

Macquarie



FORM ADV PART 2A: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Macquarie Investment Management Europe Limited. If you have any questions about the contents of this brochure, please contact us at +44 20 3037 2000. 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 Macquarie Investment Management Europe Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

Referring to Macquarie Investment Management Europe Limited as a registered investment adviser does not imply a certain level of skill or training of its officers.

Item 2: Material Changes

- Not applicable

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Item 4: Advisory Business

A. Advisory Firm

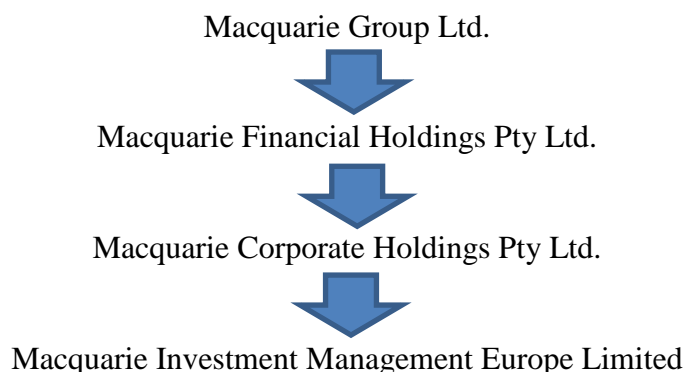
Macquarie Investment Management Europe Limited (“MIMEL”), the registered investment advisor, was incorporated in the United Kingdom (“UK”) on 28 May 2015.

MIMEL conducts a range of financial services to institutional and corporate clients and manages investments across a diverse range of asset classes. Its advisory business operates within Macquarie Asset Management (“MAM”). MAM is one of the five operating groups within Macquarie Group Limited (“MGL”).

MIMEL’s fund management team resides within Macquarie Investment Management (“MIM”), a division within MAM, and manages the full spectrum of fixed income and currency assets.

MIMEL is a wholly-owned indirect subsidiary of Macquarie Bank Limited (“MBL”), an Australian banking institution. MBL is a wholly-owned indirect subsidiary of MGL, the ultimate parent of the Macquarie Group, a multi-national financial services company. MGL’s Non-Banking Group is a legal organisational structure which is wholly separate from the legal holding structure that sits beneath MBL and consists of entities which do not engage in deposit-taking and other banking activities.

Please note below for the following holding structure of MIMEL:



B. Advisory Services Provided

MIMEL's current advisory business is limited to the provision of portfolio management and investment advisory services to a small number of affiliated clients. MIMEL's services are provided across a number of asset classes, including:

- Fixed Income
- Currency

MIMEL's services may be provided in connection with pooled funds, including pooled funds registered as investment companies under the Investment Company Act of 1940.

C. Tailored Advisory Services

Advisory services are tailored to the specific needs of the client. These arrangements, and any relevant restrictions, are outlined in the agreement entered into between MIMEL and each client.

D. Wrap Fee Programs

MIMEL does not participate in wrap fee programs.

E. Assets Under Management

MIMEL provides continuous and regular advisory services to a portfolio of client assets. The amount of discretionary assets under management ("AUM") as of the end of March 2019 is \$ 427,726,443.

Item 5: Fees and Compensation

A. Compensation

MIMEL does not have a basic fee schedule. Fee rates are negotiable and may vary depending on a number of factors, including the size and nature of the mandate and the nature of the services provided. Fees may comprise management fees (either a fixed dollar amount or a percentage of gross or net assets under management) and performance fees. The specific fee arrangements, including the amount, timing, and basis of calculation is determined through negotiations with the client and documented in a written agreement.

B. Payment of Fees

The time at which fees are payable is negotiated with the client. In general, management fees are payable monthly or quarterly in arrears. Performance fees are payable on outperformance above an agreed benchmark, and may be subject to a high watermark. The written agreement with the client generally provides that the client may terminate the agreement under specific circumstances without the payment of any penalty, upon giving notice to MIMEL.

C. Other fees

No additional fees are paid to MIMEL by clients in connection with advisory services provided.

