

AVIVA INVESTORS AMERICAS LLC (“AIA”)

This Brochure provides information about the qualifications and business practices of Aviva Investors Americas LLC (“AIA”).

AIA is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940. The information presented in this Brochure was prepared by AIA, which is solely responsible for the content. Registration as an Investment Adviser does not imply any level of skill or training. Additional information about AIA is available on the SEC’s website at www.adviserinfo.sec.gov.

AIA also is registered as a Commodity Trading Adviser (“CTA”) and Commodity Pool Operator (“CPO”) under the Commodity Exchange Act, as amended, with the Commodity Futures Trading Commission (“CFTC”), and is a member of the National Futures Association (“NFA”).

Pursuant to an exemption from the CFTC in connection with accounts of Qualified Eligible Persons (“QEP”), this Brochure is not required to be, and has not been, filed with the CFTC. The CFTC does not pass upon the merits of participating in a trading program or upon the adequacy or accuracy of CTA/CPO disclosure. Consequently, the CFTC has not reviewed or approved any AIA trading program or account documentation or this Brochure.

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If you have any questions about the contents of this Brochure, please contact us at 312-873-5800.

Item 2 Summary of Material Changes

This brochure was last updated on March 30, 2018. The changes reflected in this brochure that occurred since our last update include the following: (1) update of AIA's assets under management as of December 31, 2018; (2) incorporated references to private funds and CITs; and (3) certain references to Global Investment Real Estate (GIRE) strategies were removed as AIA is no longer affiliated with these product offerings.

This is only a summary of material changes. It does not identify every change to the brochure since the last annual update.

The information in this brochure has not been approved or verified by the SEC or any state or foreign securities authority. Registration does not imply that we have attained a certain level of skill or training. We encourage you to visit the SEC's Investment Adviser Public Disclosure ("IAPD") for more information about AIA. The IAPD web address is www.adviserinfo.sec.gov.

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Item 4 Advisory Business

Firm

Aviva Investors Americas LLC ("AIA") is the United States ("U.S.") member of a group of internationally affiliated investment advisers collectively referred to as "Aviva Investors". AIA is a private wholly owned, direct subsidiary of Aviva Investors North America Holdings Inc., which is a wholly owned, indirect subsidiary of Aviva plc, a publicly traded financial services company headquartered in the United Kingdom ("U.K."). AIA provides investment advisory services to institutional clients, serves as an advisor or sub-advisor to certain registered funds, and also acts as adviser to certain general and separate accounts of Aviva plc affiliates. Unless the context otherwise requires, references to "we," "us," "our," "AI", "the Firm" and "our company" refer to AIA and/or Aviva Investors, as the context may require.

AIA was organized as a limited liability company in Delaware on April 2, 2012.

Services

AIA manages fixed income, equity, and derivative strategies, among others. AIA is an investment adviser offering U.S. and global products to both U.S. and non-U.S. investors. AIA provides investment advisory services that include portfolio management, research, security selection, trade execution and settlement, accounting services, and other portfolio related monitoring and reporting. AIA provides investment management services guided by client guidelines that generally include parameters on credit quality, duration of assets, industries, specific issuers and other limitations.

In performing advisory services, AIA may utilize the talents of investment professionals of non-U.S. affiliated investment advisory firms, including Aviva Investors Global Services Limited ("AIGSL") and Aviva Investors PTE Limited ("AIAPL"), to manage a particular investment strategy or product. In keeping with applicable regulatory guidance, each such affiliate has entered into a Memorandum of Understanding ("MOU") with AIA through which the affiliate is considered a "Participating Affiliate" of AIA as that term is used in relief granted by the staff of the Securities and Exchange Commission. This allows AIA, as a U.S. registered investment adviser, to use the resources and professional expertise of its non-U.S. affiliates, i.e., Participating Affiliates, to render portfolio management, research or trading services to clients of AIA.

The arrangement with its Participating Affiliates allows AIA to offer investment management styles and strategies that it otherwise may not manage under the framework of U.S. regulations. In partnering with overseas affiliates, AIA offers management and related services to U.S. clients provided by investment management personnel associated with Participating Affiliates, who are viewed as best positioned to provide the expertise required to manage a particular strategy or product. Investment professionals of a Participating Affiliate may render substantially similar portfolio management research or trading services to

their own advisory clients and the performance achieved may be better or worse than that achieved on behalf of AIA clients. AIA and each of its investment advisory affiliates, including Participating Affiliates, are subsidiaries of Aviva plc.

AIA provides investment management services to institutions, U.S. registered funds, and non-U.S. registered and unregistered funds. Currently, AIA does not sponsor or participate in any “wrap-fee” programs or manage any model portfolios.

Any reference to funds within this ADV is for informational purposes only and is intended to address legally required disclosures about our business practices and conflicts associated with managing funds. Only qualified investors are permitted to invest in AIA’s privately offered funds. These investors should read the private fund’s offering documents carefully prior to investing. No reference within this ADV should be viewed as an offer to sell or an offer to buy an interest in a fund.

AIA managed assets totaling approximately \$7.7 billion on a discretionary basis as of December 31, 2018.

Item 5 Fees and Compensation

AIA receives fees based on a percentage of assets under management, fixed fees, and/or performance-based fees¹. Fees are established and stated in a client’s investment management agreement with AIA and are subject to negotiation with a client. Unless the client requests otherwise, AIA bills its fees for separate account mandates on a quarterly basis, in arrears, based on average assets over the quarter. Accounts initiated or terminated during a calendar quarter are charged a prorated fee. Payment of fees on other bases and intervals may be negotiated. In the instance of Aviva Investors funds or sub-advised funds, the funds’ offering documents disclose applicable fees.

AIA’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by a client. Clients may incur certain charges imposed by custodians, brokers, and other providers including custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. If a fund is held in a client’s account, the client will separately incur internal management fees related to the fund, which are disclosed in the fund’s prospectus or other offering documents. Such charges, fees and

¹ Performance-based fees are received by AIA for investment management services performed for some of its affiliates related to investment strategies and/or products not available to U.S. investors.

commissions are exclusive of and in addition to AIA's management fee. See Item 12 for a discussion of AIA's brokerage practices.

Separate Accounts

AIA charges separate account clients a fee based on a percentage of client assets under management. AIA may also charge certain qualified clients a performance-based fee, as described in Item 6. Fees are subject to negotiation and may be different than those described below. Clients with significant relationships with multiple accounts may receive a lower fee on their accounts. Fees for existing clients may be calculated in accordance with different fee schedules in effect at the time of the most recent amendment to a client's advisory contract. There are potential conflicts of interest that exist if different clients pay different fees including a potential incentive to favor higher fee-paying accounts. The timing or execution of trades by other accounts could also be used to benefit higher-fee accounts and allow them to gain access to opportunities before others. Higher paying accounts could also be advantaged by prioritization over other lower fee-paying accounts when a prompt purchase or sale is desirable, i.e. they may receive preferential treatment by purchasing or selling securities at a more opportune time. Investment managers could also focus their time and effort on higher paying accounts to the disadvantage of others. To avoid such conflicts, AIA's policies and procedures require fair dealing and establish equitable trading practices that apply to all accounts as discussed in more detail in Items 11 and 12.

