

Constellation Investments, Inc.
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10/18/2024

This Brochure provides information about the qualifications and business practices of Constellation Investments, Inc. (“CINV”). If you have any questions about the contents of this Brochure, please contact us at 877-781-6392 and/or Carlos_Paiva@constellationinsurance.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

CINV is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about CINV also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On May 22, 2024, we filed the previous version of this Brochure. The following material changes occurred since the Brochure’s annual updating amendment dated 2/16/2024.

September 26, 2024

- On September 26, 2024, Carlos Paiva replaced Keith Dwyer as the Chief Compliance Officer.
- On September 26, 2024, Ari Bruger was elected as a Director of Constellation Investments, Inc., replacing Keith Dwyer.

September 1, 2024

- On September 1, 2024, Constellation Investments, Inc. moved within the organizational structure from under Constellation Insurance, Inc., to under ONLH Holdings, LP (“ONLH”), with the distribution of all its outstanding common shares of stock to ONLH effective September 1, 2024, and is no longer a subsidiary of Constellation Insurance, Inc.
- On September 1, 2024, Sycamore Re, LTD. moved within the organizational structure from under Constellation Insurance, Inc., to under Constellation Insurance Holdings, Inc. (“CIHP”), with the distribution of all its outstanding common shares of stock to CIHI effective July 1, 2024, and is no longer a subsidiary of Constellation Insurance, Inc.

June 3, 2024

- On May 22, 2024, Johnathon Egol was elected as a Director of Constellation Investments, Inc.

May 14, 2024

- CINV expects to begin managing collateralized loan obligations (“CLOs”). Initially, the only investors in the CLOs will be CINV’s insurance company affiliates. In Item 4, we updated our advisory services with respect to the collateral management activities for the CLOs. In Item 5 we added information on the CLOs and related conflicts of interest and deleted the expense waivers on the model portfolios as they’ve expired. In Item 8, we updated the strategies and risk factors to include certain material risks to investors in CLOs. In Item 10, we added and expanded certain conflicts of interest related to our advisory activities related to CLOs. In addition to the material changes described above, we have made other non-material changes to this Brochure that are not included in this summary.

On April, 29, 2024

- On April 29, 2024 Ohio National Investments, Inc. changed its name to Constellation Investments, Inc. (“CINV”). All references to Ohio National Investments, Inc. or ONII have been updated to Constellation Investments, Inc. and CINV.

On April 1, 2024

- Beginning April 1, 2024, ONII began managing the assets of its insurance company affiliates. The affiliated entities include Constellation Insurance Holdings, Inc., Constellation Insurance, Inc., Augustar Life Insurance Company, Augustar Life Assurance Corporation, Financial Way Realty, Inc., Augustar Lending, LLC, Camargo Re Captive, Inc., Sunrise Captive Re, LLC, Kenwood Re, Sycamore Re and Montgomery Re (“affiliated insurance companies”). As of 12/31/23 these entities had combined assets of \$13,267,131,800 that will now become Regulatory Assets Under Management (“AUM”) of ONII. The new accounts AUM include cash and short-term investments, bonds, commercial mortgages, residential mortgages, real estate, preferred stock, common stock, other invested assets, and derivatives. The total AUM value presented for these accounts reflects the U.S. Statutory carrying value for all the assets listed. AUM excludes investments in affiliates or subsidiaries, policy loans, securities lending and accrued income on investments. As a result of this change, there were revisions to Item 4 where information was added on the new accounts and fee structure, Item 7 added the additional accounts, Item 8 added new methods of analysis, risk of loss and investment strategies, Item 12 added allocation policies, Item 15 added custody disclosure and finally, Item 17 has proxy voting information for the new accounts.

On March 1, 2024

- On 3/1/2024 Sachin Jain was appointed as the new President for Ohio National Investments, Inc. replacing Gary Rodmaker who will continue as a Managing Director.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We will further provide you with other ongoing disclosure information about material changes and a new Brochure as necessary.

You may request a copy of our current Brochure at any time, without charge, by contacting Carlos Paiva, Chief Compliance Officer at 877-781-6392 or Carlos_Paiva@constellationinsurance.com.

Additional information about CINV is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with CINV who are registered, or are required to be registered, as investment adviser representatives of CINV.

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Item 4 – Advisory Business

CINV is the investment adviser to investment vehicles including mutual funds sponsored by The Augustar Life Insurance Company (“ALIC”), separate accounts of the insurance company affiliates, and private investment funds that are collateralized loan obligations (collectively, “CLOs”). Currently, CINV has one registered investment company client, Augustar Variable Insurance Products Fund, Inc. (“Augustar Fund”), and twelve insurance company clients. Additionally, this Brochure generally describes CINV’s expectations regarding its business practices once its anticipated CLO clients are operating. Unless otherwise noted or the context otherwise requires, all information in this Brochure concerning the CLOs is prospective as if CINV has been engaged for collateral management services for CLOs as of the date of this Brochure.

CINV has been in business since 1996. CINV is principally owned by Constellation Insurance, Inc., which itself is wholly owned by Constellation Insurance Holdings, Inc. The ultimate parents of Constellation Insurance Holdings, Inc. are the Ontario Teachers’ Pension Plan Voting Trust, trustees Greg Nielsen and Salman Hasnain, and Caisse de depot et placement du Quebec Voting Trust, trustees Philippe Charette and Martin Longchamps.

The Adviser provides investment advisory and collateral management services in accordance with each client’s investment objectives, strategies, restrictions, and guidelines as set forth in the governing documents of each client. Subject to any investment guidelines or restrictions applicable to a particular client, the Adviser is permitted to invest in any security and any sector of the market to carry out the overall objectives of the clients.

As of March 31, 2024, CINV has \$26,055,059,088 in assets under management. CINV manages \$11,943,472,040 in the Augustar Fund and \$14,111,587,048 in insurance company affiliate accounts. Initially, the only investors in the CLOs will be CINV’s insurance company affiliates; as a result, any assets CINV manages on behalf of the CLOs will be assets also included in the assets under management attributable to the affiliated insurance company accounts. All assets are discretionary, exercised in a manner consistent with the stated investment objectives of each portfolio of Augustar Fund, the investment policies of the affiliated insurance companies, and the governing documents of the CLOs, as applicable.

Item 5 – Fees and Compensation

Augustar Fund

When providing advisory services to the portfolios of the Augustar Fund (the “Portfolios”), CINV charges and receives advisory fees determined as a percentage of net assets. CINV’s fees are

negotiable and will vary based on investment style and other factors. Because CINV's fees are negotiable, the actual fee paid by any client or group of clients may differ from those set forth below and may vary from year to year. The net asset value of Portfolios reflects the advisory fees and other expenses that are deducted from the assets of the Portfolio.