D. Payment of Fees in Advance

Clients are not permitted to pay fees in advance of advisory services being provided.

E. Compensation for Sale of Securities or Other Investment Products

Neither MIMEL nor any of its supervised persons receives any compensation for the sale of securities or other investment products. All forms of compensation relating to MIMEL's advisory business are outlined in Item 5.A.

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

MIMEL does charge performance-based fees on certain accounts. MIMEL access persons may manage accounts that are charged both a performance-based fee and accounts that are charged another type of fee.

As noted above, MIMEL charges both performance-based fees and asset-based fees. Performance based fees have the potential to cause a conflict of interest by creating an incentive to favor accounts charging such fees over accounts charging asset-based fees. MIMEL's Best Execution and Fair Allocation policies address such potential conflicts of interest by prohibiting the Portfolio Manager from unfairly favoring one account over another. These policies, which apply equally to accounts that charge asset-based fees and those that are charged performance-based fees, generally require allocations of investment opportunities and executions among similarly managed accounts to be made on a pro rata basis.

Item 7: Types of Clients

MIMEL generally provides investment advisory services to the following types of clients:

- Pooled investment vehicles, including those registered as investment companies under the Investment Company Act of 1940;
- Pension and profit sharing plans; and
- Corporations/business entities.
- SICAV

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

A. Methods of Analysis and Investment Strategies

MIMEL's security analysis methods include charting, fundamental and technical analysis. The main sources of information used by MIMEL are financial newspapers and magazines, interviews of corporate officers and facilities tours, financial research reports and materials prepared by others, publications and ratings issued by corporate rating services, periodic and annual reports, prospectuses and other filings with the Securities and Exchange Commission and similar foreign organizations, company press releases and other publicly available information considered useful by MIMEL. In addition to those sources enumerated, MIMEL also utilizes various additional sources of information to evaluate the investment merits of particular investments, including private placement memoranda prepared by commercial and investment banks, independent credit

analysis and market research prepared by banks and brokers, data and statistics published by various bodies and any other due diligence materials appropriate for the nature of the prospective investment.

B. & C. Risk of Loss

The following is an outline of the material risks associated with the significant investment strategies and methods of analysis used by MIMEL. MIMEL's risk management objective is to deliver risk/return outcomes in line with its clients' expectations.

MIMEL is exposed to various macro-economic risks that would impact the performance of a UK domiciled investment manager that operates a broad array of investment strategies across multiple geographies.

MIMEL will be subject to internal commercial risk, the key ones and how these will be mitigated are set out below:

- Investment Performance – MIMEL has strong processes in place to ensure that the investment management process in each of its portfolios is robust and has a strong emphasis on high quality investments.
- Key Person Risk: portfolios are managed by teams of investment specialists, which serve to mitigate key man risk, set up systems of checks and balances and ensure that many sets of eyes are looking out for risk in our portfolios
- Risk management systems – daily, weekly, monthly, quarterly and semi-annual reviews are undertaken to ensure that no unintended risks are being taken in MIMEL's portfolios.
- Reputational - MIM has a thorough and comprehensive AML/KYC training program for its employees internally and a strong vetting during the onboarding process of clients externally to ensure that these institutions are of high quality. Furthermore, we have counterparty processes in place with our vendors in the UCITS vehicles which must also apply vigorous onboarding and AML/KYC standards.
- Suitability of management and personnel – we have strong training and product knowledge requirements of our sales and client service personnel so that accurate and timely information is given to clients in our portfolios. This also ensures that those with oversight functions are properly trained to make sure that staff are operating within the guidelines and guard rails of proper client communications.

In addition, Macquarie has a risk framework in place to mitigate risks, within which MIMEL will operate.

Volatility risk - The price of an investment may go up and down by a material amount, even over a short period of time. Recently, markets have fallen and have become more volatile; indeed volatility in some markets is at very high levels. Investing in such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market.

Investment manager risk refers to the risk that MIMEL's investment style will not achieve its risk and return objectives, or that it will produce returns that do not compare favourably against its peers or stated performance fee hurdle, or that MIMEL will not implement the strategy correctly.