As noted previously, AIA's investment management fees are negotiable; however, the Firm's standard separate account annual fee schedule is as follows:

Strategy	Annual Fee (%)
Global High Yield	
First \$50 Million	0.50%
\$50 - \$100 Million	0.45%
Over \$100 Million	0.40%
Minimum Fee	\$125,000
U.S. High Yield	
First \$50 Million	0.50%
\$50 - \$100 Million	0.45%
Over \$100 Million	0.40%
Minimum Fee	\$125,000
Short Duration Global High Yield	
First \$50 Million	0.45%
\$50 - \$100 Million	0.40%
Over \$100 Million	0.35%
Minimum Fee	\$112,500

U.S. Credit	
First \$50 Million	0.32%
\$50 - \$100 Million	0.27%
Over \$100 Million	0.22%
Minimum Fee	\$75,000
U.S. Long Government Credit	
First \$50 Million	0.32%
\$50 - \$100 Million	0.27%
Over \$100 Million	0.22%
Minimum Fee	\$75,000
U.S. Intermediate Credit	
First \$50 Million	0.27%
\$50 - \$100 Million	0.22%
Over \$100 Million	0.17%
Minimum Fee	\$75,000
U.S. Long Credit	
First \$50 Million	0.32%
\$50 - \$100 Million	0.27%
Over \$100 Million	0.22%
Minimum Fee	\$75,000
Emerging Market Debt – Hard Currency	
Minimum \$50 Million	0.60%
\$50 - \$100 Million	0.50%
Over \$100 Million	0.40%
Emerging Market Debt – Local Currency	
Minimum \$50 Million	0.60%
\$50 - \$100 Million	0.50%
Over \$100 Million	0.40%
Emerging Market Equity – Small Cap	
First \$50 Million	0.85%
\$50 - \$100 Million	0.60%
Over \$100 Million	0.55%
Minimum Fee	\$200,000
Multi-Strategy Target Return	
All amounts	1.00%

Unless otherwise noted, the minimum account size for U.S. Credit strategies is \$75 million, \$50 million for High Yield strategies with all other strategies at \$25 million. These minimum account sizes and fees are

negotiable under limited circumstances. We reserve the right to negotiate fees or waive fees in certain circumstances. Some clients pay more or less than others depending on certain factors, including but not limited to the type and size of the account, the range of additional services provided to the client and the total amount of assets managed for a single client or group of related clients. While we believe our standard fees are reasonable, services similar to those provided by us may be available for lower fees from other sources.

Mutual Funds

AIA is the named sub-adviser on two U.S. registered investment companies, the Virtus Multi-Strategy Target Return Fund and the UBS PACE Alternative Strategies Investments Fund (a multi-manager fund of which AIA is one of the managers). AIA receives an asset-based management fee on a monthly basis, based on the average daily assets in the funds. Fees payable to AIA for investment management services of mutual funds are individually negotiated with each fund's Board of Directors or in the case of sub-adviser mandates, negotiated with the fund's adviser subject to the approval of the fund's Board. Shareholders should read the prospectus and statement of additional information of the respective fund for further information regarding fund fees as well as the risks associated with investing in the fund.

Private Funds and Collective Investment Trusts

We are the manager and investment adviser of the Aviva Investors Fund LLC which is organized as Delaware limited liability company and exempted from the definition of "Investment Company" under Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "40 Act").

AIA serves as the investment adviser to the Aviva Investors Funds Segregated Portfolio Company ("SPC") Ltd. The Aviva Investors Funds SPC Ltd. consists of five (5) segregated portfolios including the Global High Yield Bond Segregated Portfolio, Global Convertibles Absolute Return Segregated Portfolio, Emerging Markets Bond Fund Segregated Portfolio, Emerging Markets Equity Small Cap Segregated Portfolio, and Multi-Strategy Target Return Segregated Portfolio.² Fees related to the SPC Ltd are further described in each fund's PPM supplement or offering document.

Any reference to private funds within this brochure is for informational purposes only and not a solicitation and is merely intended to address required disclosures about our business practices and the conflicts associated with managing the private funds. Only qualified investors are able to invest in these funds and they should read a fund's confidential private placement memorandum before investing. No reference within this brochure should be viewed as an offer to sell or an offer to buy an interest in the private funds.

² It should be noted that as of December 31, 2016, only the Multi-Strategy Target Return Segregated Portfolio was operational. None of the other four segregated portfolios have ever been operational.

We are also the adviser to a collective investment trust exempted from the definition of “Investment Company” under Section 3(c)(11) of the 40 Act, called the Aviva Investors Collective Investment Trust (“CIT”) as well as other collective investment trusts. The purpose of the CIT is to provide for the collective investment and reinvestment of assets of certain tax-exempt employee benefit plans. In accordance with the CIT’s Declaration of Trust, the trustee may establish separate and distinct collective investment funds and classes of interests in such funds in the CIT. Global Trust Company (“GTC”), as trustee, and transfer agent of the CIT, has appointed AIA as Investment Manager/adviser of the CIT. JP Morgan Chase Bank, N.A. is the CIT’s custodian. No reference within this brochure should be viewed as an offer to sell or an offer to buy an interest in the CIT.

Valuation Policy

AIA primarily uses market pricing data provided by independent pricing sources for publicly traded securities/instruments. AIA engages alternative pricing sources, including the use of valuation models and niche pricing services for investments where pricing is not readily available. AIA has established a Valuation Committee to oversee its pricing activities. In connection with its activities, the Valuation Committee may determine a “fair value” for certain instruments or securities which are not able to be priced by independent pricing services, based on AIA’s knowledge of the instrument or security, current market conditions and other considerations deemed appropriate. AIA relies on alternate methods to determine “fair value” involving a variety of factors and approaches in dealing with unique characteristics of an instrument when market prices, or those of established service providers, are not available. No single factor or approach will be implemented by AIA in every case to determine fair value.

In instances where market quotations are not readily available for certain securities, valuations may require significant judgment. AIA will evaluate a number of factors in determining “fair value” including: price quotations from dealers, internal and external model outputs, recent transactions and related fundamental and economic factors. All determinations of “fair valuation” occur under the supervision and approval of the Valuation Committee in keeping with AIA’s Valuation Procedures.

AIA’s role in valuing certain instruments and securities creates potential conflicts, including an incentive to price instruments and securities at a higher price in an effort to improve performance which increases management fees. AIA’s controls over the valuation process rely on the operations of its Valuation Committee, the implementation of policies and procedures, and regular monitoring to assist in conflict mitigation.

Item 6 Performance Fees³ and Side-By-Side Management

AIA may negotiate a performance-based fee with eligible clients prior to executing an advisory agreement. AIA may charge performance-based fees to certain qualified clients (as defined by the Investment Advisers Act of 1940). Performance-based fee arrangements are intended to align the interests of AIA with those of its clients though it may result in the payment of higher overall compensation to AIA. In addition, performance-based fees create the potential incentive for AIA to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. To address this conflict, AIA's policies and procedures establish a basis for fair allocation of investment opportunities among clients over time. Investments that are appropriate for accounts with performance fees may also be appropriate for one or more other clients. AIA exercises discretion to determine which clients are most suited to participate in a particular investment opportunity, in whole or in part, including those with a performance fee.