As compensation for its services under the investment advisory agreements, CINV is paid the following fees from the Augustar Fund:

From the Augustar Fund, CINV receives the following fees:

| Portfolio Name | Annual Fees |
|--|--|
| AVIP AB Small Cap Portfolio | 0.73% of first \$400 million 0.675% of next \$200 million 0.63% over \$600 million |
| AVIP AB Mid Cap Core Portfolio | 0.715% of first \$100 million 0.71% of next \$200 million 0.69% of next \$200 million 0.66% over \$500 million |
| AVIP AB Relative Value Portfolio | 0.65% of first \$100 million 0.61% of next \$200 million 0.59% over \$300 million |
| AVIP Fidelity Institutional AM Equity Growth Portfolio | 0.68% of first \$100 million 0.65% over \$100 million |
| AVIP U.S. Low Volatility Portfolio | 0.575% of first \$500 million 0.555% over \$500 million |
| AVIP S&P 500® Index Portfolio | 0.40% of first \$100 million 0.35% of next \$150 million 0.33% over \$250 million |
| AVIP Bond Portfolio | 0.60% of first \$100 million 0.50% of next \$150 million 0.45% of next \$250 million 0.40% of next \$500 million 0.30% of next \$1 billion 0.25% over \$2 billion |
| AVIP BlackRock Advantage International Equity Portfolio | 0.72% of first \$200 million 0.70% of next \$800 million 0.66% over \$1 billion |
| AVIP Federated High Income Bond Portfolio | 0.75% of first \$75 million 0.70% of next \$75 million 0.65% of next \$75 million 0.60% over \$225 million |
| AVIP Federated Core Plus Bond Portfolio | 0.56% of first \$100 million 0.54% of next \$150 million 0.50% of next \$150 million 0.45% of next \$350 million |

| | |
|--|--|
| | 0.43% over \$750 million |
| AVIP Nasdaq 100® Index Portfolio | 0.40% of first \$100 million 0.35% of next \$150 million 0.33% over \$250 million |
| AVIP BlackRock Balanced Allocation Portfolio | 0.58% of first \$100 million 0.50% of next \$150 million 0.45% of next \$250 million 0.40% of next \$500 million 0.30% of next \$1 billion 0.25% over \$2 billion |
| AVIP BlackRock Advantage Small Cap Growth Portfolio | 0.78% of first \$100 million 0.75% of next \$400 million 0.70% over \$500 million |
| AVIP BlackRock Advantage Large Cap Core Portfolio | 0.64% of first \$500 million 0.62% over \$500 million |
| AVIP BlackRock Advantage Large Cap Growth Portfolio | 0.66% of first \$500 million 0.64% over \$500 million |
| AVIP BlackRock Advantage Large Cap Value Portfolio | 0.67% of first \$500 million 0.65% over \$500 million |
| AVIP S&P MidCap 400® Index Portfolio | 0.40% of first \$100 million 0.35% of next \$150 million 0.33% over \$250 million |
| AVIP Risk Managed Balanced Portfolio | 0.88% of first \$500 million 0.74% of next \$1.3 billion 0.72% over \$1.8 billion |
| AVIP iShares Managed Risk Balanced Portfolio | 0.55% of first \$1.5 billion 0.53% over \$1.5 billion |
| AVIP iShares Managed Risk Moderate Growth Portfolio | 0.55% of first \$1.5 billion 0.53% over \$1.5 billion |
| AVIP iShares Managed Risk Growth Portfolio | 0.55% of first \$1.5 billion 0.53% over \$1.5 billion |
| AVIP Moderately Conservative Model Portfolio | 0.40% of average daily net assets |
| AVIP Balanced Model Portfolio | 0.40% of average daily net assets |
| AVIP Moderate Growth Model Portfolio | 0.40% of average daily net assets |
| AVIP Growth Model Portfolio | 0.40% of average daily net assets |

Pursuant to the Investment Advisory Agreement between CINV and Augustar Fund, if the total expenses applicable to any Portfolio during any calendar quarter (excluding taxes, brokerage commissions, interest expense and management fees) exceed 1%, on an annualized basis, evaluated quarterly, of such Portfolio's average daily net asset value, CINV will reimburse the Portfolio for such excess expenses. There were no expense reimbursements associated with this agreement during the year ended December 31, 2023.

CINV's advisory fees are subject to negotiation. None of the fees are payable in advance of any services being rendered. Advisory fees for the AVIP Fund are calculated based on assets under management determined daily throughout the month and billed to Augustar Fund on a monthly basis. The advisory agreement may be terminated by Augustar Fund at any time, without the payment of any penalty, on 60 days' written notice. Such termination may be initiated by the Augustar Fund's Board of Directors or, as to any portfolio, by the vote of a majority of such portfolio's outstanding securities.

Pursuant to a service agreement between CINV, ALIC, and the Augustar Fund, ALIC has agreed to provide personnel and facilities to CINV on a cost-reimbursement basis. These personnel include officers of the Augustar Fund, ALIC also provides clerical and administrative services, and supplies and equipment required for CINV to properly perform its advisory function pursuant to the Investment Advisory Agreement.

Insurance Company Clients

For services rendered to National Security, CINV charges the company for actual expenses incurred in the delivery of services including manpower, brokerage commissions and research services, all in accordance with Regulation No. 33, 11 NYCRR 91 of the New York Insurance Department.

For services rendered to the insurance company affiliates, CINV charges the following fees:

| <u>Asset Class</u> | <u>Fee (Basis Points)</u> |
|--|----------------------------------|
| Cash and Short Term | 5 |
| Government – Treasury and Agency | 5 |
| Corporate and Municipal – Public and 144a Investment Grade | 12 |
| Corporate and Other – Traditional Private Placement | 16 |
| Structured – Agency RMBS and CMBS | 16 |
| Commercial Mortgage Whole Loans and Participations | 22 |
| Structured – ABS, CLO Non-Agency RMBS and CMBS | 25 |
| Structured – Private ABS* (not 144a) | 30 |
| Residential Mortgage Whole Loans and Participations | 30 |
| High Yield, Emerging Market Debt and Preferred Stock | 30 |
| Common Stock | 35 |
| Real Estate Owned | 50 |
| Replication Transaction | 100 |
| Alternative Investments** | 100 |
| Hedging – Notional Amount (net)*** | 5 |
| Investment Accounting and Middle Office – Total Assets | 4 |

*Includes Private ABS, ABL, NAV Lending, Sublines, Consumer Loans and Others

**Includes Private Equity, Private Debt, Real Estate, Transitional Loans, Residual Tranches and Others

***Net to avoid multiple fees on hedges with multiple legs. Fee on one leg only

These fees are calculated quarterly in arrears by averaging the total statutory value of the client assets under management on the first day of the quarter and the last day of the quarter multiplied by the appropriate fees according to the above schedule and divided by 4.

