

BNP PARIBAS ASSET MANAGEMENT UK Limited
Part 2A of Form ADV
The Brochure

5 Aldermanbury Square
London EC2V 7BP
United Kingdom

<https://www.institutional.bnpparibas-am.com>
<https://www.bnpparibas-am.co.uk>

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This brochure provides information about the qualifications and business practices of BNP PARIBAS ASSET MANAGEMENT UK Limited (“BNPP AM UK”). If you have any questions about the contents of this brochure, please contact us at +44 20 7063 7265. 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 BNPP AM UK is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Summary of Material Changes

The Form ADV Part 2, also known as the “Brochure”, requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current Form ADV Part 2 will be available to our existing and prospective clients 24 hours a day through the SEC’s Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2.

Since the last annual update in March 2018, the following changes have been made to this Brochure:

- The section Advisory Business has been revised to reflect updated assets under management.
- The Methods of Analysis, Investment Strategies and Risk of Loss section has updated descriptions relating to European/Global/Emerging Markets Fixed Income.
- Other Financial Activities and Affiliations has been updated to reflect a new business activity, SME Alternative Financing.
- The discussion regarding Counterparty Selection and the use of Commission Sharing Agreements has been revised in the Brokerage Practices section.

In addition, non-material changes may have been made throughout this Brochure. Accordingly, we urge you to read this Brochure in its entirety.

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Advisory Business

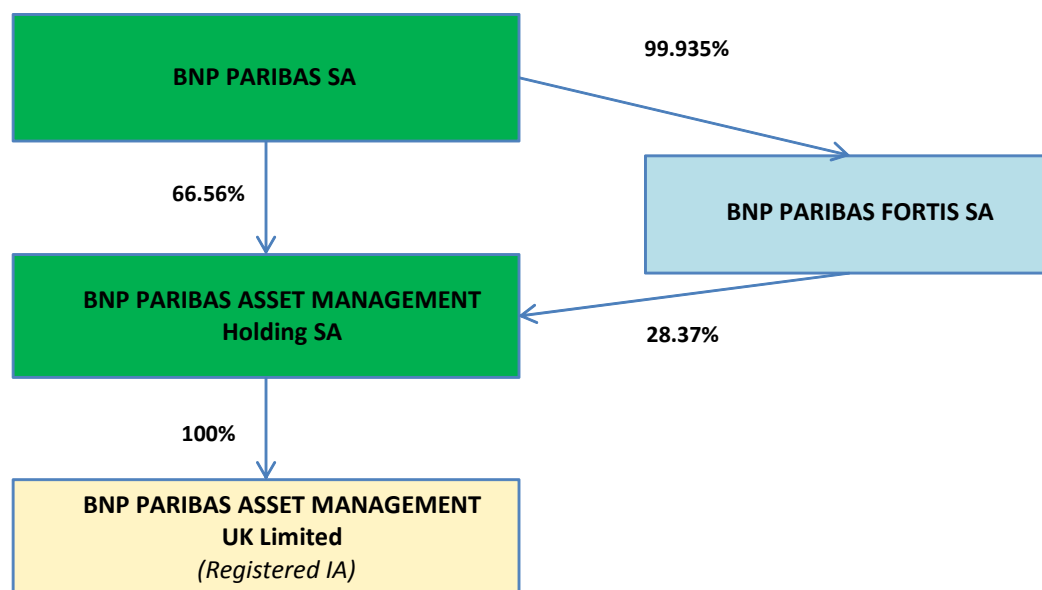
BNP PARIBAS ASSET MANAGEMENT UK Limited (“BNPP AM UK”) is the main UK entity in the asset management business line of BNP Paribas Group and as at 31 December 2018 had approximately \$ 44.8 billion of assets under management, including \$14.9 billion in non-discretionary assets. The asset management business line comprises several specialist companies, each with a distinct investment philosophy and business scope.

BNPP AM UK operates as the hub in the UK asset management structure and has three main focus areas:

- Providing multi-expertise in investment management capability
- Providing a global sales and sales support function for the asset management business line
- Providing a central services support platform for the other asset management companies.

BNPP AM UK is a 100%-owned subsidiary of BNP PARIBAS ASSET MANAGEMENT Holding SA (“BNPP AMH”). Its various activities are fully integrated in the overall functional organisation of the business line. Thus, its fund management teams operate as part of the global fund management structure, while its sales and marketing teams are responsible for promoting and distributing the entire range of products on offer within the BNP Paribas asset management business line globally to their respective client base.

As illustrated in the organisational chart below, BNPP AM UK is wholly owned by BNP PARIBAS ASSET MANAGEMENT Holding SA, which is owned by, among others, BNP Paribas SA (“BNPP”) with a 66.56% interest and BNP Paribas Fortis SA (“BNPP Fortis”) with a 28.37% interest. BNPP owns 99.935% of BNPP Fortis.



BNPP is a publicly owned bank organised in France engaged in global financial activities. BNPP AM UK is part of BNPP's asset management business, within BNPP's International Financial Services division. BNPP AMH is one of the major players in the investment management industry with assets under management and advisory totalling more than US\$616 billion (as at 31 December 2018), comprised of over 3,000 employees in more than 30 countries.

Fees and Compensation

BNPP AM UK manages portfolios of equity, balanced and fixed-income securities for institutional clients including pension funds, corporations, universities, foundations, foreign institutions and Central Banks. Where permitted by our clients, in connection with the management of portfolios we also manage exposure to foreign currencies.

Our standard fees may be negotiated in connection with certain mandates and/or modified for portfolios that have special investment constraints or unusual reporting, clearance, or other administrative requirements or unique characteristics. BNPP AM UK may impose a minimum fee for starting or maintaining an account.

Certain clients may have a portion of their separate account assets invested in commingled vehicles for which BNPP AM UK may be an adviser or sub-adviser.

Fees are generally payable monthly and quarterly, (although monthly, semi-annual and annual payment periods are also used) and are generally based upon the market value of funds managed as of the end of the preceding calendar quarter or on the average market value of funds managed within the calendar quarter. All client fees are paid in arrears.

BNPP AM UK'S fees are exclusive of brokerage commissions, transaction costs and other related costs and expenses which shall be incurred by the client. Such costs are in addition to BNPP AM UK's fees and BNPP AM UK does not receive any portion of these costs. Please refer to the section entitled "*Brokerage Practices*" below for further information regarding the factors that BNPP AM UK considers in selecting and recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Our investment management agreements may be terminated by us or by our clients, subject to applicable notice provisions contained in the contracts.

Performance Based Fees and Side-by-Side Management

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Performance fees are in effect for certain clients of BNPP AM UK.

It should be noted that an adviser charging performance fees to some accounts faces certain conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favour of, the account that pays a performance fee. BNPP AM UK is required to treat its clients fairly in relation to such conflicts of interest and will make decisions for client portfolios in accordance with its fiduciary responsibilities. Consistent with this fiduciary duty, BNPP AM UK's trading

procedures seek to ensure that all clients are treated fairly and equitably and that no client account is advantaged or disadvantaged over another.

