

## **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](http://www.adviserinfo.sec.gov).

AIA also is registered as a Commodity Trading Adviser (“CTA”) 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 disclosure. Consequently, the CFTC has not reviewed or approved any AIA trading program or account documentation or this Brochure.

**March 31, 2022**

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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

The following material changes have been made to this Form ADV, Part 2A Brochure since the last amendment date March 31, 2021:

On September 30, 2021, Aviva announced the completion of the sale of its French business, Aviva Investors France (AIF) to Aéma Groupe. AIF has been removed as an affiliated entity.

Effective December 1, 2021, we are no longer the adviser to collective investment trusts (CITs) exempted from the definition of "Investment Company" under Section 3(c)(11) of the 40 Act, including Aviva Investors CIT.

Effective December 15, 2021, we are no longer the 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").

This is only a summary of material changes. It does not identify every change to the brochure since the last 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](http://www.adviserinfo.sec.gov).**

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## Item 4 Advisory Business

### *Firm*

Aviva Investors Americas LLC ("AIA") is a Delaware limited liability company and 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 adviser or sub-adviser 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.

As of February 28, 2022, AIA's total assets under management were approximately \$10.5 billion, on a discretionary basis.

### *Services*

AIA provides a wide array of fixed income, equity, and alternative income investment management services through separate accounts. Investment advice is furnished on either a discretionary basis, where the client authorizes AIA to make all investment decisions for the account, or a non-discretionary basis, where AIA makes recommendations to the client, but all investment decisions are made by the client.

All separate account advisory services are provided under the terms of an advisory agreement between AIA and the client. AIA permits customization of an account's guidelines to meet the particular needs of clients, as long as the firm believes such customization will not unduly hamper its ability to execute the investment strategy. Generally, clients establish their own investment guidelines and restrictions for their accounts, although AIA maintains standard guidelines for a number of strategies that may be used without modification by clients.

As mentioned above, AIA also provides advisory or sub-advisory services to other investment funds that are established by AIA or its affiliates. Such investment funds may include, but are not limited to, private funds, and other types of pooled vehicles. Additional information concerning these funds is generally included in the relevant offering documents. We manage certain affiliate funds under a sub-advisory investment management agreement.

AIA also provides advisory or sub-advisory services to unaffiliated mutual funds, and other investment funds. Information concerning these funds, including a description of the services and advisory fees, is contained in each fund's offering document.

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.

Currently, AIA does not sponsor or participate in any "wrap-fee" programs or manage any model portfolios.

In performing advisory services, AIA may utilize the talents of investment professionals of non-U.S. affiliated investment advisory firms 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.

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 may be 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.

## **Item 5 Fees and Compensation**

### ***Standard Fees***

Fees are established and stated in a client's advisory 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 investment 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 commissions are exclusive of and in addition to AIA's management fee. See Item 12 for a discussion of AIA's brokerage practices.

## ***Performance Fees***

AIA will enter into performance fee arrangements (i.e., a fee based on a share of the income, capital gains or capital appreciation in the client's account or a portion of the client's account) from time to time where such fee arrangement is permitted under applicable laws and regulations. Please see "Performance-Based Fees and Side-by-Side Management" below for more information about performance fees.

## ***Separate Accounts***

AIA charges separate account clients a fee based on a percentage of client assets under management. Fees are subject to negotiation and may be different than those described below. Clients with significant relationships or 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 (%)
<b>Global High Yield</b>	
First \$50 Million	0.50%
\$50 - \$100 Million	0.45%
\$100 - \$250 Million	0.40%
Over \$250 Million	0.38%
Minimum Fee	\$125,000
<b>U.S. High Yield</b>	
First \$50 Million	0.50%
\$50 - \$100 Million	0.45%
\$100 - \$250 Million	0.40%
Over \$250 Million	0.38%
Minimum Fee	\$125,000
<b>Short Duration Global High Yield</b>	
First \$50 Million	0.45%
\$50 - \$100 Million	0.40%
\$100 - \$250 Million	0.38%
Over \$250 Million	0.36%
Minimum Fee	\$112,500
<b>Global Convertibles Absolute Return</b>	
All amounts	0.65%
<b>Global Convertibles</b>	
All amounts	0.65%
<b>U.S. Credit</b>	
First \$100 Million	0.25%
\$100 - \$250 Million	0.21%
\$250 - \$500 Million	0.18%
\$500 Million - \$1 Billion	0.16%
Over \$1 Billion	0.15%
Minimum Fee	\$75,000
<b>Emerging Market Bond</b>	
Minimum \$50 Million	0.60%
\$50 - \$100 Million	0.50%
Over \$100 Million	0.40%
<b>Multi-Strategy Target Return</b>	
All amounts	1.00%