CINV will help facilitate the hiring of investment managers, including but not limited to manager selection, manager due diligence, design of investment guidelines, fee and document negotiations and approving individual assets if need be, for the insurance company affiliated accounts to gain access to other asset classes and deals. This is part of the overall account management strategy by CINV and helps add exposure to other assets classes. The insurance company affiliates will contract directly with these investment managers and pay a fee based on assets under management, as well as the fee paid to CINV for overall management of the strategy based on the fee schedule.

Sub-Advisory Agreements

CINV has sub-advisory agreements in place with multiple investment advisers to manage the assets of certain portfolios of the Augustar Fund.

In accordance with the sub-advisory agreements, CINV pays the sub-advisers as follows:

| Portfolio Name | Sub-adviser Name | Annual Fees |
|--|---|--|
| AVIP AB Small Cap Portfolio | Alliance Bernstein | 0.32% of the first \$400 million 0.29% of next \$200 million 0.255% over \$600 million |
| AVIP AB Mid Cap Core Portfolio | Alliance Bernstein | 0.28% of the first \$100 million 0.27% of the next \$200 million 0.2650% of next \$200 million 0.26% over \$500 million |
| AVIP AB Relative Value Portfolio | Alliance Bernstein | 0.28% of the first \$100 million 0.24% of the next \$200 million 0.22% over \$300 million |
| AVIP Fidelity Institutional AM Equity Growth Portfolio | Fidelity Institutional Asset Management | 0.30% of the first \$100 million 0.27% over \$100 million |
| AVIP U.S. Low Volatility Portfolio | Intech Investment Management LLC | 0.10% on all assets |
| AVIP S&P 500® Index Portfolio | Geode Capital Management | 0.01% on all assets |
| AVIP BlackRock Advantage Large Cap Core Portfolio AVIP BlackRock Large Cap Growth Portfolio | BlackRock Investment Management | 0.20% of the first \$500 million in the aggregate 0.18% over \$500 million in the aggregate |

| | | |
|--|---|--|
| AVIP BlackRock Advantage Large Cap Value Portfolio | | |
| AVIP BlackRock Balanced Allocation Portfolio (Equity) | | |
| AVIP BlackRock Advantage International Equity Portfolio | BlackRock Investment Management | 0.32% of the first \$200 million 0.30% over \$200 million |
| AVIP Federated High Income Bond Portfolio | Federated Investment Management Company | 0.50% of the first \$30 million 0.40% of the next \$20 million 0.30% of the next \$25 million 0.25% over \$75 million |
| AVIP Federated Core Plus Bond Portfolio | Federated Investment Management Company | 0.18% of the first \$100 million 0.15% of the next \$150 million 0.12% of the next \$150 million 0.10% of the next \$350 million 0.08% over \$750 million |
| AVIP Nasdaq-100® Index Portfolio | Geode Capital Management | 0.05% of the first \$100 million 0.04% of the next \$150 million 0.03% over \$250 million |
| AVIP BlackRock Advantage Small Cap Growth Portfolio | BlackRock Investment Management | 0.40% of the first \$250 million 0.35% over \$250 million |
| AVIP S&P MidCap 400® Index Portfolio | Geode Capital Management | 0.039% of the first \$100 million 0.038% of the next \$150 million 0.037% of the next \$250 million 0.036% of the next \$500 million 0.035% over \$1 billion |
| AVIP Risk Managed Balanced Portfolio | Alliance Bernstein | 0.50% of the first \$400 million 0.40% of the next \$800 million 0.30% over \$1.2 billion |
| AVIP iShares Managed Risk Balanced Portfolio AVIP iShares Managed Risk Moderate Growth Portfolio AVIP iShares Managed Risk Growth Portfolio | BlackRock Investment Management | 0.19% of the first \$1.5 billion in the aggregate 0.18% over \$1.5 billion in the aggregate |

CLO Clients

As a general matter, the governing documents of each CLO describe the fees payable to the Adviser by such CLO and its underlying investors and the manner in which the Adviser charges fees. CINV does not charge additional management fees on the CLOs as they are already compensated for managing the assets as disclosed in the insurance company affiliate fee table.

Brokerage and Other Transaction Costs Applicable to Clients

CINV's advisory fees and expenses described above are exclusive of any brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Such

charges, fees and commissions are exclusive of and in addition to CINV's advisory fees and expenses, and CINV shall not receive any portion of these commissions, fees, and costs. The Brokerage Practices section (Item 12) further describes the factors that CINV considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

CINV does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client)

Item 7 – Types of Clients

CINV has one registered investment company client, the Augustar Fund, and twelve insurance company affiliate accounts. CINV also provides collateral management services to clients that are CLOs. With respect to the CLOs, investors must generally qualify as “qualified purchasers” as defined in Section 2(a)(51)(A) of the 1940 Act, including insurance companies and other financially sophisticated institutional and individual investors. Additional details regarding investor criteria, including any minimum account requirements or the Adviser's ability to waive a minimum investment, will be provided in the applicable governing documents of each client. In addition, initially, the only investors in the CLOs will be CINV's affiliated insurance companies.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Under its investment management agreements and collateral management agreements, CINV provides investment advice and invests the assets of the Augustar Fund and the affiliated insurance company accounts and the CLOs. CINV follows the client's investment policies and is subject to the supervision of its board of directors. CINV manages the assets of the affiliated insurance companies' general accounts and the CLOs and has retained other portfolio managers, or sub-advisers, to manage some of the Portfolios of the Augustar Fund. The Portfolios are managed in a variety of investment strategies and invest in various types of securities depending on their investment strategy. CINV implements the investment programs by executing the purchase and sale of securities or overseeing those functions performed by the sub-advisers.

Each sub-adviser is free to employ the method of analysis that it believes is most appropriate to implement the investment strategy of their sub-advised portfolios. For more details on their

methodologies, refer to the Augustar Fund prospectus or the ADV of the respective sub-adviser. CINV employs the following methods of analysis for the Bond Fund, fixed income portion of the AVIP Blackrock Balanced Allocation Portfolio, the general accounts of the insurance company affiliates, the Model Portfolios (the portfolios or accounts it directly advises), and the CLOs.