As mentioned in the section entitled “*Fees and Compensation*” above, certain clients may have a portion of their separate account assets invested in commingled vehicles for which BNPP AM UK may be an adviser or sub-adviser. Recommendations to these clients to use these affiliated commingled vehicles are made solely to enhance overall investment returns, to improve investment offerings, and to allow clients to participate in certain investment opportunities that would otherwise not be available or economic on a separate account basis. BNPP AM UK places assets of its clients in such vehicles only if the client authorises such use and receives the offering documents for those investments. Fees charged by BNPP AM UK are specified in a client’s investment management agreement.

Types of Clients

BNPP AM UK may provide customised investment management services to institutional clients and collective investment schemes, including but not limited to, banks, insurance companies, official institutions, Luxembourg-domiciled SICAVs of an affiliate and other corporations or business entities. The Firm also sub-advises a U.S. registered mutual fund within SEI’s platform trust: The Advisors’ Inner Circle Fund III, on behalf of its affiliate, BNP PARIBAS ASSET MANAGEMENT USA, Inc. (“BNPP AM USA”), a registered investment adviser under the Investment Advisers Act of 1940.

As discretionary manager, we review the specific circumstances, current investments and investment goals of each client. In order to assure an appropriate fit with the management style chosen, BNPP AM UK reserves the right to review each prospective client as to investment profile.

Minimum account sizes for investment management are negotiated on a case by case basis.

Methods of Analysis, Investment Strategies and Risk of Loss

Multi Asset

The Multi Asset (MA) team is the firm’s specialist multi-asset team that sits with the Multi-Asset, Quant and Solutions (MAQS) team. MA London comprises some of the Multi Asset team, including the Head of Research & Strategy (R&S), his research analysts, as well as portfolio managers.

Note that Multi Asset benefits from a team of dedicated risk managers who report to a central front office risk management department but who sit directly alongside portfolio managers and play an integral role in the investment process. As such, two risk managers sit alongside the Active Asset Allocation team in London but report centrally.

The R&S team conduct macroeconomic, quantitative and fundamental asset class research to define asset class views which are subsequently applied within the MA portfolios (not only those managed in London). With regard to the types of portfolios managed directly in London, these comprise:

- Diversified Growth and Income funds
- Segregated balanced mandates for UK-based clients
- Multi-management funds

Below describes the process that the team uses to conduct asset allocation research and to define a set of asset class views/ strategies. This process applies to all portfolios which incorporate active asset allocation decisions. Whilst the same views apply consistently across all portfolios, the way and the extent to which these are implemented depends on the nature of the product and specific client constraints (in the case of segregated mandates).

Asset Allocation Research & Decision-Making process

Introduction

We believe that asset allocation drives the majority of a portfolio's risk and return. As such, the Asset Solutions team is focused on asset allocation, rather than security selection which we believe is best left to specialist equity or fixed income managers.

We believe that the investment universe should be as large as possible, so that more return cycles can be used, increasing the potential for higher risk-adjusted returns. Accordingly, we allocate across all major, liquid global asset classes, including cash, government bonds, equities (globally as well as by region and market cap), investment grade bonds, high yield bonds, emerging market debt, convertible bonds, property and commodities.

We believe that the integration of risk management and portfolio management is the optimal way to build a multi-asset portfolio. Risk management is thus fully embedded into our process both in terms of our decision-making process as well as in the way we construct individual portfolios. As we believe that a multi-asset portfolio should be more than the sum of individual asset class positions, we run our portfolios according to a "holistic" approach. This means we seek to fully understand the portfolio's exposures to a range of factors and to align these exposures with our key beliefs.

In terms of research, the majority (around 80%) of our research is carried out in-house, due to the MA team's extensive resources and experience, as well as the fact that our own research is tailored to our investment process. External research is only used as an input into our own research, or for idea generation efforts. We receive a range of external research from the sell-side as well as from third-party data sources such as the IMF.

Research and Idea Generation

Our process starts with the definition of a 'core' scenario as to the most likely outcome. Alternative scenarios help contextualise the core scenario and assessing the vulnerability to adverse scenarios supporting the development of our hedging strategies. We perform stress tests to assess the extent to which our scenario is priced into or out of markets.

We derive proprietary scorecards to assess individual asset classes, based on the core-scenario. Scorecards employ our core scenario to identify investment opportunities across and within major asset classes. We derive the expected returns for major asset classes to estimate how the portfolios will perform in different scenarios.

Quantitative inputs

Our process is "quantamental", predominantly judgemental but leveraging an extensive set of quantitative inputs. We benefit from the support of BNPP AM's dedicated quantitative research team, responsible for developing and maintain a number of quantitative screens and models.

View generation

We generate ideas from scenario analysis and scorecards. Additionally, we analyse market anomalies, as not all investment opportunities can be captured through scenario analysis, scorecards and expected returns.

Final decision-making

Based on their research, the R&S team produces investment theses for rigorous discussion including catalysts and risks. Views are presented during the Macro Committee, and then discussed at the Investment Meetings. Responsibility for final positioning of portfolios lies with this last committee, chaired by the Head of Multi Asset.

The Investment Committee meets on a weekly basis to ratify all active asset allocation views and to discuss and oversee portfolio risks. For this purpose, they receive in-depth risk information from risk managers. The Committee also approves the list of allowable implementation tools (“building blocks”) put forward by the team’s Building Block Committee, and defines the order of preference for specific active asset allocation strategies. The Building Block Committee review an extensive universe of active funds, passive instruments, both in-house and external (based on the advice of our manager selection specialist, FundQuest Advisor).

Portfolio construction & implementation

The scope for implementing active asset allocation positions in portfolios depend on pre-defined asset class bandwidths and/or a tracking error target/limit. To determine an appropriate risk budget for active asset allocation positions we employ a proprietary risk budgeting approach which incorporates these constraints. As risk lies at the heart of our investment process, we think first and foremost in terms of “risk allocation” before determining nominal asset class weights for active asset allocation positions. Our aim is to allocate the same amount of risk to active asset allocation positions in which we hold the same level of conviction. The final position size in percentage terms is derived from the initial risk budget and the standalone volatility of the strategy. Our risk budgeting approach is supported by an internally-developed risk and portfolio management system and dedicated risk managers.

Portfolio managers are also responsible for choosing the appropriate implementation tool for each position, based on the list approved by the Investment Committee and taking into account client and portfolio specificities.

On-going monitoring

Once we have decided on the strategies and set the target portfolio, our portfolio managers and risk managers work closely with the dealers to monitor trading, the administrative follow-up and the market levels of the active strategies. Our proprietary LIBRA system performs checks of the portfolio versus the constraints and versus the target portfolio when a trade is entered, during the trading process and when the process is completed. We also use LIBRA to monitor the overall positioning of the portfolio, the advice or target portfolio and the benchmark. Deviations are monitored and can be acted upon swiftly using LIBRA’s built-in trade facility.

With regards to P&L monitoring, for all portfolios, we measure the amount of risk taken relative to the performance generated. This involves assessing P&L at the portfolio level and the individual strategy level. We do not have a hard stop-loss policy however we have

implemented guidelines for assessing individual strategy P&L. In this regard, risk managers monitor the drawdown of each position from its highest peak (high watermark approach) and monitor review levels on a daily basis. Similarly, we have review levels for profit-taking. We also consider strategies that have generated very limited profit/loss since inception, taking into account the length of time the position has been in the portfolio.

