclose

all outside business activities and receive written pre-approval from the Compliance department prior to pursuing any outside business activities.

U.S. INFORMATION BARRIER

The Adviser also maintains information barrier standards within the policy manual that are designed to prevent the communication of material, non-public information across the various investment sectors. Under the standards, an employee of one investment sector may not communicate material, non-public information to an employee of another investment sector without approval from each sector's Compliance unit. The information barrier standards also restrict physical access to investment sector's offices by employees of a different investment sector.

The Adviser maintains a restricted list of issuers about which it has material, non-public information. The restricted list is contained in an electronic database that can be viewed only by specified associates that have been granted access. The database is updated intra-day as changes are required. Restricted issuers are also added directly into the trading system so that trading activities are screened on a front-end basis against the restricted list. Investment personnel must receive an override from the Compliance department prior to transacting for Client accounts in the securities of any issuers that are restricted in the trading system.

ITEM 12. Brokerage Practices

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

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

- a) The coverage provided by the broker-dealer of specific regions, industries, sectors or companies;
- b) The reputation and standing of its analysts;
- c) Its investment strategies;
- d) Timing;
- e) Accuracy of statistical information; and

- f) The value of internal or third-party research supplied by the broker-dealer.

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

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

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

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



all applicable insurance and other laws.

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

ITEM 13. Review of Accounts

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

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

ITEM 14. Client Referrals and Other Compensation

In connection with the GRE Funds, the Adviser and/or affiliates may take fees from third parties for services provided by the Adviser and/or its affiliates to such third parties relating to a transaction in which an advisory Client has participated, or a security or portfolio of securities in which the advisory Client is invested, in all cases except as otherwise limited by applicable law. In addition, the Adviser or an affiliate may serve as general partner or investment manager for limited partnerships and other pooled investment vehicles (collectively, funds) that invest in such companies, and may, when it believes that it is suitable and

appropriate for a Client, advise the Client to invest in (or, in cases where it has investment discretion, invest the Client in) such funds that in turn invest in the companies from which it would receive remuneration. To offset the benefit of such remuneration to the Adviser or an affiliate, in certain instances a portion of the management fee charged with respect to such funds may be offset by an amount equal to or less than the amount of the remuneration received by the Adviser and its affiliates. There may be a risk that the Adviser or such affiliate would have a financial incentive to invest Client assets, directly or indirectly, in companies from which it receives remuneration.

ITEM 15. Custody

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

One of the Adviser's financial industry affiliations (Related Party), First Principles Capital Management, LLC ("FPCM") is deemed to have custody over four accounts. The investment vehicles therein are audited at least annually and audited financial statements prepared in accordance with GAAP by a Public Company Accounting Oversight Board registered and inspected accounting firm, are distributed within 120 days of the vehicle's fiscal year end.

ITEM 16. Investment Discretion

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

ITEM 17. Voting Client Securities

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



from time to time by the Client.

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

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

ITEM 18. Financial Information

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