Fixed income:

CINV's method of analysis and investment strategy employs a top down and bottom-up approach. From a top-down perspective, the strategy is to construct a diversified portfolio with a duration similar to the benchmark. The portfolio is diversified by corporate industries and by individual companies. Portfolio characteristics are managed relative to the benchmark to meet the portfolio's objectives. From a bottom-up perspective, Constellation employs fundamental credit analysis within a relative value framework. Credit ratios and cash flows are reviewed for individual companies and compared to other potential investment options available. The portfolio is constructed by investing in individual securities that are perceived to provide an appropriate return for the credit risk being taken, to meet the objectives of the portfolio. Some investments are made in securities that are not included in the benchmark, within the parameters outlined in the prospectus, to enhance the return of the portfolio.

Model Portfolios:

There are currently four Model Portfolios in the Augustar Fund. Each Model Portfolio is a Fund of Funds that invests in a carefully selected combination of underlying funds based on each Portfolio's target asset allocation.

CINV develops the Model Portfolios' asset allocation strategies based on the individual Portfolios' investment strategies. Once a target asset allocation is determined, a Model Portfolio will invest in shares of underlying funds based on that Portfolio's particular asset allocation strategy, desired level of asset class exposure, and the investment style, risk profile, and performance of the underlying funds. The underlying funds include, but are not limited to, other Augustar Fund portfolios that are also advised by the Portfolio's Adviser. This process often results in the inclusion of an investment option in a Model Portfolio based on its specific asset class exposure or other specific optimization factors, even where other investment options have better historical performance.

CINV reassesses the Model Portfolios' asset allocation strategies periodically based on each Portfolio's investment objective. CINV may add or delete asset classes, add or delete underlying funds, and/or revise the target and actual weightings among the asset classes and the underlying funds without notice or shareholder approval. Furthermore, CINV will often rebalance the weightings in the underlying funds to each Portfolio's current asset allocation strategy.

Although the Model Portfolios are designed to optimize returns given the various levels of risk, there is no assurance that a Model Portfolio will not lose money or that investment results will not experience volatility. Investment performance of an owner's contract value could be better or worse

by participating in a Model Portfolio than if they had not participated. A Model Portfolio may perform better or worse than any single investment option or asset class or other combinations of investment options or asset classes. Performance is dependent upon the performance of the underlying portfolios. The timing of the investment and the frequency of automatic rebalancing may affect performance. The owner's contract value will fluctuate, and when redeemed, may be worth more or less than the original cost.

Although the Model Portfolios are intended to optimize returns given various levels of risk tolerance, underlying portfolio, market and asset class performance will likely differ in the future from the historical performance and assumptions upon which the Model Portfolios are based, which could cause the Model Portfolios to be ineffective or less effective in reducing volatility.

CLOs:

CINV employs fundamental credit research with respect to each of the loans, bonds, and securities held in, or considered for, the CLOs. The CLO investment process concentrates on fundamental credit and technical market analysis to evaluate the suitability of each potential investment. Review of each CLO investment opportunity involves an assessment of the creditworthiness of the borrower and its risks and the role of the investment within the CLO portfolio. Credit monitoring is performed on an ongoing basis with respect to existing CLO investments and CLO portfolios.

Investment Strategies

Insurance company accounts seek the following objectives and strategies:

- National Security, Constellation Insurance Holdings, Constellation Insurance, Inc., Augustar Life Insurance Company, Augustar Life Assurance Corporation, Financial Way Realty, Augustar Lending, Camargo Re Captive, Sunrise Re Captive, Kenwood Re, Montgomery Re, Sycamore Re - Maximization of income without exposing accounts to excessive risk, preservation of capital, and integration of the investment portfolio into overall corporate objectives, including asset-liability management, liquidity and income requirements within the investment policies of each entity.

The Augustar Fund consists of twenty-five separate investment portfolios that seek the following objectives and strategies:

- AVIP Bond Portfolio - High level of income and opportunity for capital appreciation consistent with preservation of capital by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in corporate debt securities.

- AVIP BlackRock Balanced Allocation Portfolio - High level of long-term total return consistent with preservation of capital by investing in stocks, bonds and money market instruments.
- AVIP BlackRock Advantage International Equity Portfolio - Long term growth of capital by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in non-U.S. equity securities and equity like instruments of companies that are components of or have characteristics similar to the companies included in the MSCI EAFE Index (Net-USD).
- AVIP Fidelity Institutional AM Equity Growth Portfolio – Long-term capital growth by investing primarily in domestic and foreign equity securities selected for growth potential.
- AVIP AB Small Cap Portfolio - Long-term growth of capital by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in stocks of small capitalization companies with market capitalizations at the time of investment that are within the lowest 20% of the total U.S. equity capitalization (excluding companies with a market capitalization below \$10 million).
- AVIP AB Mid Cap Core Portfolio - Long-term growth of capital by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in equity securities of mid-cap companies with market capitalizations at the time of investment that are within the range of market capitalizations of companies constituting the Russell Midcap Index.
- AVIP AB Relative Value Portfolio – Long-term growth of capital by primarily investing in the equity securities of U.S. companies that Alliance Bernstein believes are trading at attractive valuations that have strong or improving business models.
- AVIP U.S. Volatility Portfolio – Capital appreciation by investing, under normal circumstances, at least 80% of its net assets (plus any borrowings for investment purposes, if any) in U.S. common stocks of companies included in the S&P 500® Index. Those stocks are selected by a mathematical investment process that seeks to achieve returns similar to those of the S&P 500® Index over the long term with lower absolute volatility.
- AVIP S&P 500® Index Portfolio - Total return approximating that of the Standard & Poor's 500® Index (S&P 500® Index), at a risk level consistent with that of the S&P 500® Index by investing, under normal circumstances, more than 80% of its net assets (plus borrowings for investment purposed, if any) in securities included in the S&P 500® Index.
- AVIP BlackRock Advantage Large Cap Value Portfolio - Growth of capital by investing at least 80% of its net assets (plus borrowings for investment purposes, if any) in stocks of

large capitalization companies with market capitalizations at the time of investment that are within the range of market capitalizations of the companies in the Russell 1000 Value Index for the previous 12 months.