Concentration risk is the risk that poor performance in a group of securities common to a particular region, industry, or other grouping, will significantly affect the performance of the investments or investment strategy recommended by MIMEL.

Basis risk arises when the terms and specifications of a derivative contract do not precisely match those of the asset being hedged. Mismatches typically relate to hedging stock-level equity exposures with market-level derivatives. Hedging can also reduce a fund's potential to profit from moves in the underlying asset being hedged.

Foreign investment risk - This risk exposes the investments of a portfolio to a range of macroeconomic factors such as political instability, differing tax or legal rulings and potentially rapid changes in asset prices (particularly for emerging economies).

Emerging market risk refers to the potential for the fund to invest in securities which are listed on the exchanges of emerging economies, as well as investing in companies which are located or have operations within such markets. Emerging markets are typically more volatile than developed markets and may expose a fund to issues such as heightened political unrest, sovereign intervention, securities whose valuations fluctuate widely and the potential for domestic economic management to impact on the viability of property-based operations within that market.

Currency hedging risk is the risk that currency hedging transactions do not completely remove the currency risk between the investments' underlying currency exposures and the currency in which the shareholder's shares are denominated. Currency hedging transactions will affect the returns of shares such that the shares do not perform in the same manner as if the investments were left unhedged.

Counterparty risk is the risk of loss due to a counterparty not honouring a financial commitment. Counterparties may include equity brokers, brokers of exchange traded futures, clearing brokers for exchange traded futures, foreign exchange counterparties, and swap counterparties. In particular, a Prime Broker may provide a fund with margin financing, clearing, settlement, stock borrowing, foreign exchange, custodial and broking services. Accordingly, a portfolio may have significant exposure to the credit worthiness of its Prime Broker and its affiliates.

Liquidity risk exists when particular investments are difficult to purchase or sell, preventing a fund from closing out its position or rebalancing within a timely period and at a fair price. While every effort is made for a fund to be able to meet all redemption requests, prevailing market conditions may result in the inability to meet all redemption requests when they are received.

Investment objective risk is the risk that an investor's objectives will not be met by their choice of investments. One measure of risk in an investment is the volatility of returns; the greater the volatility, the more likely that returns will differ from those expected. Investments in equity securities and derivatives are traditionally towards the higher end of the risk-return spectrum. This may lead to fluctuations in the unit price and/or amounts distributed to unit holders, including fluctuation over the period between a redemption request being made and the time of redemption.

Derivatives risk. Derivatives are leveraged instruments that are used to obtain or reduce market exposures. As the market value of derivatives is variable, gains or losses can be incurred and can be greater than positions in unleveraged instruments. Another risk of derivative transactions is the creditworthiness of the counterparty because the transactions rely upon the counterparty's ability to fulfill its contractual obligations. A fund may utilize derivatives in order to achieve its investment objective.

Income securities risk refers to the potential for the fund to invest in a range of income securities, including high yield, emerging markets and structured securities. The value of these securities may fall, for example due to market volatility, interest rate movements, perceptions of credit quality, supply and demand pressures, market sentiment, or issuer default. These risks may be greater for securities offering higher returns, for example high yield or emerging market securities. Income security risk may cause unit price volatility and/or financial loss to the Fund.

Credit risk is the risk that the Fund's investments may be sensitive to changes in market perceptions of credit quality, both of individual issuers and of the credit markets in general. The Fund invests in credit related securities and takes credit risk in order to achieve its investment objectives. However, the value of such securities, and therefore the Fund's unit price, may be impacted by changes in the market's perception of credit quality.

Structured security risk is the risk that the Fund may invest in structured securities, such as Mortgage Backed Securities (MBS), Commercial Mortgage Backed Securities (CMBS), Residential Mortgage Backed Securities (RMBS), and Asset Backed Securities (ABS). Structured securities are exposed to specific risks including increased sensitivity to interest rate movements, credit spreads, and higher liquidity risk. Their value is also dependent on the quality of the underlying assets, and may be affected by factors such as the creditworthiness of the underlying debtors, underlying asset values, levels of default in the underlying loans and prepayment rates. Structured securities may experience losses more frequently than an equivalently rated standard fixed income security and losses may also be greater.