It is our policy not to favor the interest of one client over another. We address the conflicts of interest created by "side-by-management" by having a trade allocation policy designed so that trades are allocated among client accounts in a fair and equitable manner over time.

Please refer to the discussion on Trade Allocation and Aggregation in Item 11.

Item 7 Types of Clients

AIA offers portfolio management services to a broad range of institutional clients, including corporate pension and profit-sharing plans, insurance companies (including Aviva related insurance companies), Taft-Hartley plans, charitable institutions, foundations, endowments, state and municipal entities, trust programs, sovereign funds, and U.S. and international government entities. AIA also provides investment advisory services to private and public U.S. and non-U.S. funds.

A client may remove AIA as the investment manager upon written notice of termination to AIA based on the terms of the investment management agreement in effect. Termination of an advisory agreement by a client will not affect transactions previously initiated on the client's behalf prior to the effective date of the termination. If AIA chooses to terminate its relationship with a client, AIA must generally give the client 30 days written notice, unless otherwise stated within the investment management agreement.

³ AIA does not currently have any investment strategies/products available to U.S. investors which have a performance-based fee. All performance fees currently received by AIA are for investment management services conducted for some of its affiliates.

Generally, AIA has minimum account sizes for its investment strategies but may waive the minimum account size in certain situations. See Item 5 for more information regarding AIA's account minimums.

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

Aviva Investors employs a team-based approach in the management of its investment strategies, which includes both Portfolio Management and Research Teams. For strategies managed entirely or in part by a Participating Affiliate, AIA has oversight and supervisory responsibilities for the services provided by the Participating Affiliate. Both AIA and the Participating Affiliate must comply with the requirements of the SEC as outlined in the No-Action Letters to engage in Cross-Border activities. Across the AI organization, the Portfolio Management Team is accountable for making final investment decisions. While Portfolio Management also is ultimately responsible for the asset allocation, portfolio construction and security selection decisions, the Research Team provides valuable insights and heavily influences these decisions.

All clients must assume the risk that investment returns will fluctuate, may be positive or negative, hold the potential for loss of principal and return or may result in delivery of returns that are higher or lower than those of other investment advisers, market indices or investment products. Though all of our investment strategies seek positive returns, the strategies may not achieve their stated objectives. Investing in securities involves risk of loss that clients should consider.

High Yield Fixed Income

With the support of the Research Team coverage, AIA's High Yield Team conducts bottom-up security screening, analysis and selection of non-investment grade securities. The High Yield Team concentrates on four sources of value: quality allocation, industry allocation, security selection, and multi-currency (hedged) issues and constructs portfolios based on the Team's level of analysis and level of conviction of these sources of returns. Security selection is a primary source of return and conviction dictates the choice of a specific issue rather than the size of its index weighting. AIA monitors holdings while focusing on high yield risks, the original investment thesis, exit strategy, probability of default, and magnitude of potential loss.

AIA offers the following High Yield Strategies:

The **Global High Yield** strategy primarily invests in high yield fixed income securities of issuers in developed global markets, typically investing in U.S. dollar (USD) denominated bonds and the balance in non-U.S. dollar denominated bonds that are currency hedged. Derivatives may be used for investment and hedging purposes. An emphasis is placed on corporate credit risk rather than political risk.

The **U.S. High Yield** strategy primarily invests in U.S. dollar denominated high yield fixed income securities of U.S. issuers. The portfolios may also invest in U.S. dollar denominated high yield fixed income securities of issuers in developed global markets. Derivatives may be used for investment and hedging purposes.

The **Short Duration Global High Yield** strategy primarily invests in high yield fixed income securities of issuers in developed markets with an average maturity of less than five years. Derivatives may be used for investment and hedging purposes.

High Yield fixed income securities are subject to the following principal risks:

- **Credit Risk/Default Risk.** High yield bonds have lower credit ratings and involve greater risk to principal than higher grade fixed income securities. Risks of default or downgrade are more prevalent than investment grade securities along with price declines due to actual or perceived changes in an issuer's creditworthiness. Issuers of non-investment grade bonds are more susceptible than other issuers to economic downturns and may be unable to pay interest and ultimately to repay principal at maturity.
- **Market Risk.** The risk of non-investment grade bonds is defined by the market view of the company and capital structure of an issuer. With heightened sensitivity to equity market returns, non-investment grade bonds are more volatile during economic weakness.
- **Liquidity Risk.** Non-investment grade bonds often trade on a negotiated basis with relatively high transaction costs. Liquidity declines if there are a limited number of buyers or sellers for a particular bond. Typically, investors receive a liquidity premium for the higher transaction cost and scarcity of demand for a particular issue. Conversely liquidity premium may not be sufficient especially when a bond's quality deteriorates, and holders are faced with very low bids.
- **Foreign Securities Risk.** Investing in securities of foreign issuers poses additional risks since political and economic events unique to a country or region will affect foreign securities markets and their issuers. In addition, investments in securities of foreign issuers are generally denominated in a foreign currency. As a result, changes in the value of those currencies compared to the U.S. dollar may affect, positively or negatively, the value of a portfolio's investments.
- **Derivative Risk.** Derivative prices depend on the performance of an underlying, reference asset. Relatively small price movement in the underlying price of a derivative contract may result in substantial losses under these strategies. Low margin deposits required when trading derivatives may result in leverage. In the instance of accounts that employ leverage, leverage may be significant and may magnify gains and losses.

- **Interest Rate Risk.** Changes in interest rates may adversely affect the value of an investor's portfolio. Rising interest rates cause the price of fixed income securities to fall and declining rates cause fixed income securities prices to rise.

Investment Grade

In the management of U.S. Investment Grade Fixed Income Strategies, AIA primarily employs fundamental credit analysis. AIA formulates a top-down asset/sector allocation and conducts bottom-up security selection. Once implemented, AIA typically provides ongoing oversight and conducts formal portfolio reviews monthly or more frequently if warranted by market or other conditions.

Asset / Sector Allocation: The allocation process for investment grade securities begins with a bottom-up return forecast by sector. The return forecasts are optimized using our asset allocation model to formulate a set of “efficient frontier” asset/sector allocations to be considered during the portfolio construction process. Portfolio Management determines the desired asset/sector allocation based on our economic and investment outlook and input from our asset allocation model.

Credit Universe Screening and Issuer Selection: Through quantitative and qualitative fundamental and technical analysis of risk expectations, internal ratings are determined to reflect AIA's view of a corporation's risk profile. The relative value across the issuer's capital structure is determined. AIA's fundamental approach provides a framework for assessing risk including whether a potential investment adequately compensates for risk.

Duration: AIA seeks to construct portfolios to conform to typical client objectives and evaluates the benefits and risks of each investment over a typical investment horizon. In refining asset allocation and security selection to pursue alpha, AIA typically remains duration neutral.

AIA offers the following U.S. Investment Grade Strategies:

The **U.S. Credit** strategy is an investment solution designed to invest in investment grade debt issued by corporations across the globe denominated in U.S. dollars (USD). The strategy is also able to hold up to 10% in non-corporate debt.