- AVIP Federated High Income Bond Portfolio - High current income by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in lower rated corporate debt obligations commonly referred to as "junk bonds". The Portfolio's investments are generally rated Ba or lower by Moody's, or BB or lower by Standard & Poor's or Fitch.
- AVIP Federated Core Plus Bond Portfolio - Total return by investing, under normal market conditions, at least 80% of its net assets (plus borrowings for investment purposes, if any) in fixed income securities, primarily U.S. dollar denominated, investment grade, fixed income securities. Investment grade, fixed income securities are rated in one of the four highest categories (BBB- or higher) by a nationally recognized statistical rating organization ("NRSRO").
- AVIP Nasdaq-100[®] Index Portfolio - Long-term growth of capital by investing, under normal circumstances, more than 80% of its net assets (plus borrowings for investment purposed, if any) in the common stocks of companies composing of the Nasdaq-100[®] Index.
- AVIP BlackRock Advantage Large Cap Core Portfolio - Long-term growth of capital by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in common stocks of the 1,000 largest publicly traded U.S. companies in terms of market capitalization.
- AVIP BlackRock Advantage Small Cap Growth Portfolio - Long-term growth of capital by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in stocks of small capitalization companies within a market capitalization at the time of investment that is no greater than the largest market capitalization of a company in the Russell 2000 Index for the previous 12 months.
- AVIP S&P MidCap 400[®] Index Portfolio - Total return approximating that of the Standard & Poor's MidCap 400[®] Index (S&P MidCap 400[®] Index), including reinvestment of dividends, at a risk level consistent with that of the S&P MidCap 400[®] Index by investing, under normal circumstances, more than 80% of its net assets (plus borrowings for investment purposed, if any) in the securities included in the S&P MidCap 400[®] Index.
- AVIP BlackRock Advantage Large Cap Growth Portfolio – Long-term growth of capital by investing, under normal circumstances, at least 80% of its net assets (plus borrowings for investment purposed, if any) in stocks of companies with market capitalization at the time of

investment that are within the range of market capitalization of the companies of the Russell 1000 Growth Index for the previous 12 months.

- AVIP AB Risk Managed Balanced Portfolio – Long-term capital growth, consistent with preservation of capital and balanced by current income. The Portfolio invests in a balanced portfolio of equity and fixed-income securities, and a risk management portfolio intended to enhance the risk adjusted return of the Portfolio.
- AVIP iShares Managed Risk Balanced Portfolio – Income and capital appreciation. The Portfolio operates as a fund of funds structure. The portfolio's subadviser, BlackRock Investment Management, allocates portfolio assets across a broad range of asset classes primarily through investments in underlying iShares exchange traded funds, which are advised by an affiliate of BlackRock. Under normal market conditions, the Portfolio invests a minimum of 25% of its assets in equity investment and a minimum of 25% of its assets in fixed income investments. The portfolio also invests in certain derivatives including equity, fixed income and currency futures.
- AVIP iShares Managed Risk Moderate Growth Portfolio - Income and capital appreciation. The Portfolio operates as a fund of funds structure. The portfolio's subadviser, BlackRock Investment Management, allocates portfolio assets across a broad range of asset classes primarily through investments in underlying iShares exchange traded funds, which are advised by an affiliate of BlackRock. To achieve the income aspect of the Portfolio's investment objective, BlackRock expects to allocate approximately 35% of the Portfolio's assets to fixed income investments. To achieve the capital appreciation aspect of the Portfolio's investment objective, BlackRock expects to allocate approximately 65% of the Portfolio's assets to equity investments. The portfolio also invests in equity and fixed income futures and other derivatives.
- AVIP iShares Managed Risk Growth Portfolio - Income and capital appreciation. The Portfolio operates as a fund of funds structure. The portfolio's subadviser, BlackRock Investment Management, allocates portfolio assets across a broad range of asset classes primarily through investments in underlying iShares exchange traded funds, which are advised by an affiliate of BlackRock. To achieve the income aspect of the Portfolio's investment objective, BlackRock expects to allocate approximately 15% of the Portfolio's assets to fixed income investments. To achieve the capital appreciation aspect of the Portfolio's investment objective, BlackRock expects to allocate approximately 85% of the Portfolio's assets to equity investments. The portfolio also invests in certain derivatives including equity, fixed income, and currency futures.
- AVIP Moderately Conservative Model Portfolio – Current income and moderate growth of capital with a greater emphasis on current income. The Portfolio is a fund of funds that pursues its investment objective by investing in underlying mutual funds. Under normal

circumstances, the Portfolio intends to have investment exposure to various asset classes within the following target asset allocation ranges: U.S. Equity 20-40%, International Equity 5-20%, and Fixed Income 30-70%.

- AVIP Balanced Model Portfolio – A balance between growth of capital and current income with a greater emphasis on growth of capital. The Portfolio is a fund of funds that pursues its investment objective by investing in underlying mutual funds. Under normal circumstances, the Portfolio intends to have investment exposure to various asset classes within the following target asset allocation ranges: U.S. Equity 25-50%, International Equity 10-25%, and Fixed Income 25-50%.
- AVIP Moderate Growth Model Portfolio – Growth of capital and moderate current income with a greater emphasis on growth of capital. The Portfolio is a fund of funds that pursues its investment objective by investing in underlying mutual funds. Under normal circumstances, the Portfolio intends to have investment exposure to various asset classes within the following target asset allocation ranges: U.S. Equity 40-60%, International Equity 15-35%, and Fixed Income 10-30%.
- AVIP Growth Model Portfolio – Growth of capital and some current income. The Portfolio is a fund of funds that pursues its investment objective by investing in underlying mutual funds. Under normal circumstances, the Portfolio intends to have investment exposure to various asset classes within the following target asset allocation ranges: U.S. Equity 50-80%, International Equity 15-45%, and Fixed Income 0-15%.

The investment advisory agreement authorizes CINV, at its expense, to employ one or more sub-advisers, subject to the approval of the Board of Directors of the Augustar Fund. Under the sub-advisory agreements, each sub-adviser operates under the supervision of CINV to manage the assets of the respective portfolio(s) in accordance with the investment objectives, policies, and restrictions for those portfolios. Each of the sub-advisory agreements may be terminated by either the respective sub-adviser, CINV or Augustar Fund's Board of Directors as detailed in the contracts. Each agreement will terminate automatically in the event of its assignment. CINV has entered into sub-advisory agreements with the following registered investment advisers:

(a) Federated Investment Management Company ("Federated") is located in Pittsburgh, Pennsylvania and is affiliated with Federated Investors, Inc. Federated manages the assets of the AVIP Federated High Income Bond and the AVIP Federated Core Plus Bond Portfolios of the Augustar Fund.

(b) Fidelity Institutional Asset Management LLC ("FIAM") is located in Smithfield, Rhode Island. FIAM manages the assets of the AVIP Fidelity Institutional AM Equity Growth Portfolio of the Augustar Fund.