Bank loans risk. Traded bank loans are a specialised asset class, and may incur higher valuation and liquidity risks than standard fixed income debt instruments, as well as being exposed to market sentiment regarding the bank loan sector in general. Additionally, the underlying borrowers may be of lower credit quality, exposing the purchaser of the loan (the Fund, in this case) to higher default risk. Traded bank loans may also be exposed to increased operational risk due to their specialised administration and settlement processes.

Credit ratings risk. MIMEL invests in securities that may have been assigned credit ratings by external ratings agencies. A rating downgrade could reduce the value of a security. Credit ratings do not guarantee the credit quality of a security, its underlying assets or its repayments, and may be re-assessed by rating agencies in a range of circumstances.

Valuation risk. The carrying value of the Fund's investments used to generate the Fund's unit price may not reflect their liquidation value. This may be due to a range of factors, including buy/sell spreads, liquidity pressures, market sentiment at the time of liquidation and the volume of securities being liquidated. This may mean that the Fund's unit price does not reflect the value that will be achieved when processing a redemption.

Regulatory and legal risk refers to governments or regulators that may pass laws, create policy, or implement regulation that affects the Fund and/or the execution of investment strategies. Such initiatives impact either a specific transaction type or market, and may be either country specific or global. Such changes may result in the Fund failing to achieve its investment objectives. Similarly laws affecting registered managed investment schemes (including taxation and corporate and regulatory laws) may change in the future, affecting investors' rights and investment returns.

Item 9: Disciplinary Information

A. Criminal or Civil Action

There are no such actions with respect to MIMEL or any of its management persons.

B. Administrative Proceedings before a Regulatory Agency

There are no such proceedings with respect to MIMEL or any of its management persons.

C. Proceedings before a Self-Regulatory Agency

There are no such proceedings with respect to MIMEL or any of its management persons.

Item 10: Other Financial Industry Activity and Affiliations

A. & B. Other Registrations

Neither MIMEL nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, a futures commission merchant, a commodity pool operator a commodity trading advisor, or a registered representative or associated person of the foregoing entities.

C. Affiliations

Broker-dealer, banking or thrift institution, other investment adviser, entity that creates or packages limited partnerships

MIMEL is part of MAM, a business division of the Macquarie Group. MAM's global investment advisory business comprises investment professionals located in Australia (operating through Macquarie Bank International Limited, Macquarie Investment Management Global Limited, MQ Specialist Investment Management Limited, Macquarie Financial Holdings Pty Limited and Macquarie Investment Management (Australia) Ltd.), in the USA (operating through Macquarie Investment Management Business Trust), in Hong Kong (operating through Macquarie Funds Management Hong Kong Limited and Macquarie Investment Management Korea Co. Ltd.), in the UK (operating through Macquarie Infrastructure and Real Assets (Europe) Limited), in Austria (operating through Macquarie Investment Management Austria Kapitalanlage AG) and Switzerland (operating through Macquarie Investment Management Switzerland GMBH).

Refer to Item 11 B., C. & D: Potential Conflicts of Interest, for a description of material conflicts potentially created by these relationships and how such conflicts are addressed by MIMEL.

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

A. Code of Ethics

All officers, and employees of MIMEL that carry out advisory activities are subject to the provisions contained in MIMEL's Code of Ethics ("Code"), which includes a Personal Dealing Policy, Gift and Entertainment Policy, and Outside Business Activities Policy. These policies are designed to mitigate actual or potential conflicts of interest. The Code outlines MIMEL's policies and procedures regarding standards of conduct, personal investment transactions, and handling of material, non-public information.

MIMEL imposes restrictions on the ability of its employees and their supervised persons to invest in securities that may be recommended or traded in MIMEL's client accounts. This policy currently applies to most securities transactions (including transactions in equity or debt securities, municipal bonds, exchange-traded securities, securities indices, derivatives of securities and similar instruments).