The **U.S. Intermediate Credit** strategy is designed to invest in short to intermediate duration (1-10 year maturity) investment grade debt issued by corporations across the globe denominated in U.S. dollars (USD). The strategy is also able to hold up to 10% in non-corporate debt.

The **U.S. Long Credit** strategy is designed to invest in long duration (10+ year maturity) investment grade debt issued by corporations across the globe denominated in U.S. dollars (USD). The strategy is also able to hold up to 10% in non-corporate debt.

The **U.S. Long Government Credit** strategy is designed to invest in government bonds and long duration (10+ year maturity) investment grade debt issued by corporations and the debt of governments across the globe that are denominated in U.S. dollars (USD). The strategy is also able to hold up to 10% in non-corporate debt.

The U.S. Investment Grade strategies are subject to the following principal risks:

- **Interest Rate Risk.** Changes in interest rates may adversely affect the value of an investor's portfolio. Generally, rising interest rates cause the price of fixed income securities to fall and declining rates cause fixed income securities prices to rise.
- **Credit Risk.** The credit rating or financial condition of an issuer may affect the value of a fixed income debt security. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest and return principal. Adverse economic conditions may weaken the capacity of an issuer to pay interest and repay principal causing a security to lose some or all of its value.
- **Prepayment Risk.** Prepayment is the risk that an issuer will redeem a callable bond prior to maturity. Prepayment may occur when market rates of interest decline, covenant issues including covenant violations, change of control and other issues. The risk to the investor is one of reduced interest flows if proceeds are reinvested at a lower/reduced rate. Mortgage backed securities may experience irregular cash flows when borrower's payoff their mortgages earlier than expected.

Emerging Market Debt

AIA offers emerging market fixed income debt strategies managed by employees of its U.K. Participating Affiliate, AIGSL. The process involves:

- **Idea generation:** This involves the analysis of individual countries, global factors, the valuations of fixed income securities and comparative yield valuations. The Management Team reviews proprietary and external research and visits countries viewed as holding investment potential.
- **Formulation of Central Themes:** The Management Team considers approximately a six to nine-month horizon, evaluates strategy across regions and selects investment themes in which it has conviction as the basis for positioning the portfolio.

- **Portfolio Construction:** Specific portfolio attributes are determined such as country weights, duration and yield curve positioning and security selection.
- **Implementation:** After evaluating factors including liquidity and maximum tolerance for loss, position sizes are formulated with regard to a relevant benchmark.

The following strategies are managed by the Emerging Market Debt team:

Emerging Market Debt – Hard Currency is a fixed income strategy which is primarily invested in emerging market sovereign debt securities, up to 20% in emerging market corporate bonds and up to 10% in emerging market credit-linked notes (unleveraged) and is hedged to USD.

Emerging Market Debt – Local Currency is a fixed income strategy that invests in local currency debt instruments with stable to improving credit quality. The strategy invests in emerging market sovereign debt securities, up to 10% in emerging market corporate bonds and up to 10% in emerging market credit-linked notes (unleveraged). There is an allowable maximum of 20% in any single emerging market currency.

The emerging markets strategies above are subject to the following principal risks:

- **Interest Rate Risk.** Changes in interest rates may adversely affect the value of an investor's portfolio. Rising interest rates cause the price of fixed income securities to fall and declining rates cause fixed income securities prices to rise.
- **Credit Risk.** The credit rating or financial condition of an issuer may affect the value of a fixed income debt security. Credit risk results from concern that an issuer will be unable or unwilling to make timely payments of either principal or interest. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest and return principal. Adverse economic conditions may weaken the capacity of an issuer to pay interest and repay principal causing a security to lose some or all of its value.
- **Foreign Securities Risk.** Investing in securities of foreign issuers and governments poses additional risks since political and economic events unique to a country or region will affect foreign securities markets and their issuers. In addition, investments in securities of foreign issuers are generally denominated in a foreign currency. As a result, changes in the value of those currencies compared to the U.S. dollar may affect, positively or negatively, the value of a portfolio's investments.
- **Debt Securities Risk.** Debt securities react to interest rate changes during periods of falling interest rates. The values of outstanding fixed income securities generally fall during periods of rising

rates. Securities with longer maturities produce higher yields but are subject to greater market fluctuations due to changes in interest rates. When rates fall, high interest rate debt obligations may be prepaid or “called” by an issuer prior to maturity.

- **Emerging Markets Risk.** Emerging markets securities are viewed as speculative. Emerging market countries may be less stable and their economies less liquid and diverse than developed markets. In addition, emerging markets securities may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment and possible restrictions on repatriation of investment income and capital.
- **Derivative Risk.** Low margin deposits required when trading derivatives may result in leverage that may be significant and magnify gains and losses. Relatively small price movement in the reference security underlying a derivative contract may result in substantial losses under these strategies. Successful use of derivatives depends on the degree to which prices of the underlying assets correlate with the price movements in the derivative. An investment may be affected negatively if there is insufficient correlation.

Emerging Markets Equity – Small Cap

AIA offers an emerging markets equity small cap strategy managed by employees of its U.K. Participating Affiliate, AIGSL.

The Emerging Markets Small Cap Equity Strategy invests in a concentrated portfolio of 40-80 stocks from an investment universe of approximately 4,000 companies, which includes companies listed in Emerging and Frontier Markets or with the majority of their operations within these regions. The strategy aims to hold two thirds of the portfolio in companies under a \$2 billion market capitalization, with a minimum market cap of \$150 million and a maximum of \$5 billion for new investments. The portfolio is diversified across region, country and sector, with no sector or country allocation exceeding 10% of the portfolio.

The portfolio management team invests in small cap stocks in the emerging markets based on fundamental analysis, which begins with a screening of the potential universe of stocks for high quality companies with attractive valuations. Quality screens include an attractive business model, proven management team that is aligned with shareholder objectives, rigorous accounting practices, balance sheet strength and stable and growing cash flows. Companies are further assessed for valuation measures including price-to-earnings ratio, earnings momentum and business momentum. The portfolio manager conducts regular meetings with company management.

The Emerging Markets Small Cap Equity Strategy is subject to the following principal risks:

- **Foreign Securities Risk.** Investing in securities of foreign issuers and governments poses additional risks since political and economic events unique to a country or region will affect foreign securities markets and their issuers. In addition, investments in securities of foreign issuers are generally denominated in a foreign currency. As a result, changes in the value of those currencies compared to the U.S. dollar may affect, positively or negatively, the value of a portfolio's investments.
- **Emerging Markets Risk.** Investments in emerging less developed and E.U. Convergence countries as well as Eastern European markets may be more volatile than investments in more developed markets. Some of these markets have relatively unstable governments; economies based on only a few industries and securities markets that trade only a limited number of securities. Emerging markets securities are viewed as speculative. In addition, emerging markets securities may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment and possible restrictions on repatriation of investment income and capital.
- **Equity Risk.** Equity and equity-related securities will be affected by economic, political, market, and issuer specific changes. Such changes may adversely affect securities, regardless of company specific performance. Additionally, different industries, financial markets, and securities can react differently to these changes. Such fluctuations of value are often exacerbated in the short-term as well. The risk that the price of one or more companies' securities within the portfolio will fall, or fail to rise, can adversely affect the overall portfolio performance in any given period.
- **Foreign Exchange Risk.** Foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and by regulation, in the currency markets to influence prices directly. Variance in the degree of volatility of the market from the Investment Manager's expectations may produce significant losses, particularly in the case of transactions entered into pursuant to non-directional strategies.
- **Liquidity Risk.** The markets for small cap securities and instruments may have limited liquidity and depth. The limited liquidity and lack of depth could be a disadvantage, both in realization of the prices which are quoted and in the execution of orders at desired prices. The portfolio can have a significant exposure to medium and small cap stocks which can have limited market participation and trading activity.