(c) BlackRock Investment Management, LLC (“BlackRock”) is located in Princeton, New Jersey. BlackRock manages the assets of the AVIP BlackRock Advantage Large Cap Core, AVIP BlackRock Advantage Small Cap Growth, AVIP BlackRock Advantage Large Cap Growth, AVIP BlackRock Advantage Large Cap Value, AVIP BlackRock Advantage International Equity, AVIP iShares Managed Risk Balanced, AVIP iShares Managed Risk Moderate Growth, AVIP iShares Managed Risk Growth and the equity portion of the AVIP BlackRock Balanced Allocation Portfolios of the Augustar Fund.

(d) Alliance Bernstein, LP (“Alliance Bernstein”) is located in Nashville, Tennessee. Alliance Bernstein manages the assets of the AVIP AB Risk Managed Balanced Portfolio, AVIP AB Small Cap Portfolio, AVIP AB Relative Value Portfolio and AVIP AB Mid Cap Core Portfolio of the Augustar Fund.

(e) Geode Capital Management, LLC (“Geode”) is located in Boston, Massachusetts. Geode manages the assets of the AVIP Nasdaq 100® Index, AVIP S&P MidCap 400® Index and AVIP S&P 500® Index Portfolios of the Augustar Fund.

(f) Intech Investment Management, LLC (“Intech”) is located in West Palm Beach, Florida. Intech manages the assets of the AVIP Intech U.S. Low Volatility Portfolio of the Augustar Fund.

While our investment strategies vary to some extent for each CLO, in general, the Adviser focuses on investing in corporate credit, high yield, leveraged loans and non-investment grade credit, commercial real estate mortgages, residential real estate mortgages, structured credit and debt opportunities. CLO investment strategies are set forth in more detail in each CLO’s governing documents.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

While we believe our investment strategies are designed to optimize returns given various levels of risk, there is no assurance that the investment objective or goal will be achieved. Some investment decisions made by CINV or its sub-advisers may result in loss, including the original principal amount invested. Risks of investing in the portfolios include, but are not limited to the following:

Market Risk - A security’s price may change in response to changes in conditions in securities markets in general. Markets tend to move in cycles with periods of rising prices and periods of falling prices. They can decline for many reasons, including adverse political or economic developments domestically or abroad, changes in investor psychology, or heavy institutional selling. In the case of debt securities, changes in the overall level of interest rates affect the security's price.

Interest Rate Risk – Prices of fixed-income securities rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as the demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the prices of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. A wide variety of market factors can affect interest rates. Recent and potential future changes in monetary policy made by central banks and/or their governments are likely to affect the level of interest rates. The portfolio may be subject to heightened interest rate risk due to certain changes in monetary policy. Rising interest rates may expose fixed-income markets to increase volatility and may reduce the liquidity of certain portfolio investments. These developments also could cause more fluctuation in the portfolio's net asset value or make it more difficult for the portfolio to accurately value its securities. These developments or others could also cause the portfolio to face increased shareholder redemptions, which could force the portfolio to liquidate investments at disadvantageous times or prices, therefore adversely affecting the portfolio as well as the value of your investment. The amount of assets deemed illiquid remaining within the portfolio may also increase, making it more difficult to meet shareholder redemptions and further adversely affecting the value of the portfolio.

Inflation Risk – Certain countries, including the United States, have recently seen increased levels of inflation and rapid fluctuations in inflation rates, which have had and may continue to have negative effects on the economies and securities markets. Inflation rates may continue to increase in the future, and government measures to control inflation, adopted presently or in the future, remain uncertain. Inflation, measures to combat inflation including governmental controls and monetary policies as well as public speculation about possible additional actions have contributed materially to economic uncertainty in many countries. Inflation could significantly increase the costs of operations of a portfolio, adversely impact the availability of suitable investments or the performance thereof, and otherwise impact the financial condition of a portfolio.

Issuer Risk - The value of a security may decline for reasons related to the issuer, such as earnings stability, overall financial soundness, management performance and reduced demand for the issuer's goods or services.

Debt Securities Risk - Debt securities risk includes interest rate risk, credit risk and liquidity risk. With interest rate risk, prices of fixed-income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as the demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the prices of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. A portfolio that invests in debt securities is subject to credit risk since it may lose money if the issuer or guarantor of a fixed income security is unable or unwilling to make scheduled interest or principal payments, which may reduce the portfolio's income and the

market value of the security. A portfolio that invests in debt securities is also exposed to liquidity risk, which occurs if it may not be able to sell some or all of its securities at desired prices or may be unable to sell the securities at all. Further, we may direct certain portfolios to take positions in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Certain positions in debt securities that portfolios take are not protected by financial covenants or limitations on additional indebtedness.

Risks Associated with Securities of Various Credit Ratings and Lower-Rated Debt

Securities Risk - Bonds rated below investment grade (also called "junk bonds") are subject to greater levels of credit and liquidity risks. They are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments. Analysis of the creditworthiness of issues of lower-rated securities may be more complex than for issues of higher quality debt securities. Lower-rated securities may be more susceptible to losses and real or perceived adverse economic and competitive industry conditions than higher grade securities. Securities that are in the lowest rating category are considered to have poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal. The secondary markets on which lower-rated securities are traded could be less liquid than the market for higher grade securities. Less liquidity in the secondary trading markets could adversely affect and cause large fluctuations in the value of a portfolio. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of lower-rated securities. Higher rated securities can also feature comparable risks. In addition, higher-rated securities run the risk of a downgrading if their credit deteriorates, which will likely make such securities more difficult to sell and could be subject to losses. Any changes in the credit rating of securities held by a portfolio, whether due to credit deterioration or the re-rating of securities by a ratings agency could result in such client bearing losses. The use of credit ratings as the sole method of evaluating lower-rated securities can involve certain risks. Credit ratings evaluate the safety of principal and interest payments for example rather than the market value risk of lower-rated securities. Credit rating agencies may also fail to change credit ratings in a timely fashion to reflect events since the security was rated.

Liquidity Risk - A portfolio may not be able to sell some or all of its securities at desired prices or may be unable to sell the securities at all.

Currency Risk - Exchange rates for currencies fluctuate daily. The portfolio's net asset value and returns may experience increased volatility as a result of its exposure to foreign currencies through direct holding of such currencies or holding of non-U.S. dollar denominated securities.