<b>U.S. SMidCap</b>	
First \$25mm	0.75%
<b>Global Equity Endurance</b>	
All amounts	0.75%
<b>Global Equity Climate Transition</b>	
First \$50 Million	0.45%
Next \$200 Million	0.38%
Next \$250 Million	0.36%
Over \$500 Million	0.33%
<b>Real Assets – Alternative Income</b>	
All amounts	0.30%*

\*Non-discretionary

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 a sub-adviser for U.S. registered investment companies, 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 we manage on behalf of the fund. 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**

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 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.



## Environmental, Social and Governance Issues

Our portfolio management does incorporate considerations of environmental, social, and governance issues (“ESG”) into both investment decisions and proxy voting decisions where the financial performance of a company in which we invest on behalf of clients could be impacted, but also where the investment raises purely ethical concerns. Companies or states that contravene internationally accepted ethical principles, and in which we are considering an investment, will be subject to heightened scrutiny.

We may also consider reputational impact to its parent or affiliates, or its clients, and, in making investment decisions, we may further consider how prospective clients might view these issues. Determinations regarding ESG investing are complex and should be made on a case-by-case basis, in accordance with investment mandates, and must always be made in the best interest of clients.

## Item 6 Performance Fees and Side-By-Side Management

Most AIA clients pay advisory fees based on assets under management without a performance fee component. However, AIA will enter into performance fee arrangements (i.e., a fee based on a share of the income, capital gains or capital appreciation in the client’s account or a portion of the client’s account) from time to time where such fee arrangement is permitted under applicable laws and regulations. Performance fee arrangements are intended to align the interests of AIA with those of its clients though it can result in the payment of higher overall compensation to AIA.

Having both asset-based and performance-based fees in the same strategy does create the potential for conflicts of interests, as there may be an incentive 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 provides investment advisory or sub-advisory 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 management services as an adviser or sub-adviser 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 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 will provide the client written notice based on the terms of the agreement.

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. 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.

## ***Global Convertibles***

We believe that the active management of convertibles is best achieved by a dedicated, specialist team that has the experience to exploit the many inefficiencies that are inherent in the market. The team adopts both a top-down and fundamentally driven, bottom-up approach with the flexibility to invest across a global opportunity set to help capture these inefficiencies and pricing anomalies.

AIA offers the following Global Convertible Strategies:

The **Global Convertibles** strategy primarily invests in convertible securities from anywhere in the world. Specifically, at all times, the strategy invests at least two-thirds of total net assets (excluding cash and cash equivalents) in convertible bonds of issuers from anywhere in the world.

The **Global Convertibles Absolute Return** strategy primarily seeks exposure to high-quality convertible bonds from anywhere in the world. The strategy seeks to generate returns by identifying convertible bonds from large issues that offer discount to their implied value and an attractive yield and high liquidity.

## ***Investment Grade***

In the management of U.S. Investment Grade Fixed Income Strategies (which for certain strategies, may include investment in USD denominated investment grade securities of companies domiciled outside of the US) AIA primarily employs fundamental credit analysis. AIA formulates a top-down asset/sector allocation. 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. The Portfolio Management Team 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 denominated in U.S. dollars (USD). The strategy is also able to hold up to 10% in non-corporate debt.