At a total portfolio level, risk managers perform an on-going consistency check in terms of which strategies are active for which portfolios, but also in terms of notional and risk size. Risk managers also monitor portfolios on an on-going basis to:

- Check actual implementation versus target risk budgets
- Understand the interaction of positions in the portfolio both in aggregate as well as between individual positions.
- Assess potential concentration, unintended factor exposures, tail risk and correlation exposures
- Validate our risk budgeting assumptions over time (for example assumed correlation between different positions)

This monitoring is done daily: a risk dashboard highlights the day-to-day variation in various risk metrics for each portfolio. Any unexpected or significant variation triggers a more in-depth investigation. If needed, risk managers contact the portfolio manager to define an action plan to correct the variation.

Lastly, a formal assessment of risk positioning and the performance of all portfolios is conducted during the weekly Investment Committee (IC). Information is provided by the risk managers and enables the IC to identify any portfolios which are potential outliers, either in terms of performance versus the average performance of all the team's portfolios, or in terms of risk positioning. Where outliers are identified, the IC will require the relevant Portfolio Management Head to provide an explanation (for example, outliers may be due to particular client constraints).

We also have a separate team within the firm, who provide independent checks on portfolios. Pre- and post- trade Investment Compliance checks on client/internal guidelines are monitored straight from Sentinel and checks of the different guidelines are performed against the portfolio data.

European/Global/Emerging Markets Fixed Income

Investment decisions are made by product heads and portfolio managers focusing on generating alpha according to their specific expertise. All decisions are made to balance the expected return outcome with the assessed risk of the position, in the context of the risk parameters and investment guidelines of each client's portfolio. Positions may be strategic and of a long term nature, or tactical to take advantage of short term anomalies.

Periodically, the investment team reviews and establishes target levels of incremental return for each portfolio. Concurrently, consideration of the client's return objectives and the market environment is undertaken in an effort to provide the appropriate scaling of off-benchmark exposures required to meet the targeted incremental return.

For emerging markets our investment style reflects the belief that Emerging Markets Fixed Income (EMFI) can no longer be viewed as a single asset class in which all component parts

respond unanimously to the same stimuli. Rather, we approach EMFI as a multi-asset class suite in which rates, FX, sovereign credit, corporate credit and frontier markets should all be considered as separate risk asset classes with their own dynamics and drivers.

The investment process by which EMFI portfolios are managed is clearly defined, disciplined and repeatable. We build portfolios in three distinct layers; two of which are the portfolios themselves (the bond underlay and alpha overlay) whereas the third (macro risk management) is the top layer of targets for how much risk we want in any given environment.

Bond Underlay:

The bond underlay is the core component of all EMFI portfolios. Here, we seek to hold a set of bonds that are high carry and low volatility, replicating the benchmark risk factors and thereby aiming to achieve benchmark beta but with higher carry. The bonds that we select for investment in the bond underlay have lower liquidity and higher spreads, which is an anomaly of Emerging Markets. We view this portfolio as having a 'buy and hold' approach where we limit trading to help avoid transaction costs, especially in these illiquid markets.

Alpha Overlay:

On top of the bond underlay, we overlay our alpha. The alpha trades are taken from the model portfolios created by the alpha specialists who are specialised in their respective fields and trades are implemented in the most liquid form available. We believe in most EM markets, derivatives tend to be more liquid than bonds and therefore we implement trades where possible via interest rate swaps, credit default swaps, futures, forwards or options and can be fairly tactical in the implementation of our alpha trades. Each one of these alpha trades is overlaid with a specific alpha target and stop loss. The five types of alpha that we talk about are sovereign credit, non-sovereign credit, rates, FX and frontier. Each of these has its own behaviour, liquidity characteristics and its own dedicated portfolio managers with a specific process, appropriate to the traits of the alpha.

The Global Multi-Sector Fixed income strategy is actively managed and intends to exploit the wide fixed income opportunity set through dynamically allocating amongst the comprehensive universe of fixed income sectors. The strategy has the ability to make opportunistic use of non-benchmark securities when permitted by client guidelines, including non-investment grade and unrated securities. The alpha / beta framework allows for efficient beta replication to which discrete, largely uncorrelated alpha sources are layered to achieve the tracking error target. The strategy takes advantage of its flexibility to allocate where it sees the most value at any point in time, and this allocation can significantly deviate from that of the benchmark, in terms of geography, sector and/or quality. Dynamic sector allocation decision-making allows the portfolio management team to quickly employ defensive strategies and to switch to a capital preservation mode in periods of market stress. The portfolio management team seeks to add value through active risk budgeting, incorporating independent alpha generators. Portfolios are implemented with an unconstrained approach, where possible, that uses derivatives in addition to cash bonds and currencies. Independent alpha teams add value through the generation of individual alpha ideas in their specialist areas, which are implemented on a discretionary basis by the portfolio management team. The strategy thus leverages on a combination of thematic structural expertise (top-down) and specialist alpha teams (bottom-up) aiming to generate returns. Use of quantitative strategies is also incorporated.

Credit portfolios are managed through the combination of a top-down and bottom-up approach, with a focus on the links, correlations and technical dynamics that affect liquidity. We adhere to an active style of portfolio management and we aim to generate consistent outperformance relative to the benchmark rather than a series of highs and lows. While security selection and avoiding significant credit deterioration is our major preoccupation, at any given moment will incorporate dynamic views on sectors, ratings and duration/curve positioning.

Our approach is supported by experience gained across sectors, markets and technology applications over many credit cycles. We look for issuers with solid credit fundamentals and attractive valuation in order to generate alpha over the medium to long term. As active portfolio managers, we believe that there are various types of market inefficiencies that can be exploited. Firstly, there are certain market technicals that give rise to various opportunities. These can relate to curve trades i.e. positioning along certain parts of the curve to take advantage of steep or flat credit curves. There are also market segmentation opportunities involving differences in the cash and credit derivative markets to profit from the relative cheapness of cash or the relevant single name credit default swap (i.e. basis trades).

We use futures and various other derivatives (such as interest rate swaps, credit default swaps and currency forwards) in the management of fixed-income portfolios, where eligible. These instruments are used to take or hedge existing positions and as a substitute for the cash market when the synthetic alternatives are deemed more efficient. The use of derivatives is only permitted in portfolios whose investment guidelines explicitly allow their use.

BNPP AM UK's portfolio managers are charged with the responsibility of monitoring the economic research of outside firms. Included among these firms are counterparties with whom BNPP AM UK regularly transacts securities business. Also included are independent research and consulting firms from whom BNPP AM UK purchases economic research. As described in further detail in the section entitled "*Brokerage Practices*" below, there are no direct "soft dollar" arrangements for BNPP AM UK whereby transactions in client portfolios are used through commissions or dealing spreads to pay for research materials.

BNPP AM UK employs a wide range of tools, models and procedures to monitor and manage risk. Some of these software systems are proprietary, while others are purchased from vendors. We choose the best tool for the job, without regard to whether it is developed internally or externally. The tools utilised by BNPP AM UK include but are not limited to: Barclays Capital POINT, a sophisticated third-party risk measurement system that covers all the major asset classes, and can compute sensitivities, volatilities, VaR and stress tests, RiskMetricsTM, and Thinkfolio. Thinkfolio integrates with Sentinel, a compliance system that is managed and monitored by Investment Compliance and which checks orders pre-execution to comply with internal portfolio rules and regulations to avoid breaches.