Pursuant to this policy, employees are required to pre-clear all of their personal securities transactions in securities that are not exempt from the policy. Employees must also receive prior approval before purchasing any securities in a private placement or pursuant to an initial public offering. Further, employees must receive prior approval to serve on a board of a publicly traded company or to engage in certain other outside activities that may conflict with MIMEL's obligations to its clients.

Employees are subject to a minimum 30-day holding period between purchases and sales, or sales and purchases in the same securities.

Any employee who violates this policy may be subject to disciplinary actions, including possible dismissal. In addition, any securities transactions executed in violation of this policy, such as short-term trading or trading during blackout periods, may subject the employee to sanctions, ranging from warnings and trading privilege suspensions to financial penalties, including but not limited to, unwinding the trade and/or disgorging the profits as well as additional disciplinary action. Violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations.

If an employee possesses non-public price-sensitive information about or affecting a financial product, or the issuer of any financial product, that employee is prohibited from buying or selling such financial product, or advising or procuring any other person to buy or sell such financial product.

A copy of the Code will be provided to any client or prospective client upon request.

B., C. & D. Potential Conflicts of Interest

MIMEL's ultimate parent is MGL, a multi-national financial services company. MIMEL also conducts a number of financial services activities, as well as advisory services. Therefore, MIMEL and its affiliates may provide, and/or may engage in commercial banking, insurance, brokerage, investment banking, financial advisory, broker-dealer activities (including sales and trading), hedge funds, real estate and private equity investing, in addition to the provision

of investment management services to institutional and individual investors. Since MIMEL, MGL, its affiliates, directors, officers, and employees (the “Macquarie Group”) are engaged in businesses and have interests other than managing asset management accounts, such other activities may involve real, potential or apparent conflicts of interests. These interests and activities include potential advisory, transactional and financial activities and other interests in securities and companies that may be directly or indirectly purchased or sold by MIMEL for its clients' advisory accounts. These are considerations of which advisory clients should be aware and which may cause conflicts that could be to the disadvantage of MIMEL’s advisory clients. Present and future activities of the Macquarie Group, in addition to those described herein, may also result in conflicts of interest that may be disadvantageous to MIMEL’s clients.

MIMEL has established policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts and the Macquarie Group’s businesses. It is MIMEL’s policy that its personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally without knowledge of the interests of proprietary trading and other operations of the Macquarie Group and/or personnel of the Macquarie Group. Where advisory personnel do know of conflicts or potential conflicts among advisory accounts or between advisory accounts and the Macquarie Group and/or personnel of the Macquarie Group, it is MIMEL’s policy to disclose the existence of such conflicts or potential conflicts in general form through this Form ADV or directly to clients.

MIMEL (i) has related parties that may act as principal, broker or agent in connection with securities transactions with or for clients, (ii) may recommend that clients buy or sell securities in which MIMEL or another affiliate has a financial interest, and (iii) may buy and sell for its own account securities that it recommends to clients.

MIMEL may enter into arrangements with affiliates and third party service providers to perform various administrative, back-office and other services relating to client accounts. Such service providers may be located in the US or in non-US jurisdictions.

MIMEL acts as a fiduciary with respect to its asset management activities and owes its clients a duty of undivided loyalty. As a fiduciary, MIMEL is required to act solely in the best interests of the clients whose assets it manages. On occasion, other entities within the Macquarie Group may have engagements and responsibilities which could give the appearance of a conflict with MIMEL’s duty of loyalty. To minimize these conflicts, as a general matter, MIMEL’s employees associated with the investment process (including portfolio managers, research analysts and traders) have no contact with other employees of MIMEL and the wider Macquarie Group outside of the Macquarie Asset Management (one of five operating groups within Macquarie Group) regarding specific clients, business matters or initiatives, unless permissible by internal procedures, or approved by MIMEL Compliance.