## ***Emerging Market Bond***

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 strategy is managed by the Emerging Market team:

**Emerging Market Bond** 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.

### ***Global Equity Climate Transition***

At least 90% of the strategy will be invested in shares of Global Companies responding to climate change. “Global Companies” means companies in any country across the globe, including emerging markets. Companies will be identified as eligible for core investment if they satisfy the “Solutions” or “Transition” criteria and are not excluded on the basis of their fossil fuel activities. “Solutions” - the Investment Manager identifies themes related to mitigating the risk of climate change or helping communities to adapt to the adverse physical impacts of climate change, these companies assessed in offering “solutions” if they derive at least 20% of their revenue from such themes. “Transition” - the Investment Manager identifies companies positively aligning to and orientating their business models to be resilient in a warmer climate and a low carbon economy. Companies will be assessed using the Investment Manager's proprietary Transition Risk model. Which identifies the climate change risk for certain sub-industries “Transition Risk” ranking the risk as high, medium or low, and combines this with a score which provides a measure of the quality of climate risk management processes in place at individual companies, calculated using ratings provided by external industry recognized bodies the “Climate Risk Management Score”. The combination of these two elements determines whether a company satisfies the “Transition” criteria. Fossil fuel exclusions – companies deriving certain levels of revenue from producing or generating electricity from certain fossil fuels will be excluded from the Fund's core investment.

### ***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 seeking to deliver a specific level of return with limited volatility. Portfolio construction is considered as important as idea generation in the investment process. The strategy invests in equity 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.

## ***U.S. Equities***

The US equity team employs an active, bottom-up investment process that incorporates a rigorous assessment of environmental, social and governance (ESG) factors. Our research process seeks to identify undervalued companies where future earnings growth is underestimated by the market. We focus on well-run businesses with conservative balance sheets and robust free cash flow – companies that can self-fund growth initiatives and return capital to shareholders. By focusing on high-quality companies, we seek to limit downside risk and generate superior returns over an economic cycle.

AIA offers the following U.S. Equity strategies:

**U.S. SMidCap** investment universe generally includes companies within the market capitalization range of the Russell 2500 Index. The strategy invests in approximately 50-70 securities.

## ***Real Assets Alternative Income***

Our Alternative Income platform provides our clients with a multi-asset capability that harnesses our existing expertise across a range of asset classes. The platform combines a number of our core business strengths, which draw on our well-established origination platforms and deal pipelines. These enable us to deliver a broad range of Alternative Income solutions that are tailored to each client's specific objectives and requirements.

## ***Investment Risks***

Investment in securities and other instruments involves risk of loss that clients should be prepared to bear. These risks are in part dependent on the investments and instruments permitted by account guidelines. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or



threat. Clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events, if these events adversely impact the operations and effectiveness of the adviser or key service providers or if these events disrupt systems and processes necessary or beneficial to the management of accounts. A summary of the key risk with respect to our fixed income and equity strategies is set forth below. This is not meant to be an exhaustive list.

## General Risks for Fixed Income Strategies

**Credit Risk/Default Risk.** The risk that an issuer may fail to make timely payments of interest and/or principal and which will adversely affect the value of a security, its returns and liability. This risk is heightened for lower rated or higher yielding fixed income securities and lower rated borrowers.

**Issuer Risk.** The risk that an issuer may fail to make timely payments of interest and/or principal and the value of securities may decline due to the issuer or the borrower's credit rating or the perception creditworthiness of certain industries or sectors. This risk is heightened for lower rated fixed income securities or borrowers.

**Market Risk.** The risk that the market value of a security may move up or down, sometimes rapidly and unpredictably, based upon a change in market or economic conditions.

**Liquidity Risk.** The risk that a seller may be unable to find a buyer for its investments when it seeks to sell them, which is heightened for high yield, mortgage-backed and asset-backed securities.