- **Political Risk.** Trading in financial instruments are subject to certain risks arising from government regulation of or intervention in the currency and markets through regulation of the local exchange market restrictions on foreign investments by residents. Such regulation or intervention could adversely affect performance.

Multi-Strategy Target Return

Multi-Strategy Target Return (aka Aviva Investors Multi-Strategy Target Return or “AIMS Target Return”) Strategy pursues an absolute return objective by investing in transferable securities, fixed rate interest securities, money market instruments, bank deposits, shares or units of affiliated and/or unaffiliated pooled investment vehicles, and in financial derivative instruments including but not limited to futures, options, swap contracts, swaptions, total return swaps, forward foreign currency exchange contracts, foreign exchange OTC options and credit default swaps. The strategy may also take long and synthetic short positions in markets, securities and groups of securities through financial derivative instruments and may use financial derivative instruments for hedging purposes. The Multi-Strategy Target Return strategy is managed by employees of AIA’s U.K. Participating Affiliate, AIGSL.

The strategy’s risk is monitored on a daily basis using Value-at-Risk (“VaR”) reports. Additional monitoring of the strategy is performed to ensure that the leverage in the portfolio does not result in excessive concentration risk.

Multi-Strategy Target Return is subject to the following principal risks:

- **Derivatives Risk:** Because of the low margin deposits normally required in trading financial derivative instruments, a high degree of leverage is typical for trading in financial derivative instruments. As a result, a relatively small price movement in the underlying instrument of a derivative contract may result in substantial losses to the portfolio.
- **Valuation Risk:** Derivatives may have limited pricing sources.
- **Volatility Risk:** Derivatives may be more volatile than other investments and may magnify gains or losses. Successful use of a derivative depends upon the degree to which prices of the underlying assets correlate with price movements in the derivatives. Losses may occur if a change in market value of securities fails to correlate well with the values of derivative positions.
- **Leverage Risk:** A derivative links a holder to the risks and rewards of owning an underlying financial instrument without actually owning the instrument. Derivatives may be used to control risk but may increase risk exposure when not properly applied and calibrated.

- **Liquidity:** Derivatives may not be readily marketable and may be thinly traded.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Investing in Other Pooled Vehicles:** The strategy may invest in units or shares of other affiliated and/or unaffiliated pooled vehicles. Such investments are subject to market fluctuations and to risks that may not be presented in this document. There may be duplication of certain fees and expenses such as management and advisory charges, custodian fees, administration fees, auditors and legal fees and certain other administrative expenses. In respect to investments in unaffiliated pooled vehicles, there may be additional subscription and redemption fees and advisory fees associated with that investment.
- **Foreign Exchange/Hedging Risk.** The risk of an investment's value changing due to fluctuations in currency exchange rates results in foreign exchange risk. Foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and by regulation, in the currency markets to influence prices directly. Variance in the degree of volatility of the market from the Investment Manager's expectations may produce significant losses, particularly in the case of transactions entered into pursuant to non-directional strategies. Exposure includes the risk of having to close out long or short positions in a foreign currency at a loss due to an adverse movement in exchange rates. There is no assurance that a hedging strategy will be effective.
- **Foreign Securities Risk.** Investing in securities of foreign issuers and governments poses additional risks since political and economic events unique to a country or region will affect foreign securities markets and their issuers. In addition, investments in securities of foreign issuers are generally denominated in a foreign currency. As a result, changes in the value of those currencies compared to the U.S. dollar may affect, positively or negatively, the value of a portfolio's investments.
- **Debt Securities Risk.** Debt securities react to interest rate changes during periods of falling interest rates. The values of outstanding fixed income securities generally fall during periods of rising rates. Securities with longer maturities produce higher yields but are subject to greater market fluctuations due to changes in interest rates. When rates fall, high interest rate debt obligations may be prepaid or "called" by an issuer prior to maturity.

- **Political Risk.** Trading in financial instruments is subject to certain risks arising from government regulation of or intervention in the currency and markets through regulation of the local exchange market including the impositions of restrictions on foreign investments by residents. Such regulation or intervention could adversely affect performance.

Item 9 Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AIA or the integrity of AIA's management.

On September 23, 2016, the SEC issued a cease and desist order against AIA, as the successor organization to Aviva Investors North America, Inc. ("AINA"), in relation to certain historic fixed income trading-related activities which took place at AINA between March 2010 and December 2011. AIA unreservedly accepts the ruling from the SEC and has agreed to pay a fine of \$250,000. The SEC made no findings that any client suffered a financial loss; or that AIA or any of its employees profited in relation to this matter. AIA undertook comprehensive remedial measure after the SEC first expressed its concerns at the end of 2012; including employing an external compliance consultant; reviewing and revising its internal policies and procedures, adding capabilities to its compliance, risk management and controls departments, and formalizing training and education programs to ensure compliance with federal securities laws.

Additionally, in February 2015, AIA's affiliated investment adviser, Aviva Investors Global Services Limited ("AIGSL") reached an early agreement with the Financial Conduct Authority ("FCA") regarding breaches of FCA regulatory requirements concerning Aviva Investors' dealing controls prior to 2013. Aviva Investors cooperated fully with the FCA during its investigation, unreservedly accepted the FCA's decision, and paid a fine of £17.6 million. Please note that the FCA notice included the following statement: "Aviva Investors and its senior management have worked in an open and cooperative manner with the Authority, far beyond and above the level expected; since February 2012 Aviva Investors has committed significant resources to investigating and addressing the weaknesses in its control environment making significant improvements, which include enhancing governance, strengthening its control framework and seeking to embed an appropriate culture under the leadership of a new management team."

Also, on April 7, 2016, the French regulator, Autorité des Marchés Financiers ("AMF"), imposed a fine of €950,000 against Aviva Investors France, another one of AIA's affiliated investment advisers in relation to trade order processing. In its ruling, the AMF confirmed there was no negative impact on the portfolios under management, and no client of Aviva Investors France suffered from any financial loss in relation to this matter. As soon as it became aware of the AMF's concerns, which followed a routine inspection in 2014, Aviva Investors France immediately took action to align its policies and procedures with the specific

requirements expressed by the inspectors of the AMF. These measures included a review and improvements to dealing and auditing processes; enhancements to internal controls; the addition of resources to the risk support functions associated with the management of mandates; and specific training to help embed the new procedures. These changes were verified by an independent auditor and accepted by the AMF.