BNPP AM UK collects data from a variety of public and private sources, casting a fairly wide net. However, irrespective of the source, data is scrutinised and analysed internally with a high degree of rigor. It is our analysis of the data that adds value, not the source of the data. Duration, yield curve and sector allocations are generally driven by macroeconomic factors, and hence our decisions are generally based on publicly available information (e.g., the Bureau of Labor Statistics). Security selection decisions are generally based on purchased or proprietary models. Purchased models are not used "as is": BNPP AM UK makes proprietary modifications to them to reflect our investment beliefs; further, all data used in these models

has been evaluated and if necessary, modified, by proprietary analysis. Most importantly, models are seen as informative but not deterministic in making allocation decisions. BNPP AM UK realises that the inherent beauty in modelling (its succinct outputs) can become a shortcoming if there is an over-reliance on models in the investment decision-making process.

We also have a separate team within the firm, who provide independent checks on portfolios. Pre- and post- trade investment compliance checks on client/internal guidelines are monitored straight from Sentinel and checks of the different guidelines are performed against the portfolio data.

The description contained below is a brief overview of different investment risks related to BNPP AM UK's advisory services:

Investing in securities is inherently risky: An investment in individual securities or in a portfolio of securities could lose money. BNPP AM UK cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return on or of its investment.

Market Risk: The investments may be subject to price volatility due to factors such as interest sensitivity, market perception, and creditworthiness of issuer and market liquidity. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Debt Securities Risk: Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities.

Liquidity Risk: The liquidity of a portfolio's investment is inherently restricted by trading volumes in the securities in which the portfolio invests. A lower level of liquidity affecting an individual security or derivative, an entire market or several overseas markets at the same time, may have an adverse bearing on the value of the portfolio's assets. More importantly, this may affect the ability of the manager to sell particular securities and derivatives quickly enough to minimise impact cost, as and when necessary to meet requirements of liquidity or to sell securities in response to triggers such as a specific economic/corporate event. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of a few or all of the investments and may affect the liquidity of the investments of the portfolio.

The manager may be unable to implement purchase or sale decisions for a portfolio when the markets turn illiquid, missing some investment opportunities or limiting ability to facilitate client withdrawals. The lack of liquidity could also lead to the risk that the sale price of a security could be substantially lower than the fair value of the security.

Government Obligations Risk: If a government-sponsored entity is unable to meet its obligations, the performance of a mutual fund that holds securities of the entity will be adversely impacted.

Mortgage- and Asset-Backed Securities Risk: Mortgage- and Asset-Backed securities risk includes Market Risk, Interest Rate Risk, Credit Risk, Prepayment Risk (*i.e.*, homeowners whose mortgages collateralise the securities held by certain mutual funds may be able to prepay principal due on these mortgages, which could cause such mutual funds to reinvest the proceeds at lower yields) as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile. Under certain adverse market conditions, mortgage- and asset-backed securities may have more limited liquidity than usual.

Issuer Risk: The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, decline in the value of investments held by the issuer, increase in the operational and/or financing cost of the issuer, and reduced demand for the issuer's goods and services.

Credit and Counterparty Risk: There is a risk that issuers or counterparts will default and fail to repay principal and interest in a timely manner or do not fulfil their obligations and commitments. If the rating of an issue, issuer or a counterpart is downgraded this may cause the value of the related assets to fall. The severity of the risk varies depending on the quality of the issuer or counterpart. The assets can be partly invested in securities issued by corporate entities, bank, financial institution and/or public sector and this poses a higher risk than investment in government securities.

Industry or Sector Emphasis Risk: Investing a substantial portion of assets in related industries or sectors may have greater risks because companies in these industries or sectors may share common characteristics and may react similarly to market developments.

Non-Diversification Risk: Non-diversified mutual funds have the ability to take larger positions in a smaller number of issuers than a diversified fund, which makes a non-diversified fund more susceptible to financial, economic or market events impacting such issuers, and a non-diversified fund's share price may be more volatile than the share price of a diversified fund.

Management Risk: Management risk means that your investment varies with the success and failure of BNPP AM UK's investment strategies and its analysis and determination of portfolio securities.

Mutual Fund and ETF Trading Risk: Where permitted by a client's investment guidelines, BNPP AM UK's portfolio managers may invest in mutual funds that are either open-end or closed-end investment companies as well as ETFs. ETFs are investment companies that are bought and sold on a national securities exchange. Unlike mutual funds, ETFs do not necessarily trade at the net asset values of their underlying securities, which means an ETF could potentially trade above or below the value of the underlying portfolios. As such, trading in ETFs is subject to (without limitation) similar risks as those of the listed stocks. Additionally, because ETFs trade like stocks on exchanges, they are subject to trading and commission costs unlike mutual funds. Also, both mutual funds and ETFs have management fees that are part of their costs.

REIT Securities Risk: The performance of mortgage REITs depends on the performance of the portfolio investments of the REIT in real estate and/or mortgages. Mortgage REITs may be

affected by the quality of any credit extended and by special tax rules that apply to certain investments in securitised pools of mortgages.

Currency Risk: Investments in foreign securities involve exposure to fluctuations in foreign currency exchange rates. Such fluctuations may reduce the value of a client's investment in a foreign security.

Emerging Markets Risk: Emerging markets may have obsolete financial systems and volatile currencies, and may be more sensitive than more mature markets to a variety of economic factors. Emerging market securities also may be less liquid than securities of more developed countries and could be difficult to sell, particularly during a market downturn.

Foreign Investment Risk: Foreign securities may be subject to more risks than domestic investments. These additional risks may potentially include lower liquidity, greater price volatility and risks related to adverse political, regulatory, market or economic developments. Foreign companies may also be subject to significantly higher levels of taxation than domestic companies, including potentially confiscatory levels of taxation, thereby reducing the earnings potential of such foreign companies.

Leverage Risk: Many financial instruments/positions offer clients opportunity to gain an exposure to leveraged positions that may benefit from magnified gains dependent on favourable movements in variables underlying the position. Any financial instruments/positions that offer the potential of magnified gains also pose the risk of magnified losses. As described above, leverage risk is most evident in (but not limited to) derivatives and structured products.

Derivatives Risk: When permitted by the investment guidelines of and regulations applicable to its clients, BNPP AM UK may use derivatives instruments, like Options, Futures, Warrants, Interest Rate Swaps, Forward Rate Agreements or other derivative instruments. Usage of derivatives will expose portfolios to certain risks inherent to such derivatives. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. There is a possibility that a loss may be sustained by a portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, interest rates and indices. Even a small price movement in the underlying instrument could have a large impact on their value. This could increase the volatility of the portfolio's performance.

Derivative products are leveraged instruments and increase the volatility of the portfolio's performance. The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments.

In the case of hedging, it is possible that derivative positions may not be perfectly in line with the underlying assets they are hedging. As a consequence, the derivative cannot be expected to perfectly hedge the risk of the underlying assets. This also increases the volatility of the portfolio's performance.

Operational Risk: Operational risk addresses the risk of trading and back office or administration issues that may result in a loss to a portfolio. This could be the result of oversight, ineffective securities processing procedures, computer systems problems or human error. Some markets are less regulated than most of the international markets, hence, the services related to custody and liquidation for the portfolio on such markets could be more risky.