The Macquarie Group is a major participant in global financial markets and it acts as an investor, investment banker, investment manager, financier, advisor, market maker, trader, lender, agent and principal in the global fixed income, currency, equity and other markets in which MIMEL’s advisory accounts directly and indirectly invest. As permitted by, and in

conformity with applicable laws and regulations, MIMEL's advisory accounts will invest in, engage in transactions with, make voting decisions with respect to, or obtain services from entities for which the Macquarie Group performs or seeks to perform banking or other services. Additionally, it is likely that MIMEL's advisory accounts will undertake transactions in securities in which the Macquarie Group makes a market or otherwise has direct or indirect interests. MIMEL makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts. As noted below, however, certain activities of the Macquarie Group may have a negative or detrimental effect on advisory accounts of MIMEL.

MIMEL may take investment positions in securities in which other clients or related persons within MGL have different investment positions. There may be instances in which MIMEL is purchasing or selling for its client accounts securities in which the Macquarie Group is undertaking the same or differing strategy. Prices, availability, liquidity and terms of the investments may be negatively impacted by the Macquarie Group's activities and the transactions for MIMEL's clients may, as a result, be less favorable. The investment results for MIMEL's clients may differ from the results achieved by the Macquarie Group and other clients of the Macquarie Group. In addition, results among MIMEL clients may differ. For a summary of the restriction of the flow of certain information between MIMEL and other parts of the Macquarie Group, please see "Information Barrier Walls" below. As noted, MIMEL makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts, which are independent of what decisions may be made by or in other parts of the Macquarie Group.

The investment activities of the Macquarie Group may limit the investment opportunities for MIMEL's client accounts. This may occur in certain regulated industries, private equity markets, emerging markets, and in certain futures and derivative transactions where restrictions may be imposed upon the aggregate amount of investment by affiliated investors. MIMEL may voluntarily limit transactions for client accounts or limit the amount of voting securities purchased for client accounts, or waive voting rights for certain securities held in client accounts, which may limit positions, in order to avoid circumstances which, in the view of MIMEL, would require aggregation of such client account positions with investments elsewhere in the Macquarie Group that would approach or exceed certain ownership thresholds.

MIMEL may engage in security transactions with brokers who coincidentally sell shares of registered investment companies advised by MIMEL, provided that it reasonably believes that the broker will provide best execution. There are no quid pro quo arrangements or agreements in place with these brokers. However, trading with these brokers may raise the appearance of a conflict of interest.

MGL may from time to time in its sole discretion invest in one or more MIMEL client accounts with no obligation to invest in any or all MIMEL client accounts. MGL may also engage MIMEL to manage proprietary money in accounts or funds that are separate from MIMEL client accounts ("MGL proprietary accounts"). MIMEL may buy, sell, or hold securities or other instruments for MGL proprietary accounts while entering into different investment decisions for one or more client accounts.

Information Barrier Walls

The Macquarie Group may come into possession of confidential, material non-public information particularly in connection with its commercial and investment banking activities. The Macquarie Group, including MIMEL, has internal procedures in place intended to limit the potential flow of any such non-public information. Should MIMEL come into possession of material, non-public information, MIMEL has procedures that prohibit trading activities based on such information by MIMEL for its clients and by MIMEL employees. MIMEL may not use material, non-public information obtained from any division of the Macquarie Group when making investment decisions for its clients. As a result of these procedures and prohibitions, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts. There may be instances where members of MIMEL's senior management who are not involved in the investment process may be privy to material, non-public information about transactions or securities due to discussions with senior personnel from other departments within the Macquarie Group. However, when in possession of material, non-public information, such members of senior management may not participate or use that information to influence trading decisions or securities; nor may they pass that information along to personnel within MIMEL involved in the investment process (e.g. portfolio managers, research analysts and traders).

There may also be periods during which MIMEL may not initiate or recommend certain types of transactions, or may otherwise restrict or limit its advice given to clients in certain securities issued by or related to companies that the Macquarie Group is performing banking or other services, or companies in which the Macquarie Group has a proprietary position. As a result, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts.

Trading with an Affiliate/New Issues

Currently, the only compensation received by MIMEL for effecting securities transactions for clients is its advisory fees. Related persons of MIMEL may receive brokerage commissions, commission equivalents, spread and other fees in connection with brokerage services provided.