**Foreign Securities Risk.** Investing in securities of foreign issuers poses additional risks since political, regulatory and economic factors unique to a country or region will affect the value of foreign securities, foreign markets and foreign issuers. In addition, investments in securities of foreign issuers are generally denominated in a foreign currency. As a result, investment in foreign securities involves the risk of foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency to decline or appreciate in value. Currency exchange rates may fluctuate significantly over short periods of time.

**Emerging Markets Risk.** Emerging markets are generally subject to greater market volatility, political, social and economic instability and may be 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. Emerging markets may have less stringent regulatory, disclosure, financial reporting, accounting, auditing and recordkeeping standards than companies in more developed countries which may impact the availability and reliability of information impacting the ability to evaluate such companies.

**Sovereign Debt Risk.** Sovereign debt securities are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt position in relation to the economy, its policy toward international lenders or the failure to put in place economic reforms required by multilateral agencies. If a governmental entity defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

**Derivative Risk.** (for portfolios that utilize derivatives). Investments in derivatives, or similar instruments, include but are not limited to, options, futures, options on futures, forwards, participatory notes, swaps, structured securities, tender-option bonds and derivatives related to foreign currency transactions. Derivatives may be used to hedge a portfolio's investments or to increase returns. Derivatives are subject to liquidity, leverage, counterparty, collateral and credit risks that can reduce returns and/or increase volatility.

Changes in the underlying reference security may produce disproportionate losses or changes in value of the derivative instrument. Investments in derivatives may pose more significant risks than those associated with investing directly in the underlying reference security. Losses may result from derivatives being less liquid, difficult to value, the failure of a counterparty to perform its contractual obligations, a portion of or all of the cash collateral received being invested in the market, or risks arising from margin posting requirements and related leverage factors associated with derivative transactions. Regulatory activity in many jurisdictions could impact the price of derivative instruments, limit their availability, or otherwise adversely affect the value or ability of parties to perform contractual obligations.

**Convertible bond risk:** Convertible bonds could earn less income than comparable debt securities and less growth than comparable equity securities, and are subject to credit, default, equity, interest rate, liquidity and market risks that apply to the underlying stock. The value of convertible bonds may experience greater volatility as the market value tends to increase or decrease in response to changes in the price of the underlying stock.

**High Yield Risk.** Portfolios that invest in high yield securities, lower-rated or unrated securities, may be subject to greater levels of credit and liquidity risk than accounts that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and lead to liquidity risk. If the issuer of a security is in default with respect to interest or principal payments, and account may lose its entire investment.

**Interest Rate Risk.** Changes in interest rates may adversely affect the value of a security. Rising interest rates cause the price of fixed income securities to fall and declining rates cause fixed income securities



prices to rise. Securities with longer maturities or durations may be more sensitive to changes in interest rates.

**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, credit spreads change, covenant issues including covenant violations occur, during changes of control or when an issuer's creditworthiness improves. The risk to the investor is one of reduced interest flows if proceeds are reinvested at a lower/reduced rate.

## General Risks for Equity Strategies

**Issuer Risk.** The risk that the value of securities may decline due to a number of economic, social, or financial factors relating to the issuer.

**Market Risk.** The risk that the market value of a security may move up or down, sometimes rapidly and unpredictably, based upon a change in market or economic conditions.

**Foreign Securities Risk.** Investing in securities of foreign issuers poses additional risks since political, regulatory and economic factors unique to a country or region will affect the value of foreign securities, foreign markets and foreign issuers. In addition, investments in securities of foreign issuers are generally denominated in a foreign currency. As a result, investment in foreign securities involves the risk of foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency to decline or appreciate in value. Currency exchange rates may fluctuate significantly over short periods of time.

**Small- and Mid-Capitalization Company Risk.** The small- and mid-capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, investments in these small-and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small or inexperienced management group. Therefore, small- and mid-cap stocks may be more volatile and trade less frequently or in lower volumes than those of larger companies, which could lead to increased transaction costs. These securities may be traded over-the-counter or listed on an exchange.