Derivatives Risk - Derivatives can be highly volatile and involve risks in addition to the risks of the underlying referenced securities. Using derivatives can increase fund losses and reduce opportunities for gains when market prices, interest rates or the derivative instruments themselves behave in a way

not anticipated by a portfolio that uses derivatives. Derivatives may be difficult to sell, unwind or value, and the counterparty may default on its obligations to a portfolio that uses derivatives. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index and a portfolio that uses derivatives could lose more than the principal amount invested. In addition to investing in derivatives to implement its strategy, a portfolio may also use derivative instruments for hedging purposes, in an attempt to reduce the risk of loss from falling stock prices or lower foreign currency valuations, increased interest rates or other adverse market developments. There can be no assurance that a hedging technique will work as intended. Portfolio performance may be diminished by the added cost of the derivative instruments.

Options Risk – Risks specific to investments in call options include limited gains and lack of liquidity. By selling a call option, a portfolio may forego the opportunity to participate in price increases for the underlying equities above the exercise price, while still bearing the risk of a decline in the value of the underlying equities or index. As the buyer of a call option, a portfolio risks losing the entire premium invested in the option if the underlying equity or index does not rise above the option strike price. As the buyer of a put option, a portfolio risks losing the entire premium invested in the option if the underlying equity or index does not fall below the option strike price. By selling a put option, a portfolio bears the risk of a decline in the value of the underlying equities or index. Losses on the sale of a put option are unlimited.

Counterparty Risk – Transactions entered into directly with a counterparty are subject to risk that the counterparty will fail to perform its obligations in accordance with the agreed terms and conditions of the transaction. A counterparty's bankruptcy or other failure to perform its obligations due to financial difficulties would result in significant delays in obtaining recovery in a bankruptcy or other reorganization proceeding or no recovery.

Lending and Loan Origination Risk – On behalf of CLOs, we originate loans to, or purchase assignments of or participations in loans made to, various issuers, including distressed companies. Such investments may include senior secured, junior secured and mezzanine loans and other secured and unsecured debt that has been recently originated or that trade on the secondary market. The value of a portfolio's investment in loans may be detrimentally affected to the extent a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. There can be no assurance that the value to collateral underlying can be realized upon liquidation, nor can there be any assurance that collateral will retain its value. Certain loans will be supported by personal guarantees made by the borrower or a relative or guarantees made by a corporation affiliated with the borrower. The amount realizable with respect to a loan may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, loans may also be supported by collateral, the value of which may fluctuate. In addition, active lending/origination may subject a portfolio to additional regulation, as well as possible adverse tax consequences to a portfolio and its underlying investors. Finally, there

may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral.

Futures Risk— A portfolio's use of futures involves risks different from, or possibly greater than, the risks associated with investing directly in securities of the other traditional investments. These risks include: (i) leverage risk; (ii) risk of mispricing or improper valuation; and (iii) risk that changes in the value of the futures contract may not correlate perfectly with the underlying securities or index. Investments in futures involve leverage, which means a small percentage of assets invested in futures can have a disproportionately large impact on the Portfolio. This risk could cause the Portfolio to lose more than the principal amount invested. Additionally, changes in the value of futures contracts may not tract or correlate perfectly with the underlying securities or index because of temporary, or even long-term, supply and demand imbalances and because futures do not pay dividends unlike the stocks upon which they are based.

High Portfolio Turnover Risk - High portfolio turnover is generally defined as more than 100% turnover of a portfolio's securities in a given year. Portfolios with high portfolio turnover rates will incur higher transactions expenses, thereby decreasing overall return. In addition, there is a possibility that a portfolio with a high turnover rate will sell some securities before their market values reach full potential. Conversely, high portfolio turnover may frequently occur following a change of portfolio managers or a change in the portfolio's investment strategy. In such cases, the high portfolio rate may only be temporary. Other portfolios may be managed in such a manner that high portfolio turnover rates will be expected every year.

Small and Midsize Capitalization Company Risk - Small and midsize capitalization company stock prices tend to be more volatile, and the stock tends to be less liquid than those of larger, better-established companies. In addition, small and midsize companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations or may have difficulty in repaying any loans. Small and midsize capitalization companies are also sometimes more subject to failure.

Foreign Investments Risk - Foreign investments involve risks not normally encountered with domestic securities. These include political, regulatory, and economic instability in some countries, changes in currency rates and market inefficiencies. The laws of some foreign countries may limit a portfolio's ability to invest in securities of certain issuers organized under the laws of those countries.

Emerging Markets Risk - Securities issued or traded in emerging markets generally entail greater risks than securities issued or traded in developed markets. Emerging market countries may have relatively unstable governments and may present the risk of nationalization of business, expropriation, confiscatory taxation or, in certain instances, reversion to closed market, centrally planned economies.

Large Cap Company Risk – Larger more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Many larger companies also may not be able to attain the high growth rate of successful small companies, especially during extended periods of economic expansion.

Growth Strategy Risk - Growth stocks may be more volatile than other stocks because they are generally more sensitive to investor perceptions of the issuing company's growth of earnings potential. Also, since growth companies usually invest a high portion of earnings in their business, growth stocks may lack the dividends of value stocks that can cushion stock prices in a falling market.

Value Strategy Risk – Value stocks may be appropriately priced by the market, and any perceived undervaluation may not be corrected by subsequent market movements. Share prices may even decrease in value.

Credit Risk – The portfolio may lose money if the issuer or guarantor of a fixed income security is unable or unwilling to make scheduled interest or principal payments, which may reduce the portfolio's income and market value.

Passive Investment Risk – A passive investment strategy attempts to track the performance of an unmanaged index of securities and differs from an actively managed fund which typically seeks to outperform a benchmark index. Portfolios managed with a passive investment strategy that seeks to track the index and its performance could be lower than actively managed funds that may shift their portfolio assets in response to changes in the market such as taking advantage of market opportunities or to lessen the impact of a market decline. As a portfolio attempts to track the performance of the index, the structure and composition of the index will have an impact on the performance, volatility, and the risk of the Portfolio. The performance of the Portfolio may be lower than the index as a result of transaction costs related to index rebalances and cash flows.

Exchange-Traded Funds Risk — ETF shares may trade at a discount or premium to their NAV. Because the value of ETF shares depends on the demand in the market, the sub-adviser may not be able to liquidate the Portfolio's holdings at the most optimal time, adversely affecting performance. ETFs in which a Portfolio invests will not be able to replicate exactly the performance of the indices they track, if any, because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities. In addition, the ETFs in which the Portfolio invests will incur expenses not incurred by their applicable indices. Each ETF is subject to specific risks, depending on the nature of the fund.