Item 10 Other Financial Industry Activities and Affiliations

As noted in Item 4, AIA is a wholly owned, direct subsidiary of Aviva Investors North America Holdings Inc., which is a wholly owned, indirect subsidiary of Aviva plc. The following is a list of other AIA related parties, some of whom may be classified as AIA Participating Affiliates:

Aviva Investors Canada Inc. is registered with the Ontario Securities Commission (“OSC”) and other provincial regulators as a portfolio manager, commodity trading manager and exempt market dealer which provides investment management services primarily to institutional investors, including Aviva-affiliated Canadian insurance companies and separate account mandates.

Aviva Investment Global Services Limited is authorized and regulated by the U.K. Financial Conduct Authority and provides investment management services on fund and separate account mandates to retail and institutional clients.

Aviva Investors Asia Pte Limited is regulated by the Monetary Authority of Singapore and offers investment management services on fund and separate account mandates.

Aviva Investors France is regulated by the French Financial Markets Authority and provides investment management services on institutional and retail fund and institutional separate account mandates. Additionally, they provide advisory services as an ancillary activity.

Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych SA is regulated by the Polish Financial Supervision Commission and offers investment management services on mutual funds (non-U.S.) and institutional separate accounts.

Aviva Investors Societe d’investissement a capital variable (“SICAV”) is an open-ended investment company incorporated in Luxembourg and serves as the Master Fund to the *Aviva Investors Funds SPC Ltd.*, the SICAV’s associated feeder funds, a Cayman Islands fund.

AI-Recap GP I, LLC is a wholly owned subsidiary of AIA and is a Delaware limited liability company which serves as the General Partner to the Aviva Investors Real Estate Capital Partners I-A, L.P.

AIA engages in financial industry activities with a variety of related persons. Certain investment strategies are currently managed only on behalf of affiliated insurance company clients.

AIA routinely shares services with Participating Affiliates and other wholly owned subsidiaries of Aviva plc, its parent, including accounting and reporting services. Service sharing arrangements typically incorporate the sharing of revenue with or payments made to our affiliates for services provided.

AIA offers the investment management services of overseas affiliates to U.S. clients through its cross border management program. AIA is the lead adviser among affiliated investment advisory firms with respect to U.S. clients who may invest in investment strategies managed by its affiliates. In offering affiliate-managed strategies, AIA utilizes the skills of investment professionals of affiliated investment advisory firms to manage a particular strategy or product. Each such affiliate is viewed as a “Participating Affiliate.” This means that the employees of Participating Affiliates who are involved in the management services offered to U.S. investors are generally subject to AIA’s compliance policies and are supervised by AIA. AIA’s Participating Affiliates must abide by requirements stipulated by the SEC and have submitted to U.S. and SEC jurisdiction. At present, AIA’s Participating Affiliates include Aviva Investors Global Services Limited which is authorized and regulated in the U.K. by the Financial Conduct Authority, and Aviva Investors Asia Pte Limited which is incorporated in the Republic of Singapore. AIA and its affiliates share management fees among and with Participating Affiliates that provide management, research or trading services to clients of AIA.

In addition, AIA maintains exempt international adviser status in Canada in the instance that it serves as a sub-adviser to its Canadian investment advisory affiliate, Aviva Investors Canada Inc. AIA is currently qualified as an Exempt International Adviser in Ontario and Quebec.

AIA also serves as a sub-adviser to two unaffiliated, open-ended U.S. mutual funds. We do not believe these services create a material conflict of interest between the Firm and its other clients.

AIA also is registered with the Commodity Futures Trading Commission and the National Futures Association as a commodity trading adviser and commodity pool operator.

At its expense, AIA pays Foreside Fund Services, LLC (“Foreside”), an unaffiliated FINRA registered broker-dealer, a fee for placement agent related services for certain privately placed funds, including services for registering certain employees of the Adviser who serve as registered representatives of Foreside to facilitate the marketing of such funds.

Item 11 Code of Ethics, Participation in Client Transactions, Personal Trading

AIA has adopted a Code of Ethics (the “Code”) describing its fiduciary duty to act in the best interests of its clients. The Code explains this duty and the general standards of conduct and practices to be followed by all employees. AIA’s Code includes provisions relating to required standards of conduct and personal securities trading procedures. AIA will provide a copy of the Code free of charge to any clients or prospective clients upon request.

AIA anticipates that it will recommend to investment advisory clients the purchase or sale of securities in which its employees may have a position or interest. Similarly, its employees may buy or sell securities that AIA's clients own. In these situations, AIA and its employees have an incentive to gain from client activity. AIA's Code contains guidelines that AIA and its employees must follow with regard to such securities transactions. These guidelines are designed to provide reasonable assurance that the personal securities transactions, activities and interests of AIA's employees will not interfere with the interests of advisory clients while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt based upon a determination that these do not materially interfere with the best interests of AIA's clients. Apart from these securities, the Code requires pre-clearance of transactions, and restricts trading that is proximate in time to client trading activity. Because the Code in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is routinely monitored to provide reasonable assurance that conflicts of interest between AIA and its clients are addressed.

AIA employees with access to client information may potentially use this knowledge to their personal advantage by seeking to influence the price of a security that both AIA and the employee own. An employee could therefore seek to transact ahead of clients for personal gain or sell prior to clients to prevent or diminish loss. Accordingly, the policies and procedures outlined above assist in mitigating this conflict. Additionally, the Code contains restrictions on the buying or selling of securities while an employee is in possession of material, non-public, "inside information" concerning a security or issuer.

The Code also contains guidelines and restrictions related to gifts and entertainment. Giving or accepting gifts on the part of employees creates a conflict of interest as it raises questions about the independent judgment of the employees who receive gifts and the intent of third parties who provide them.

Involvement in any outside employment or business activity may create a conflict of interest when it interferes with an employee's ability to perform the duties of his or her job. AIA prohibits engagement in outside activity that interferes with its business activities of AIA or potentially creates a conflict of interest with an employee's responsibilities.

The Code has strict guidelines all employees must follow to minimize these conflicts noted above. All supervised persons at AIA must acknowledge the terms of the Code of Ethics annually, and upon amendment. AIA may impose sanctions for violations of the Code of Ethics. Sanctions may include termination of employment in the case of serious offenses or other penalty.

Participating in Client Transactions

AIA does not manage any “proprietary” investment accounts – i.e., accounts that are funded with AIA’s own money and are intended to create profits for AIA. Accordingly, AIA in the ordinary course does not compete with clients in the market for securities. Similarly, AIA does not use its own money to trade as counterparty with client accounts.

While employees may not participate in client transactions, AIA may participate or have an interest in client transactions by conducting cross trades as follows.

Cross Trades

From time to time, it may be beneficial for one client to purchase a security from another client in order to minimize or eliminate transaction costs and to limit the market impact of the transaction. These cross trades create a potential conflict of interest as there is the potential to favor one account over another as AIA represents both the client-seller and the client-buyer in the transaction. Cross transactions are permitted only if the Portfolio Manager believes the transaction is in the best interest of both accounts, disclosure is provided to each client about the potential conflict of interest, and each client provides their consent to the transaction. Both client accounts are to receive best execution and AIA will not charge a brokerage commission or mark-up or mark-down. AIA will generally not place cross trades for client accounts that are subject to the Employee Retirement Income Security Act of 1974, as amended, and will only place cross trades for a U.S. registered investment company in accordance with Section 17(a) of the Investment Company Act of 1940, as amended.