**Derivative Risk.** (for portfolios that utilize derivatives). The risk that changes in the of the underlying reference security may produce disproportionate losses or changes in value of the derivative instrument. Investment in derivatives may pose more significant risks than those associated with investing directly in the underlying reference security, derivatives may be less liquid, difficult to value or experience a lack of correlation with the underlying investment. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations.

**Emerging Markets Risk.** Emerging markets are generally subject to greater market volatility, political, social and economic instability and may be 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. Emerging markets may have less stringent regulatory, disclosure, financial reporting, accounting, auditing and recordkeeping standards than companies in more developed countries which may impact the availability and reliability of information impacting the ability to evaluate such companies.

## General Risk for Real Asset Strategies

**Real Estate Securities Concentration Risk** is the risk that investments in securities of real estate companies will make a portfolio more susceptible to risks associated with the ownership of real estate and with the real estate industry in general. Real estate companies may have lower trading volumes and may be subject to more abrupt or erratic price movements than the overall securities markets. The value of real estate securities may underperform other sectors of the economy or broader equity markets. Concentration in real estate securities may subject a portfolio to greater risk of loss than if it were diversified across different industries.

**REIT Risk** is the risk that investments will be affected by factors affecting real estate investment trusts ("REITs") and the real estate sector generally. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. These risks include possible declines in the value of real estate, possible lack of mortgage funds and unexpected vacancies of properties. REITs that invest in real estate mortgages are also subject to prepayment risks. REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. REITs are also subject to heavy cash flow dependency, defaults by borrowers, self-liquidation, interest rate risks (especially mortgage REITs) and liquidity risk. REITs may have limited financial resources, may trade less frequently and in lower volume, engage in dilutive offerings or become more volatile than other securities.

**Market Risk.** The risk that the market value of a security may move up or down, sometimes rapidly and unpredictably, based upon a change in market or economic conditions.

**Credit Risk/Default Risk.** The risk that the issuer or borrower will fail to make timely payments of interest and/or principal. This risk is heightened for lower rated or higher yielding fixed income securities and lower rated borrowers.

**Counterparty risk.** A financial institution or other counterparty to a transaction, or that underwrites, distributes or guarantees any investments or contracts that a portfolio owns or is otherwise exposed to, may decline in financial health and become unable to honor its contractual obligations. This could cause losses for a portfolio or could delay the return or delivery of collateral or other assets to the portfolio.

**Infrastructure-related companies risk.** Infrastructure-related companies can be affected by various factors, including general or local economic conditions and political developments, general changes in market sentiment towards infrastructure assets, high interest costs in connection with capital construction and improvement programs, difficulty in raising capital, costs associated with compliance with changes in regulations, regulation or intervention by various government authorities, including government regulation of rates, inexperience with and potential losses resulting from the deregulation of a particular industry or sector, changes in tax laws, environmental problems, technological changes, surplus capacity, casualty losses, threat of terrorist attacks and changes in interest rates. Concentration of investments in the infrastructure industry may subject a portfolio to greater risk of loss than if it were diversified across different industries.

## 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.

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."

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.

## **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.

*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 LaSalle Investors Real Estate Capital Global Co-Investment Fund, 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 or from our affiliates for services provided.

AIA is the 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 AIGSL which is authorized and regulated in the U.K. by the FCA, 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 as well as an Investment Fund Manager in Ontario, Quebec, and Newfoundland and Labrador.

AIA also serves as a sub-adviser to an unaffiliated, open-ended U.S. mutual fund. 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.

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 private funds, including services for registering certain AIA employees 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") that sets forth the standards of ethical and professional business conduct AIA requires from all employees. The Code consists of principles requiring among other things that employees (1) at all times place the interest of clients first; (2) ensure personal securities transactions are conducted in such a manner as to avoid or mitigate any actual or potential conflicts of interest; (3) refrain from taking advantage of their position inappropriately; and (4) at all times conduct themselves with integrity and in compliance with all applicable laws and regulations. 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. AIA may engage in cross trading where permissible, if it determines that such action and the conditions for the transaction would be favorable to both clients and the terms of the transaction are fair to both parties. The vast majority of cross trades made will be executed through the open market or with reference to an independently established market price. 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.