Valuation Risk: This risk relates to the fact that markets, in specific situations and due to lack of volumes of transactions, do not enable an accurate assessment of the fair value of invested assets. In such cases, valuation risk represents the possibility that, when a financial instrument matures or is sold in the market, the amount received is less than anticipated, incurring a loss to the portfolio and therefore impacting negatively the net asset value of the portfolio.

Taxation Risk: The value of an investment may be affected by the application of tax laws in various countries, including withholding tax, or changes in government or economic or monetary policy in the countries concerned. As such, no guarantee can be given that the financial objectives will actually be achieved.

Disciplinary Information

From at least 2004 through 2012, BNPP knowingly and wilfully moved over \$8.8 billion through the U.S. financial system on behalf of Sudanese, Iranian, and Cuban sanctioned entities, in violation of U.S. economic sanctions, including more than \$4.3 billion in transactions involving entities that were specifically designated by the U.S. Government as being cut off from the U.S. financial system. BNPP engaged in this criminal conduct through various sophisticated schemes designed to conceal from U.S. regulators the true nature of the illicit transactions. On 30 June 2014, the U.S. Department of Justice (the “Department of Justice”) and the Office of the U.S. Attorney for the Southern District of New York (the “SDNY”, and together with the Department of Justice, the “DOJ”) filed a notice of intent to file a one-count criminal information in the District Court for the Southern District of New York (the “District Court”), and the New York County District Attorney’s Office (“DANY”) filed a two-count criminal information in the Supreme Court of the State of New York, County of New York (the “Supreme Court”) against BNPP. The DOJ’s information, which was filed on 9 July 2014, charged BNPP with conspiracy to commit violations of the International Emergency Economic Powers Act and the Trading with the Enemy Act, and regulations issued thereunder. DANY’s information charged BNPP with the crime of falsifying business records in the first degree and conspiracy in the fifth degree. BNPP agreed to resolve the action brought by DANY through a plea agreement dated 30 June 2014 and the action brought by the DOJ through a plea agreement dated 28 June 2014 (the “Plea Agreements”). The Plea Agreements required BNPP to plead guilty to the charges set out in the respective informations and to pay over \$6.2 billion to the U.S. and New York state governments. The Plea Agreements also required BNPP to lawfully undertake certain remedial actions to address the conduct described in the Plea Agreements and the attachments thereto (the “Conduct”). On 15 April 2015, BNPP was sentenced by the Supreme Court to a three-year conditional discharge, in line with the DANY Plea Agreement, while requiring BNPP to implement compliance procedures and training, among other things. On 1 May 2015, the District Court entered a final judgment of conviction against BNPP, while requiring remedies that are materially the same as those set forth in the DOJ Plea Agreement, including a term of probation of five years and an obligation of continued cooperation.

BNPP also entered into regulatory settlements relating to the Conduct. BNPP agreed to enter into a Cease and Desist Order Issued Upon Consent with the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the French Autorité de Contrôle Prudentiel et de Résolution (the “ACPR”) to resolve certain findings by the Federal Reserve and ACPR relating to the Conduct. BNPP also agreed to enter into an Order to Cease and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent with the Federal Reserve to resolve certain findings by the Federal Reserve relating to the Conduct. BNPP and the New York State Department of Financial Services (the “DFS”) entered into a Consent Order to resolve certain findings by the DFS relating to the Conduct. Additionally, BNPP entered into a Settlement Agreement with the United States Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) to resolve certain findings by OFAC relating to the Conduct. The settlement with the Federal Reserve required BNPP to pay \$508 million to the Federal Reserve, while the settlement with the DFS required BNPP to pay \$2.2434 billion to the DFS.

In advance of the formal pleas, counsel to BNPP had discussions with the SEC as well as the U.S. Department of Labor (the “DOL”) to request relief enabling BNPP’s investment advisory and other affiliates to continue to provide uninterrupted advisory services to certain classes of clients. The SEC has granted a Temporary Order permitting BNPP’s registered investment advisory affiliates to continue to provide advisory services to U.S. registered investment companies. BNPP also submitted a request to the DOL seeking an exemption permitting certain BNPP investment advisory and other affiliates to retain their status as Qualified Professional Asset Managers.

Neither BNPP AM UK nor any other affiliate of BNPP registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 or a broker-dealer under the Securities Exchange Act of 1934 was named in any of these settlements or involved in the Conduct underlying these settlements. BNPP AM UK is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work.

BNPP AM UK and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client’s evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

BNPP AM UK is a subsidiary of BNPP, a publicly owned bank organised in France engaged in global financial activities. Since BNPP AM UK is a subsidiary of a global financial organisation, it has arrangements with companies that are under common control of BNPP. The description below provides an overview of relationships with other businesses affiliated with BNPP AM UK that are considered material to its advisory business.

BNP PARIBAS ASSET MANAGEMENT: As part of a global strategy, BNPP’s asset management division has been branded as BNP PARIBAS ASSET MANAGEMENT or BNPP AM. BNPP AM includes various asset managers which comprise BNPP’s asset management business line. A list of the individual BNPP AM asset managers is available upon request. BNPP AM is not itself an investment adviser registered with the SEC; rather, clients will directly contract with individual asset management firms that may be regulated in the U.S. or in jurisdictions external to the U.S.

BNPP AM UK has arrangements that are material to its advisory business with the following investment advisers that are registered with the SEC:

- i) BNP PARIBAS ASSET MANAGEMENT USA, Inc.
- ii) BNP PARIBAS ASSET MANAGEMENT Singapore Limited

Please note that BNP PARIBAS ASSET MANAGEMENT USA, Inc. is registered as a commodity pool operator and a commodity trading advisor with the U.S. Commodity Futures Trading Commission and is a member of the National Futures Association.

BNPP AM UK may from time to time enter into business relationships with other BNPP AMH companies as a sub-manager for client portfolios or funds for which another BNPP AMH company acts as manager. From time to time prospective clients may be directly introduced to BNPP AM UK by other BNPP AMH companies. In such instances, BNPP AM UK and the relevant BNPP AMH company will negotiate fee sharing arrangements on a case by case basis.

BNPP AMH shares office space with certain other BNPP AMH companies in compliance with applicable regulation and with the appropriate supervision by legal and compliance personnel. BNPP AM UK has adopted strict policies and procedures to ensure protection of confidential information relating to its clients. The informational barriers procedures apply to all employees of each affiliated investment adviser. All employees must take all reasonable steps to protect confidential information and to restrict its flow to any other investment adviser or any employee of any other adviser. All employees are required to read and certify compliance with these procedures.

Investment Companies: BNPP AM offers a family of funds to European investors that are registered in Belgium, France, Luxembourg and the Netherlands. In certain cases, BNPP AM UK has entered into sub-advisory or delegation agreements with its BNP AM European affiliates to manage certain assets of the funds. Clients are not assessed additional fees for this service. BNPP AM UK also sub-advises a U.S. mutual fund on SEI's Advisor's Inner Circle Fund III platform trust, on behalf of its affiliate, BNPP AM USA.