Board Positions

From time to time, certain of AIA’s employees or Associated Persons may be requested to act in a Director capacity representing Aviva Investors for a Board of a company AIA owns in client portfolios. AIA maintains policies to mitigate such conflicts, including policies restricting AIA’s trading in a security when in possession of material non-public information. As a result, AIA may not be able to dispose of a security at a favourable time or take advantage of investment opportunities that would be available to it if the Covered Person did not serve in such capacities. Certain AIA Covered Persons may also serve on the Board of Directors of funds advised by AIA or its affiliates. The lack of independence may create a conflict in the management and oversight of the fund.

Item 12 Brokerage Practices

AIA has established a Trade Practices Committee (“TPC”) which is responsible for monitoring trading practices of Aviva Investors Americas, LLC to ensure its compliance with its obligation to seek best execution of all trades. The key objectives of the TPC are to:

- Implement, enforce, evaluate and update AIA’s policies and procedures regarding its trading practices.
- Monitor the selection of broker dealers and counterparties and maintain the authorized broker dealer/counterparty list.
- Monitor and evaluate broker dealer and counterparty performance and execution quality based on the appropriate quantitative and qualitative factors.
- Develop key indicators and controls to mitigate operational risks related to the trading/dealing process.
- Monitor trade allocations/aggregation practices.

Broker Selection

AIA typically is authorized to select brokers and dealers and negotiate transaction prices, mark-ups and markdowns, and brokerage commission rates for its clients. AIA, as a matter of policy and practice, seeks to obtain best execution for client transactions. Best execution is defined as the best combination of quality execution and price given the particular circumstances of a transaction.

In evaluating broker-dealers for selection, AIA weighs many factors including but not limited to price; capital position of the broker; ability to consummate and clear trades in an orderly and satisfactory manner; consistent quality of service; and broad market coverage resulting in a continuous flow of information regarding bids and offers. Initial approval of brokers is based on fundamental credit analysis of the firm, approval of the overall scope of services of the broker, regulatory record and a determination of operational readiness.

Ongoing review and evaluation of the performance and execution abilities of broker-dealers includes periodic random review to evaluate execution price versus other market marks at the time of execution. AIA reviews cumulative data regarding the volume of activity through brokers, such as the gross volume of trades and total number of trades with brokers, to identify exposure and confirm that the level of brokerage through specific brokers appears reasonable and appropriate.

Counterparty Selection

When trading derivatives, AIA seeks competitive bids for each derivative position, where feasible, and executes through counterparties with which it maintains agreements. A counterparty may be an over-the-counter trading partner or an exchange in the instance of listed contracts.

AIA evaluates acceptable counterparty risk for a portfolio based on criteria including counterparty quality, the nature of the contract and the size and maturity of the transaction. AIA maintains guidelines concerning collateralization and minimum counterparty standards that apply to derivative and forward currency transactions.

Client Directed Brokerage

Clients choosing to direct brokerage transactions through particular brokers or dealers should be aware that AIA's ability to negotiate commissions/transactions costs and/or purchase/sales prices for such clients may be hampered or reduced. Accordingly, AIA's typical practice is to avoid acceptance of advisory clients' instructions for directing a client's brokerage transactions to a particular broker-dealer unless approval to do so has been obtained by AIA's Chief Compliance Officer ("CCO"). However, if requested by a client and with the approval of the CCO, AIA will direct brokerage to a specific broker or designated participating brokers. In turn, the client may receive services or other monetary or non-monetary benefits when undertaking directed brokerage arrangements. AIA's participation in directed brokerage is first premised upon fulfilling its obligation to pursue best execution on behalf of the client.

Soft Dollar Arrangements

If AIA believes that the most favorable terms and executions are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish research, execution and other services (such as access to balance sheet and liquidity pools) to the client or to the firm itself ("soft dollar services").

AIA presently has no soft dollar arrangements in place, although certain broker-dealers selected by AIA provide it with proprietary research at no stated cost and upon no request of AIA or requirement of executing a particular amount of transactions. In the event AIA initiates a soft dollar service arrangement, AIA's Head Trader, Chief Compliance Officer and Trade Practices Committee must first approve the arrangement. Soft dollar services, if any, might be used to service all of AIA's clients, or just those clients paying for the service. Soft dollar service arrangements could give rise to a conflict of interest because client brokerage commissions would be used to pay for research, execution and other services that AIA would have otherwise been required to pay for out of its own expenses. Furthermore, AIA would have an incentive to select a broker or dealer that provides such research, execution and other services over those that do not provide

such services. However, notwithstanding such incentive, AIA remains obligated to seek to obtain “best execution” in executing portfolio transactions on behalf of clients. Best execution is the primary objective of AIA’s trading activities.

Trade Aggregation and Allocation

AIA may aggregate multiple orders for the purchase or sale of the same security into block transactions. Participation in a block transaction, and the subsequent allocation of the investments between clients, is generally based on a client’s investment objectives and policies, investment guidelines, liquidity requirements, legal or regulatory restrictions, asset liability management considerations, tax considerations, and the nature and size of the aggregated order, among other things. AIA aims to allocate aggregated trades to all clients fairly and equitably over time and there may be times when accounts do not participate in purchases or sales due to guideline constraints, account or transaction size, risk tolerance or cash flow considerations. Investment opportunities are typically allocated to client accounts prior to the time a trade is placed, however, there is no obligation to include an account in an aggregated order unless the Portfolio Manager believes that inclusion is in the client’s best interest.

Client accounts may participate in an aggregated transaction on a pro rata, targeted percentage or other objective basis. Pro rata allocations result in participating accounts receiving a proportionate share of an order or position based on desired duration contribution, market value, relative net assets or other objective methodology. An allocation based on a targeted percentage allocation methodology results in each participating account receiving a different weighting of an issuer as determined by a Portfolio Manager, taking into consideration investment objectives and guidelines, and cash flows, among other things.

When aggregated trades are completed at different times during the day, with several dealers, or are only partially filled, each participating account generally will receive a pro-rata amount of each trade based on the pre-allocation determination, with consideration given to rounding to avoid less easily tradable lots and other minimum participation requirements. Accounts may also be excluded from the pro rata allocation if a de minimus allocation would result.

AIA takes steps to obtain reasonable assurance that clients’ orders are effected in a manner which is fair and equitable to all clients.

Item 13 Review of Accounts

Accounts are typically reviewed on a daily basis or other appropriate interval by the Portfolio Manager, Performance Analyst, Operations and/or Research Analysts. The number of accounts reviewed varies depending on the nature and size of the accounts under management. Matters which are reviewed include, but are not limited to, daily trading activity, client guidelines, portfolio composition, performance

comparisons, current market activity, and economic outlooks. Portfolio Managers also may perform a review of a client's account status and activity upon the request of a client, when a material change in a client's investment objectives occurs, or when there is a material change in prevailing market conditions.