See Item 12 for more details.

While MIMEL acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest, even though the transactions are effectuated in compliance with applicable regulations (see "Agency Transactions" below). MIMEL may have a potentially conflicting division of responsibilities to both parties to a cross transaction.

Additionally, regulatory requirements applicable to MIMEL's related persons may restrict MIMEL from investing in certain securities for its clients. This may affect potential returns on clients' accounts and a client not advised by MIMEL may not be subject to some of these restrictions.

MIMEL clients may utilize custodians unaffiliated with MIMEL and such custodians may, in turn, hire affiliates of MIMEL as sub-custodians in certain jurisdictions. In such circumstances, MIMEL affiliates may effect certain transactions on behalf of MIMEL clients (e.g. foreign exchange transactions, corporate actions). These circumstances may give rise to the appearance

of conflicts of interest. MIMEL has developed policies and procedures to monitor such circumstances. In the event a MIMEL client hires its own custodian, MIMEL will work with such client to avoid conflicts of interest in connection with its custodian engaging MIMEL affiliates as sub-custodians.

Agency Transactions

MIMEL is a related person of various broker-dealers through which it may effect agency transactions. MIMEL has procedures reasonably designed to ensure that agency transactions executed with these related broker-dealers acting as agent comply with applicable law and regulations. If any client portfolio transaction is executed with related broker-dealers, the broker-dealers may charge a commission in connection with these transactions; however, the commissions do not exceed the usual and customary commission that the broker-dealers would charge their own customers. As a general matter, MIMEL can execute agency transactions on behalf of clients with related broker-dealers only if MIMEL has determined in good faith that the client will receive best execution in the transaction, and only in compliance with applicable law and regulations, MIMEL's policies and procedures, and in accordance with the consent of clients to these kinds of transactions. Executing transactions with affiliates of MIMEL presents conflicts of interest, including that MIMEL affiliates will earn fees with regard to such transactions.

Proprietary Account Trading

In accordance with the Macquarie Group's policy, MIMEL may invest and manage proprietary capital in certain products and strategies also managed by MIMEL for clients; these investments may be hedged against market risk, while client assets may not be so hedged. The portfolio management and trading of the proprietary capital investment as well as any associated hedge activity is undertaken in accordance with MIMEL and/or MGL policies and procedures. Proprietary capital may not perform the same as similarly managed client accounts for a variety of reasons, including regulatory restrictions on the type and amount of securities in which the proprietary capital may be invested, differential credit and financing terms, as well as any hedging transactions. While MIMEL acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest.

MIMEL and MGL maintain various policies regarding Code of Conduct, Personal Dealing, Gifts and Entertainment, Personal Conflicts of Interest and Conflicts of Interest generally that are designed to mitigate actual or potential conflicts of interest.

MIMEL imposes restrictions on the ability of its employees and their supervised persons to invest in securities that may be recommended or traded in MIMEL's client accounts. This policy currently applies to most securities transactions (including transactions in equity or debt securities, municipal bonds, exchange-traded securities, securities indices, derivatives of securities and similar instruments) and mutual fund transactions (including transactions in closed end mutual funds, excluding money market funds and other mutual funds specifically designed for short-term investment).

Pursuant to this policy, employees are required to pre-clear all of their personal securities transactions in securities that are not exempt from the policy. Employees must also receive prior approval before purchasing any securities in a private placement or pursuant to an initial public offering. Further, employees must receive prior approval to serve on a board of a publicly traded company or to engage in certain other outside activities that may conflict with MIMEL's obligations to its clients.

Item 12: Brokerage Practices

Selection of Broker-dealers

MIMEL's ability to determine the securities bought and sold as well as the amount bought and sold is limited by the investment objectives of the client and the diversification and other requirements of the mandate agreed with the client and documented in the client agreement. If and when selecting brokers and dealers to execute transactions, MIMEL will consider several different factors, including, among others, a broker's and dealer's quality of execution (for example, accurate and timely execution, clearance and error/dispute resolution); reputation, financial strength and stability of the party; ability to execute block trading and block positioning capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; overall costs of a trade (net price paid or received); nature of the security and the available market makers; desired timing of the transaction and size of trade and confidentiality of trading activity.