SME Alternative Financing: The SME Alternative Financing platform provides financing to SMEs in selected BNPP non-domestic and domestic European countries through non-conventional origination channels (for example alternative lending platforms). The SME Alternative Financing team is part of BNPP AM's Private Debt and Real Assets Group and sits within BNPP AM UK. BNPP AM UK has entered into an investment advisory agreement to provide investment advisory and platform services in connection with the establishment and operation of the platform such as loan arrangement services, origination services, and generate the sale of loans or other assets acquired or originated by a special purpose vehicle (SPV). Neither BNPP nor its affiliates have any ownership interests in the SPV.

Outsourcing: BNPP AM UK provides a number of its support and operational functions to other entities within BNPP AMH under Service Level Agreements. A summary of these outsourcing arrangements is provided below:

- i) Services in respect of Finance, Tax, Compliance, Legal/Company Secretarial, Human Resources, Facilities, Business Continuity, IT, Risk and

Operational Risk, are provided by BNPP AM UK to other entities within BNPP AMH . All services are covered by Service Level Agreements.

BNPP AM UK outsources certain of its support and operational functions to its affiliate, BNP Paribas Securities Services, in respect of trade support, trade processing, collateral administration, client reporting and performance management. All services are covered by a Service Level Agreement.

In addition to the services described above, portfolio management of certain mandates is outsourced to BNP PARIBAS ASSET MANAGEMENT USA, Inc. and to BNP PARIBAS ASSET MANAGEMENT Singapore Limited.

BNP Paribas: BNPP, its affiliates and their directors, partners, trustees, members, officers and employees are engaged in businesses and have interests which may conflict with the business activities of BNPP AM UK. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities, instruments and companies.

As previously noted above, BNPP is a full service financial services institution and a major participant in global financial markets. As such, it acts as an investor, investment banker, research provider, investment manager, financier, adviser, market maker, trader, prime broker, lender, agent and principal, and has other direct and indirect interests, in the global fixed income, currency, commodity, and other markets in which BNPP AM UK directly and indirectly invests on behalf of client portfolios. BNPP AM UK will make decisions for client portfolios in accordance with its fiduciary responsibilities; however, the potential business relationships, fees, compensation and other benefits to BNPP may, in certain cases, give rise to certain potential conflicts of interest. BNPP AM UK will use its best efforts to minimise the potential for conflicts of interest arising due to its relationship with BNPP and has policies and procedures in place to ensure that its clients' interests are prioritised.

As a global financial institution, BNPP's business includes brokerage and capital market activities both domestically and in foreign jurisdictions. As such it carries out routine broker dealer and investment banking functions in compliance with local laws and regulations. Notwithstanding, BNPP AM UK does not act as broker or principal in the purchase of securities for transactions with its clients.

BNPP AM UK and its affiliates, under common control by BNPP, may invest their capital for their own account in co-mingled investment vehicles for which BNPP AM UK provides investment management services. In such cases, BNPP AM UK and its affiliates maintain policies to prevent conflicts of interest harmful to its clients.

Certain persons providing services to BNPP AM UK may be employed by or also providing services to BNPP AM UK's affiliates under common control by BNPP. Any such provision of services would be undertaken in compliance with applicable regulation and the appropriate supervision of compliance personnel.

Other Conflicts of Interest: As discussed in the section entitled "*Performance Based Fees and Side-by-Side Management*" above, BNPP AM UK may recommend that certain clients invest in co-mingled vehicles for which it acts as investment adviser or sub-adviser or for which another BNPP AMH company acts as investment adviser or sub-adviser. Recommendations to these clients to use these affiliated commingled vehicles are made solely to enhance overall

investment returns, to improve investment offerings, and to allow clients to participate in certain investment opportunities that would otherwise not be available or economic on a separate account basis. BNPP AM UK places assets of its clients in such vehicles only if the client authorises such use. Fees charged by BNPP AM UK are specified in a client's investment management agreement.

BNPP AM UK and its respective officers and employees act and continue to act as investment advisers and managers for multiple clients, and may choose to act as investors on their own behalf, notwithstanding that BNPP AM UK has directly or indirectly material interests or relationships which may involve conflicts or potential conflicts with BNPP AM UK's duty to its clients.

BNPP AM UK's officers, directors, and employees may be asked to serve as directors, advisers, or in other forms of participation in other companies or organisations, some of which may be affiliates of BNPP AM UK under common control by BNPP. Since such commitments can involve substantial responsibilities and potential conflicts of interest or the appearance of such conflicts, prior approval of both senior management and compliance must be obtained in respect of external appointments. For appointments to affiliates of BNPP AM UK, senior management approval must be sought before accepting such a position and compliance personnel must be advised of all such appointments.

BNPP AM UK is required to treat its clients fairly and to take all reasonable steps to ensure that clients do not suffer any detriment in relation to such conflicts of interest or material interests as described above. To meet this requirement, BNPP AM UK ensures that it has taken all reasonable steps to identify conflicts of interest or material interests and has in place adequate policies and procedures to protect its client interests and manage such conflicts or materials interests, including drawing to its clients' attention to the possibility of such conflicts. Such policies and procedures include, but are not limited to BNPP AM UK's Code of Ethics, personal trading policies, trade aggregation and allocation policies, policies governing outside business activities and gifts and entertainment, as well as a Conflicts of Interest Policy which includes an informational barriers policy.

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

BNPP AM UK has adopted a Code of Ethics which mandates high standards of business conduct and professionalism and establishes rules of conduct for its employees. BNPP AM UK's Code of Ethics is intended, among other things, to ensure that personal investing activities by BNPP AM UK's employees are consistent with BNPP AM UK's fiduciary duty to its clients. The Code of Ethics requires employees to obtain pre-approval for certain transactions, including but not limited to, fixed-income securities, equity transactions, derivatives transactions, exchange traded futures and options contracts, acquisitions in initial public offerings and acquisitions of shares in funds advised or sub-advised by BNPP AM UK or by another BNPP AMH company. Additionally, BNPP AM UK's employees must adhere to other personal investment policies which are specifically described in the Code of Ethics. BNPP AM UK's employees may own securities which may be or could be held for clients. BNPP AM UK's policy is that all employee transactions in any securities which are also eligible for client accounts must be specifically approved in advance. The Code prohibits BNPP AM UK's employees from trading on material non-public information. All BNPP AM UK's employees are required to provide Initial and Annual Personal Holdings Reports. BNPP

AM UK will provide a copy of its Code of Ethics to any client or prospective client upon request.

For non-exempt personal transactions, employees require Compliance pre-approval. Personal trade requests of members of an investment team (portfolio managers, portfolio analysts, portfolio constructors, traders etc.) may also require their supervisor's (or delegee) pre-approval.

Potential conflicts between employees' trading and trading in securities held, or being considered for purchase by the Fund and/or other accounts managed by the Firm, are considered in the review process completed upon receipt of an employee's Trade Approval Request.

Investment Personnel must also acknowledge within their Pre-trade Approval Request that they are unaware that the security is currently being traded by BNPP AM UK. Further, an additional layer of review is added, which, based on the potential conflict identified, requires that the employee's supervisor and/or Compliance complete a secondary review before the employee's request may be approved. Such secondary reviews of investment personnel trade requests allow for the employee's supervisor to consider whether the employee, based on his/her role may have additional knowledge (i.e. whether the employee may have knowledge of an investment decision yet to be implemented). Such potential conflicts are also considered in the approval process. Trade approvals are valid through the close of trading on the market day following the approval.