Analysis Relating to High Yield, and Investment Grade Strategies

While the analysis of the High Yield and Bank Loan strategies are primarily focused on bottom-up, fundamentally-driven security selection, the following highlights the framework for incorporating top-down and bottom-up drivers of performance.

Bond Investment Group (“BIG”) Meeting

On a fortnightly basis, the BIG meets to provide a discussion forum on macroeconomic and strategy appropriate for AIA's fixed income asset classes.

Quarterly Credit Strategy Meeting

On a quarterly basis, the Head of AIA Credit Research and Research Analysts discuss the total return outlook for industries in the upcoming months. Discussion of fundamental industry outlook and valuation ensue and results in determinations regarding expectations for the top and bottom performing high yield industries. Subsequent to the meetings, these expectations are shared and considered along with the portfolio manager's evaluation as additional input to the industry allocation decision.

Monthly Portfolio Performance Review

On a monthly basis, the Portfolio Managers and Research Analysts review and discuss investment results and performance attribution for the prior month, analyze and discuss portfolio positioning and risk characteristics for prospective periods and discuss specific strategies and actions to be taken with respect to security selection, industry allocation, quality tier allocation and hedged currency allocation.

Weekly Roundtable Meetings

On a weekly basis, the Portfolio Managers and Research Analysts conduct roundtable meetings reviewing portfolio positions relative to the original investment thesis, the Analysts' recommendation and the specified exit strategies. Analysts and Portfolio Managers are also comparing relative valuations and fundamentals across the investable universe to generate actionable ideas.

Daily Market Call

On a daily basis, investment professionals meet to discuss market developments, company earnings and announcements, investment selections and matters of general relevance to the portfolios managed by AIA. AIA may provide special review of a client's account and related activity at the request of a client, upon a material change in a client's investment objectives or when there is a material change to prevailing market conditions.

Analysis Relating to Emerging Markets Debt

AIA's Emerging Market Debt Team holds weekly formal policy meetings to examine emerging market themes and scenarios utilizing a range of economic and valuation models. The Team reviews current portfolio positions and potential investment opportunities.

Analysis Relating to Emerging Markets Equity-Small Cap

The Emerging Markets Small Cap Equity team conducts daily reviews of clients' positions to determine and execute upon changes in valuation, investment thesis and country and sector trends affecting those positions. The portfolio manager has daily contact with our dedicated team of research analysts who provide fundamental company analysis and stock screening. There is a daily team meeting with the other global equity fund managers to discuss overnight events, company results and to share ideas. The team participates in a weekly meeting with all Aviva Investors investment teams (i.e. Fixed Income, Multi-asset, Real Estate, Foreign Exchange, Sovereign, Strategy, Risk, Compliance, etc.) to discuss wider market trends and views from other investment areas. Bi-monthly meetings are held with the Head of Equities to formally review portfolio positioning and performance. Monthly meetings are held with the independent risk and performance teams who monitor liquidity, style consistency, sector risk, country risk and position concentrations. Finally, formal quarterly meetings are held with the Strategy team to cover house views and macro trends.

Analysis Relating to Derivatives

AIA regularly monitors the performance of CDS positions in the portfolio. Investment management has strategy meetings during which it evaluates the efficacy of the derivatives and derivatives strategy based on the client requirements.

Analysis Relating to Multi-Strategy Total Return

The portfolio is monitored on a daily basis using Value at Risk ("VaR") analysis reports. Additional monitoring of the strategy is performed to ensure that the leverage in the portfolio does not result in excessive concentration risk.

Client Reports

AIA typically provides written reports to its clients quarterly or more frequently if requested by a client. Client reports typically include account holdings, performance, market value of securities and trading activity.

Reports may vary depending upon the underlying asset type. AIA does not provide publications or reports on a subscription basis.

Item 14 Client Referrals and Other Compensation

AIA may occasionally enter into solicitation agreements with unaffiliated and affiliated third parties. AIA may compensate a third party in return for client solicitations. The fees are not paid by clients. Any such arrangements must comply with SEC Rule 206(4)-3.

Currently, neither AIA nor its employees receive compensation from third parties nor does AIA pay third parties to solicit on its behalf.

Item 15 Custody

AIA does not self-custody separate account client funds or securities. AIA uses the services of a qualified, independent custodian selected by a client prior to or at the time of contracting with AIA. Client custodians typically provide a statement to clients on a quarterly basis or other intervals. We recommend that clients compare the information in AIA's account statements to the information in the statements provided by the custodian. Clients should contact the custodian about discrepancies or other questions.

AIA has an affiliated entity that is the general partner to a private fund. The partnership is audited and the audit reports are delivered to investors in the partnership in accordance with SEC Rule 206(4)-2.

AIA also serves as the investment manager to the Aviva Investors Funds SPC Ltd., a Cayman Islands exempted company registered as a segregated portfolio company. The SPC Ltd. is audited and the audit reports are delivered to investors in the SPC Ltd. in accordance with SEC Rule 206(4)-2.

Item 16 Investment Discretion

AIA generally receives discretionary authority to transact on behalf of a client at the outset of an advisory relationship. A client typically grants AIA discretion in a written investment management agreement. Occasionally, AIA operates on behalf of a client without discretion due to client instructions or other limitations. To its best ability, AIA employs discretion in a manner consistent with the documented client investment objectives and guidelines pertaining to that client account.

Item 17 Voting Client Securities

As part of its advisory services, AIA will vote proxies of portfolio securities for its clients, unless the client retains authority to vote proxies. Because AIA primarily focuses on fixed income securities, proxies are

infrequent. When AIA does receive a proxy on a client's behalf, a voting decision is made based on what it believes to be in the client's best interests. Prior to voting, portfolio managers evaluate the existence of real or potential conflicts of interests. Any portfolio manager or employee who has a concern about a conflict is to inform the CCO. When a conflict is detected in the voting of proxies, e.g., an existing client business relationship with an issuer or undue influence exerted by an agent of the issuer on a voting portfolio manager, the portfolio manager is to consult AIA's CCO, who shall develop an approach intended to resolve or mitigate the conflict. At his/her discretion, the CCO may convene the Proxy Committee, which is comprised of internal senior managers. The Proxy Committee may act upon the majority decision of the members participating in any meeting.

Typically, in voting proxies, AIA considers the opinion of company management, concerns regarding shareholder value and the issuer's business and practices. Generally, AIA votes with management on routine matters and votes against proposals that diminish shareholder rights reduce the proportionate share of current shareholdings or promote unequal voting rights. Other matters are considered on a case-by-case basis and AIA is typically guided by the principle of promoting the best interests of shareholders.

Upon written request, AIA will provide its clients information on how proxies were voted for their account(s). A copy of AIA's Proxy Voting Policy may be obtained by writing to:

Chief Compliance Officer

ATTN: Proxy Policy Request
Aviva Investors Americas LLC
225 West Wacker Drive, Suite 2250
Chicago, IL 60606

Item 18 Financial Information

AIA is a wholly owned indirect subsidiary of a public company in the U.K., Aviva plc. Shares of Aviva plc are listed for trading on the London Stock Exchange. Additional shareholder information is available on the internet at www.aviva.com.

AIA does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered.

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