## **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 independent 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.

## ***Relationships Material to our Advisory Business and Conflicts of Interests***

Covered Persons may not engage in any employment or business activity outside of employment with AIA which inappropriately interferes with normal business activities with AIA or creates (or has the potential to create) a conflict of interest with the interests of AIA or the responsibilities of the Covered Person or other persons at AIA. Covered Persons are to notify the CCO of all directorships and officer ships with companies outside of AIA in advance of holding such positions and must notify the CCO of any outside employment or business activity which may interfere with such person's normal business activities or which may create a conflict of interest with AIA or its clients.

### **Item 12 Brokerage Practices**

AIA has established a Trade Practices Committee ("TPC") which is responsible for monitoring the 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 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 commissions 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 will be hampered or reduced. Therefore, AIA may be unable to achieve best execution for such clients. 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.

### ***Soft Dollar Arrangements***

Due to the size and complexity of the investment universe underlying the investment strategies managed by the firm it is not practical to support all of the related investment decisions with in-house analyses which may expose an investment process to well-known behavioral risk (e.g. Groupthink). Consequently, sourcing some portion of the investment analyses and research externally is sensible and contributes to scalability of the investment process.

We believe 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"). AI has robust systems in place to ensure that decisions on the procurement of research are taken separately from decisions on the choice of execution services and allocation of orders, which are subject to best execution. AI's policies and research procurement have been designed to minimize any conflict of interest that may arise.

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 the firm 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 the firm'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.

Where an aggregated client order is fully executed, then each order will be satisfied in full using the Portfolio Manager's pre-trade allocations at the average price of the executed transaction. When an aggregated order is only partially filled (i.e. the total amount of securities purchased or sold is less than the amount requested in the aggregated order) the securities will be allocated pro-rata to each participating account based on the initial amount requested. AIA's pro-rata allocation for partial fills of aggregated orders is conducted equitably, promptly and accurately using the Order Management System ("OMS"). The OMS uses an independent pro-rata allocation methodology which relies on a predefined algorithm that takes into account: minimum trade size and minimum trade increment for the relevant security; all aggregated accounts and their initial pre-trade allocation; and the proportion of the starting aggregated order being filled by each trade.

It is noted that when AIA traders partially fill a sell order from a Portfolio Manager, the OMS algorithm may leave traders with residual positions for some client accounts that do not meet the minimum trade size (i.e. untradeable positions). In these situations, AIA traders are permitted to adjust the initial allocation created by the OMS equitably, such that no client account is left with an untradeable position

Client accounts may participate in an aggregated transaction and pre-trade allocations must be on a fixed percentage, relative net asset, or targeted percentage basis.

**Fixed Percentage Allocation.** Securities are purchased and allocated to participating accounts so that each account ends up with an equivalent percentage weighting of desired duration contribution or market value. If an account already holds an issuer, they may be allocated less of the current order than an account that already holds less or none of the issuer being purchased.

**Relative Net Asset.** Orders are pro-rated based on relative market value of the portfolio; not taking into account any existing holdings in the issuer.

**Targeted Percentage Allocation.** Participating accounts receive a different weighting of an issuer as determined by the Portfolio Manager taking into consideration amongst other things investment objectives and guidelines, duration contribution and cash flow.

AIA is not obligated to aggregate all orders; the decision on whether to aggregate similar orders will be made by the relevant trader in accordance with the principles set by the Global Order Allocation and Aggregation Policy to ensure that the outcome is fair and equitable and in the best interests of all clients involved over time. Where a decision results in similar orders not being aggregated, such orders should be executed in the order they are received by the trading desk.