As described above, upon prior approval, from time to time BNPP AM UK's employees may buy and sell securities for themselves that are also recommended to clients. In such instances, transactions may not be in amounts that will have a material effect upon the price or trading volume of a particular security and are always subject to the prohibition from trading on non-public information. Employees may not buy or sell securities for their own personal accounts where their decision is substantially derived, in whole or in part, by reason of their association with BNPP AM UK unless the information is also available to the investing public on reasonable inquiry.

Employees are required to disclose individual security transactions on a quarterly basis to BNPP AM UK.

BNPP AM UK may be subject to potential conflicts of interest when making investment decisions for clients and such conflicts can affect its objectivity. There is a financial interest to recommend products or services offered by other companies that are under common control. By conducting business with companies affiliated with us, we are able to increase the overall profitability for the parent company. For information on affiliates of BNPP AM UK under common control by BNPP and a description of the conflicts of interest see section entitled "Other Financial Industry Activities and Affiliations."

Brokerage Practices

Counterparty Selection: BNPP AM UK applies a formalised process for selecting execution intermediaries based on their ability to trade, from front to back, the various types of instruments. To avoid any misunderstanding, the term "broker" applies to intermediaries executing delivery versus payment transactions whereas the term "counterparty" is only used

for intermediaries executing OTC derivatives transactions. The reference to “intermediaries” is then being construed as encompassing both brokers and counterparties.

For BNPP AM UK, the bodies authorised to approve, decline or remove counterparties/brokers on the authorised Global Counterparty List (GCL) are the Global Counterparty Committee (GCC) and/or the Global Sell Side Committee (GSSC) as appropriate. GSSC covers both DVP and OTC business and fits to the GCC’s decisions from a pure Credit Risk perspective.

The objective for GCC/GSSC is to examine all elements of the risk/reward matrix to determine the appropriateness of each counterparty or broker for inclusion on the approved list. Particular focus is given to the creditworthiness, operational efficiency, best execution capabilities and relationship value of the counterparty.

The business may propose new counterparties/brokers. Such proposals need to be supported by both the Chief Investment Officer of the relevant business line as well as the appropriate Head of Dealing. For each new proposal, a fully completed application form is required, detailing the business case, legal entity, contact details etc. For Counterparty relationships implying any credit risk, Credit Risk must also perform a risk analysis commensurate with the anticipated risk profile. GCC has minimum counterparty rating standards which can only be changed upwards for counterparties. In the event of a split rating the lowest rating will be used. OTC transactions must be documented under an ISDA plus a Credit Support Annex (CSA) where possible. DVP brokers are not subject to the same level of scrutiny in consideration of the short term and relatively benign nature of the product being traded. However, GCC & RBC are required to consider the integrity of the operating and settlement environment of the DVP activity as well as the creditworthiness of the counterparty/broker.

Temporary dealing may be approved on a one-off basis subject to Straight Through Processing (“STP”) compatibility where liquidity or best execution demands require it.

Where a counterparty or broker is specified by a client as a preferred entity then even if this name is not on the GCL, it can be approved for use in respect of this client only. This approval is subject to the very strict understanding that this requirement must be documented in writing by the client with a clear statement to the effect that the client understands that it takes full responsibility for this selection.

Cross Trades: All transactions executed in over-the-counter markets are executed on a net price basis. As a matter of policy BNPP AM UK will only enter into cross transactions on an exceptional basis where such transactions are in the best interests of its clients taking full account of any conflicts of interest and ensuring these are properly addressed. Cross transactions must be formally approved by Compliance prior to execution.

Best Execution: All trades are executed with counterparties which are approved by BNPP AM UK in accordance with the process described above, selected in a manner consistent with seeking best execution. No concessions on prices are made to any dealer by reason of services performed or offered to be performed, or goods supplied or offered to be supplied. In addition to the gross dealing price, BNPP AM UK takes into account the level of charges, mark up or mark down made by the counterparty and the creditworthiness of the counterparty.

Affiliated Transactions: BNPP AM UK may recommend purchases of securities in primary offerings where a Related Person is a member of the underwriting syndicate. BNPP AM UK may effect transactions with BNPP or its affiliates as a dealer unless such transactions with Related Parties are not permitted by the client. In respect of any U.S. Clients, BNPP AM UK would obtain specific permission from the client for such transactions with Related Parties. Any such transactions are conducted on an arms-length basis and are strictly subject to the principle that BNPP AM UK must always act in its clients' best interests and transaction must be in accordance with the BNPP AM UK's Best Execution Policy.

Funding of Research: BNPP AM UK applies a specific process for selecting providers of research services and investment support. The criteria that is applied for the selection of research providers which are distinct from those applied for selecting execution intermediaries, does not however preclude BNPP AM UK to select certain intermediaries both for execution and research services. A key principle of BNPP AM UK's policy on the independence of research is that the cost of external research is distinguished and independent from the cost of executing a trade. These costs can be either:

- Collected from the portfolio by the execution intermediary at the moment of settlement of a transaction pursuant to a commission sharing agreement (CSA), it being understood that the research commission will be distinct from the execution commission. The amounts so collected will be used by BNPP AM UK to pay research material relevant to the considered portfolio to the various research providers according to the pre-defined budget of research. Funding of research by CSAs is only used BNPPAM equity strategy funds that are not domiciled in the UK.
- Paid directly by BNPP AM UK out of its own resources.

Trade Aggregation and Trade Allocation: As an adviser and fiduciary to our clients, BNPP AM UK places its clients' interests first and foremost. Consistent with this fiduciary duty, BNPP AM UK's trading procedures seek to ensure that all clients are treated fairly and equitably and that no client account is advantaged or disadvantaged over another. In furtherance of this policy, when the same securities are purchased or sold for one or more of BNPP AM UK's client accounts, BNPP AM UK's general policy is to, when possible, purchase or sell the securities as a block transaction, and to allocate such securities or proceeds for the participating accounts at the price paid per unit allocated.

In allocating the securities, the principles employed are 1) allocation of each investment decision to each individual account shall be broadly determined with respect to the investment guidelines and investment policy applying to each individual account; (2) dealing for different clients in the same security and at the same time shall be aggregated and traded as a block to the extent possible; and 3) each aggregate allocation shall be allocated at the unit price paid to all participating accounts. Aggregated transactions are allocated fairly and equitably among eligible clients.

Review of Accounts

BNPP AM UK assigns a portfolio manager with supervisory responsibility for each client portfolio. The selection and trading of positions are generated by the specialist portfolio managers and executed by a separate dealing desk. The portfolio manager monitors account objectives and guidelines, as well as communicating with each client on a continuous basis.

The Investment Compliance teams provide an independent check of clients' compliance with their respective investment guidelines.

Client portfolio and transaction records are maintained using computerised accounting systems. Information on all trades is provided to clients upon request. BNPP AM UK provides clients with a review of account holdings and/or performance results on a quarterly basis, although other schedules may be arranged.

Standard reports typically cover the following:

- i) investment returns for the portfolio and its performance benchmark for up to ten years or since inception, whichever is shorter;
- ii) a summary of market developments, portfolio activity and current investment strategy;
- iii) a listing of portfolio assets; and
- iv) a compilation of all transactions.