Consistent with MIMEL's policy to seek best execution, there may be occasions where MIMEL uses a broker or dealer that charges a higher transaction price if MIMEL determines in good faith that the amount of such cost is reasonable in relation to the value of the product and/or service provided by the executing broker. As a result of considering these multiple factors, MIMEL may pay a broker or dealer a higher transaction price than the amount that would be charged by another broker and dealer to execute the same transaction.

Client Referrals

MIMEL does not engage in broker referral activities, but has related persons that do engage in these activities.

Directed Brokerage

Clients may direct MIMEL to use specific broker-dealers. When clients designate brokers or dealers, it may not be possible for MIMEL to obtain the same execution that would be attainable if MIMEL had full discretion in the selection of the executing firm or to include the client's transaction in large batch transactions with orders on behalf of fully discretionary clients. Clients should be aware that direction requests may result in the payment of higher or lower or no brokerage commissions, an increase in transaction costs, or a less favorable net price for their account. Additionally, orders for clients with special requirements such as a specified percentage of directed brokerage, all-or-none execution requests, or restrictions prohibiting commingled orders may be placed after orders for clients that do not carry such restrictions. It is important to note that although MIMEL attempts to satisfy client direction requests, there can be no guarantee that client direction requests will be fully satisfied.

Item 13: Review of Accounts

Fixed Income Accounts

All our portfolios are monitored on a daily basis by an independent risk and compliance team. All portfolios and funds are managed based on their own specific risk guidelines and limits, and our independent teams ensure the portfolios are managed within their stated investment guidelines.

In regard to portfolio reporting, in some instances the clients receive daily fund information such as unit pricing, but typically this information is provided monthly. Portfolio reports detailing items, such as performance, attribution and market review are distributed at least quarterly, but more often monthly.

Item 14: Client Referrals and Other Compensation

A. Other Compensation

MIMEL does not receive any economic benefit from anyone who is not a client in relation to the provision of investment advisory services to its clients.

B. Compensation for Client Referrals

MIMEL does not pay fees for client referrals.

Item 15: Custody

MIMEL does not currently maintain custody of any client assets.

Item 16: Investment Discretion

Generally, MIMEL is retained on a discretionary basis and authorized to make the determinations in accordance with clients' specified investment objectives without client consultation or consent before a transaction is effected.

Before assuming discretionary authority, MIMEL requires a client to enter into a written investment management agreement with MIMEL. Any limitations on MIMEL's discretion in the case of a particular client will be agreed in advance and set forth in the investment management agreement between MIMEL and such client. For registered investment companies, MIMEL's authority to trade may also be limited by certain federal securities and tax laws.

Item 17: Voting Client Securities

In accordance with SEC requirements, MIMEL has adopted proxy voting policies and procedures contained in its Proxy Voting Policy (the "Policy") to address how MIMEL will vote proxies, if applicable, for its clients. The Policy seeks to ensure that, if applicable, MIMEL votes proxies (or similar instruments) in the best interest of its clients, including when there may be material conflicts of interest in voting proxies. For this purpose, "best interest" means in the best economic interest of each client or account and its shareholders, as investors, without regard to any self-interest which MIMEL, its management or affiliates might have in a particular voting matter or any interest which its clients' shareholders may have other than their economic interest, in common, as investors.

Clients may obtain a copy of MIMEL's Proxy Voting Policy, or, if applicable, information regarding how MIMEL voted proxies, upon request.

Item 18: Financial Information

A. Balance Sheet

MIMEL does not permit prepayment of fees. As such, it is not required to provide a balance sheet for the most recent fiscal year.

B. Financial Conditions

MIMEL does not have custody of client funds or securities, nor does it permit prepayment of fees. MIMEL is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to its clients.

C. Bankruptcy

MIMEL has never been the subject of a bankruptcy petition.