## Real Assets Alternative Income

The Aviva Investors Real Assets Alternative Income unit ("Alt Inc") manages pooled funds and vehicles, segregated mandates and other direct investor agreements that invest in a range of illiquid assets, on behalf of clients, either Aviva Group companies and/or external investors such as pension funds or insurance companies. Those funds, vehicles and mandates usually participate in different investment strategies but may have overlapping investment criteria, giving rise to potential conflicts of interest, when allocating funding to an investment. The Portfolio Management (PM) team is responsible for the asset allocation of the multi-asset alternative income portfolios. They design and maintain the portfolios in line with the objectives and constraints agreed with the investors, using their knowledge of the macroeconomic conditions impacting the public and private markets.

With discretionary mandates, funds or any other client undertaking where the investment decision resides with Alt Inc, portfolio managers have the responsibility to act promptly so that allocations can be made on a timely basis and in line with the timing of the investment decision process. In the case of non-discretionary mandates or other undertakings where the investment decision is with a client, the client recognizes that the time taken for and/or the timing of its investment decision process may operate to its disadvantage on some occasions. Additionally, for non-discretionary/advice-only mandates, clients will be offered investment opportunities only after discretionary clients and/or certain other non-discretionary clients (i.e. where Alt Inc. executes the transactions) have been allocated such investment opportunity.

Alt Inc maintains relationships with opportunistic investors or other accounts without mandate, who co-invest in Infrastructure assets alongside Funds on an opportunistic basis. If during the allocation process, the investment team determines that an opportunistic investor can bring complimentary funding, which allows Alt Inc either (i) to reach the full transaction size or (ii) to improve the terms of the Transaction and access a larger share of the overall investment opportunity, Alt Inc may request complementary funding from that investor. Alt Inc will rerun the allocation procedure for the remaining Transaction amount accordingly. Follow-on investments will follow the same allocation as the original transaction where documented in the original transaction proposal.

## **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 that 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 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.

### **Quarterly Credit Strategy Meeting**

On a quarterly basis, the credit research analysts discuss fundamental industry outlook and valuation. This is used to make determinations regarding expectations for the top and bottom performing high yield industries. Subsequently, 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 review and discuss investment results and performance attribution for the prior month.

## **Monthly Strategy Meetings**

On a monthly basis, the Portfolio Managers discuss specific strategies and actions to be taken with respect to security selection, industry allocation, quality tier allocation and hedged currency allocation. Macro-Economic, Fundamental, Valuation and Technical factors are discussed; setting the framework for portfolio construction. Portfolio Managers also meet with the ESG team and Investment Risk to review, analyze, and discuss portfolio positioning and risk characteristics.

## **Bi-Weekly Roundtable Meetings**

Every other week 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.

## ***Analysis Relating to Emerging Markets Debt***

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 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, among other things, 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.

## ***Analysis Relating to Global Convertibles***

The portfolio is monitored on a daily basis using, among other things, Value at Risk (“VaR”) analysis reports. 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.

## ***Analysis Relating to Real Assets Alternative Income***

The investment teams review borrower reporting, market data that may affect the status of the deal and maintain an ongoing dialogue with borrowers. Unlike public deals, we usually get access to granular performance information on a more frequent basis from borrowers. The value-add from our investment teams is knowing what to do with this information – e.g. assessing what this means to the evolution of the level of credit risk in the transaction and whether we should be seeking to utilize some of the credit enhancement controls that we’ve negotiated in our bespoke documentation for each investment to help protect our client’s position.

The PM team discuss existing investments with each investment team as part of the PM team’s regular meetings. The focus is to identify and understand any issues that have arisen with an existing investment, and the consequent planned course of action to rectify the issue – each investment is assigned a status using a Red Amber Green (RAG) framework. This allows the PM team to remain fully informed on the current status of each underlying investment.

## ***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, AIA has not such arrangements.

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.

## 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. 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 and in accordance with AIA's proxy voting policy. 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 the CCO's discretion, they may convene the Proxy Committee, which is comprised of internal senior managers. The Proxy Committee evaluate a proxy in accordance with AIA's proxy voting policy and may act upon the majority decision of the members participating in any meeting.

Typically, in voting proxies in accordance with its proxy policy, 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](http://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.