Client Referrals and Other Compensation

From time to time, BNPP AM UK may enter into arrangements with individuals and organisations pursuant to which each has agreed to introduce BNPP AM UK to certain US and non-US clients who may be interested in BNPP AM UK's investment management services. These individuals and organisations would be contracted or employed as consultants and advisers to BNPP AM UK in connection with the marketing of BNPP AM UK's investment management services. Compensation may vary for each consultant. In such cases, pursuant to Rule 206 (4)-3 of the SEC Rules under the Investment Advisors Act of 1940 (the "1940 Act"), where cash payments are made for solicitation, BNPP AM UK would implement a written agreement binding the solicitor to comply with the 1940 Act and Rules and requiring delivery to the client of (a) Part 2 of BNPP AM UK's Form ADV and (b) a written fee sharing disclosure statement meeting the requirements of the Rule. All such arrangements would also be subject to and must adhere to UK regulatory requirements under the rules of the Financial Conduct Authority.

Custody

Custody is defined as any legal or actual ability by BNPP AM UK to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, BNPP AM UK does not take physical possession nor does it have the authority to take possession of client assets. However, under the current SEC rules, BNPP AM UK is deemed to have custody of certain client assets solely by virtue of the fact that the qualified custodian is a member of the larger BNPP group. Therefore, we urge all of our clients to carefully review and compare their quarterly reviews of account holdings and/or performance results received from us to those they receive from their custodian.

BNPP AM UK has implemented policies and procedures to govern those instances where the custodian of a client is a related person of BNPP AM UK (i.e. a person directly or indirectly controlling or controlled by BNPP AM UK or a person under common control with BNPP AM UK). In accordance with those policies and procedures, BNPP AM UK maintains a copy of the internal control report (SSAE16 or equivalent document) of the related person and prepares an internal memorandum to evidence that the related person is operationally independent of BNPP AM UK. The related person is operationally independent of BNPP AM UK if the

following four criteria are satisfied and no other circumstances can reasonably be expected to compromise the operational independence of the related person:

- i) client assets in the custody of the related person may not be subject to the claims of BNPP AM UK's creditors;
- ii) BNPP AM UK's personnel may not have custody, possession, or access to client assets, or the power to dispose of client assets to third parties for the benefit of BNPP AM UK or the related person, or otherwise have the opportunity to misappropriate client assets;
- iii) BNPP AM UK's personnel and personnel of the related person who have access to advisory client assets are not under common supervision; and
- iv) BNPP AM UK's personnel may not hold any position with the related person or share premises with the related person.

Investment Discretion

BNPP AM UK typically manages client accounts on a discretionary basis, subject to the restrictions that have been provided by clients. These investment guidelines are established with each of BNPP AM UK's clients, stipulating various limits governing the management of each portfolio, including eligible securities and maximum commitments. Within the guidelines, BNPP AM UK may execute trades without further authority. Trades are executed with those dealers or other financial institutions which, in BNPP AM UK's judgment, offer the most favourable terms for its clients. Fixed-income securities are traded predominantly with dealers at net prices without commissions. When BNPP AM UK utilises brokerage services, such as for exchange-traded futures contracts, the reasonableness of the commission paid to brokers is evaluated on basis of the amount of commissions in relation to the execution services rendered. Clients of BNPP AM UK may specify a subset of dealers or financial intermediaries in its guidelines which may be utilised for its portfolio, or similarly provide a minimum credit rating to which BNPP AM UK must adhere in selecting a dealer or financial intermediary.

Voting Client Securities

As required under the UK Financial Conduct Authority (FCA) rules, BNPP AM UK has issued a Statement of Compliance with the UK Stewardship Code which is available on the UK website: <http://www.bnpparibas-am.co.uk/en-uk/institutional-institutional/corporate-social-responsibility/our-economic-responsibility/our-responsible-investment-and-esg-policy/>

BNPP AM UK will exercise discretionary voting authority over proxies issued on securities held in client accounts unless voting authority has been reserved explicitly by the client or assigned to another party by the governing account documents. BNPP AM UK's Proxy Voting Guidelines govern its proxy voting activities. This includes the operation of a global Proxy Voting Committee that oversees its global proxy voting activities and the activities of the central proxy voting team who monitors proxies for BNPP Paribas Asset Management globally. This Committee has hired Institutional Shareholder Services ("ISS") as its proxy voting provider. This Committee has provided ISS with its Governance and Voting Principles. While the proxy voting provider is used to assist the central proxy voting team, this team will take each voting decision for every general meeting internally with no outsourcing to serve its clients' best interests. Voting decisions are based on the following considerations:

- For: The proposed resolution reflects good practice and is in the stakeholders' long-term interest

- Abstain: The proposal raises issues of concern for shareholders or lacks sufficient information
- Against: The proposal is not acceptable and is not in the shareholders' long-term

BNPP AM UK's policy is to follow the recommendations of its global proxy voting policy. However, the Firm's portfolio managers or analysts may request an override of a Proxy Voting Committee or ISS recommendation if they believe that the recommendation is not in the best interests of the client. In such cases, a process is followed to review and approve a vote other than that recommended by the global proxy voting policy or the ISS voting policy. Based on this process the proxy voting team will execute the votes on the ISS voting platform.

Additionally, there may be instances where BNPP AM UK or its personnel are subject to conflicts of interest in the voting of proxies. Conflicts of interest may exist, for example, due to personal or family relationships of personnel or when BNPP AM UK or an affiliate has a business relationship with, or is soliciting business from, the issuing company (or an employee group of a company) or a third party that is a proponent of a particular outcome on a proxy issue. In cases where it believes there may be an actual or perceived conflict of interest, additional review and steps may be taken including obtaining the prior approval of Compliance or Legal, obtaining the Proxy Voting Committee review or approval, deferring to the voting recommendation of a third party, voting pursuant to client direction (following disclosure of the conflict), abstaining from voting, voting reflectively (in the same proportion and manner as other shareholders) or taking such other action as necessary to protect the interests of clients.

In many non-U.S. markets, shareholders may be prevented from selling shares within a certain period of time prior to the meeting date (commonly referred to as share blocking). In such cases the BNPP AM UK compares the benefits to its clients expected to be derived from the voting of blocked shares versus the ability to sell the blocked shares and as a result may choose not to vote the shares. BNPP AM UK may also choose not to vote non-US proxies when the actual costs of voting the shares outweigh the perceived client benefit, such as cases where traveling to the country to vote the shares in person is required. Additionally, where clients have implemented securities lending programs, BNPP AM UK will be unable to vote proxies for securities on loan unless it issues instructions to the client custodian to retrieve the securities prior to record date. BNPP AM UK may choose to refrain from calling back such securities when the voting of the proxy is not deemed to be material or the benefits of voting do not outweigh the cost of terminating the particular lending arrangement.

Although BNPP AM UK generally votes consistently on the same issue when securities are held in multiple client accounts, certain circumstances may cause BNPP AM UK to vote differently for different client accounts.

Typically, clients do not direct BNPP AM UK to vote for a particular solicitation as they authorize the Company to vote on their behalf within their investment management agreement. Clients may, however, contact the Company if they request a specific voting decision be made.

Clients may obtain information on how the Company has voted its proxies and/or a copy of the Company's complete proxy voting policies and procedures by contacting the Company's Compliance Department.

Upon request, clients may obtain information on how BNPP AM UK has voted its proxies and/or a copy of BNPP AM UK's complete proxy voting policies and procedures.

Financial Information

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