Secured Loans. We invest certain client accounts in secured corporate loans. Risks associated with loans include the fact that prepayments may generally occur at any time without premium or penalty. We may acquire performing or non-performing loans as well as by way of sale, assignment or participation. The purchaser of an assignment typically succeeds to all of the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the loan

or debt obligation, but its rights can be more restricted than those of the assigning institution. Purchasers of loans are predominantly commercial banks, investment funds, mutual funds and investment banks. As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading which may improve market liquidity. There can be no assurance that future levels of supply and demand in loan trading will provide adequate liquidity. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to other markets like the high-yield debt market. The loans acquired on behalf of portfolios will typically be to borrowers which have no ratings or below investment grade ratings and will generally be highly leveraged companies. The corporate loans may be incurred by the borrowers in connection with a leveraged transaction, often to finance internal growth, acquisitions, mergers or stock purchases, or for other reasons, which could result in below investment grade ratings.

Risks of CLOs, CDOs and Structured Credit – The risks of an investment in a CLO and CDO depend largely on the type of the collateral securities and the class of the CLO or CDO in which an account invests. Due to the complex nature of CLOs and CDOs, an investment in a CLO or CDO may not perform as expected. Investments in CDOs and CLOs will be frequently subordinate in right of payment to other securities sold by the applicable CDO or CLO and will not be readily marketable. Normally, CLOs and CDOs are privately offered and sold, and thus, are not registered under the securities laws. CLOs and CDOs may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk, interest rate risk and inflation risk. The market value of CDOs and CLOs will generally fluctuate with, among other things, the financial condition of the obligors on the underlying debt obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. The performance of CDOs or CLOs will be adversely affected by macroeconomic factors, including general economic conditions affecting capital markets and participants therein, economic downturns and uncertainties affecting economies and capital markets worldwide, concerns about financial performance, accounting and other issues relating to various publicly traded companies, and recent and proposed changes in accounting and reporting standards and bankruptcy legislation.

Structured finance securities may present risks similar to or greater than those of the other types of loans and credit investments. Performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral

and the capability of the servicer of the securitized assets. A rapid change in the rate of defaults could have a material adverse effect on the yield to maturity, and a portfolio could incur losses on its investments in structured products regardless of their ratings. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions. Special risks may be associated with investments in structured credit products. For example, synthetic portfolio transactions may be structured with two or more tranches, each of which receives different proportions of the interest and principal distributions on a pool of credit assets. The yield to maturity of any given tranche may be extremely sensitive to the default rate in the underlying reference portfolio.

Real Estate Risk – The real estate industry is particularly sensitive to economic conditions. The value of investments in real estate or securities of issuers in the real estate industry can be affected by changes in values and rental income, taxes, interest rates, regulatory requirements, vacancies, and the issuer’s management. Investments related to real estate may be more volatile than other investments and the possibility of partial or total loss of capital exists. This risk may be greater for strategies that focus on a single sector or geographic region. Mortgage-backed securities are subject to prepayment risk and non-payment risk of the mortgagors.

Fund-of-Funds Structure Risk - When a portfolio invests directly in underlying funds, all risks associated with the eligible underlying funds apply to the portfolio. To the extent a portfolio invests more of its assets in one underlying fund than another, the portfolio will have greater exposure to the risks of that underlying fund. Because the portfolio invests in underlying funds, you will bear your proportionate share of the expenses of the Portfolio and indirectly of the underlying funds, resulting in an additional layer of expenses. The Adviser may be subject to potential conflicts of interest in the selection of and allocation among the underlying funds because the Adviser serves as investment adviser to certain of the underlying funds, and because the fees paid to the Adviser (or its affiliates) by certain underlying funds may be higher than fees paid by other underlying funds.

Valuation Risk – There is a risk that an organization can experience a loss due to an asset being valued higher than market value. To help mitigate this risk, CINV has detailed pricing procedures and relies on third-party pricing vendors to value most of its assets. There are cases where these third parties are not able to price all the assets and, in these instances, CINV relies on the pricing procedures. The valuation of the assets is overseen by the Board of Directors of the accounts and annually the accounts are audited and priced by their respective auditors.

Conflicts of Interest Risk - Although some portfolios follow a strategy using options to manage the risk of holding equity securities, which the Adviser believes is consistent with the interests of shareholders, aspects of the strategy of the portfolio attempting to limit the downside exposure and reduce the volatility of the portfolio may be deemed to present a conflict of interest for the Adviser and its parent, The Augustar Life Insurance Company (with its affiliates, “Augustar Life”). Shares of the portfolio are offered only to the separate accounts of Augustar Life, which use portfolio shares as an underlying investment for variable annuity and variable life insurance contracts. Augustar Life

has financial obligations to holders of variable contracts arising from guarantee obligations under the variable contracts and certain optional benefit riders. Limiting downside exposure and reducing volatility of the portfolio have the effect of mitigating the financial risks to which Augustar Life is subjected by providing these guaranteed benefits. If the strategy is successful in limiting downside exposure and reducing volatility, Augustar Life expects to benefit from a reduction of the risks arising from its guarantee obligations, to reduce its costs to purchase hedge investments to manage the risks of its guarantee obligations, and to reduce its regulatory capital requirements associated with its guarantee obligations. As a result, Augustar Life's interest in managing risks within the portfolio may at times conflict with the interests of contract owners having guaranteed benefits, who may be prevented from achieving higher returns due to the portfolio's use of risk management techniques.

For more complete information on each Portfolio, CLO or other client, including a discussion of a client's investment techniques and the risks associated with its investments, see the Augustar Fund's prospectuses or the governing documents of the applicable client. No assurance can be given that a Portfolio, CLO or client will achieve its investment objective or will not lose money. Investors should read the Augustar Fund's prospectuses and the governing documents of the applicable client carefully before investing.

Item 9 – Disciplinary Information

CINV is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CINV or the integrity of CINV's management. CINV has no disciplinary history and consequently is not subject to any disciplinary disclosures. Additionally, CINV is not subject to any legal matters.

Item 10 – Other Financial Industry Activities and Affiliations

Constellation Insurance, Inc. owns 100% of the common stock of CINV and ALIC. The Augustar Fund is a related person of CINV in that, as of December 31, 2023: 96.6% of the voting securities of Augustar Fund are owned by ALIC; 1.3% of such securities are owned by ALIC's wholly owned subsidiary, Augustar Life Assurance Corporation; 2.1% of such securities are owned by National Security. The Augustar Fund is also a signatory to the sub-advisory agreements between Augustar Fund and CINV. Fees received under the Advisory Agreement for Augustar Fund, the affiliated insurance companies and the CLOs are the only source of CINV's income from its investment advisory business with these affiliates.

CINV has entered into a service agreement with ALIC with respect to the Augustar Fund. The Augustar Fund is also a party to its respective service agreements. Under the terms of the

agreement, ALIC has agreed to furnish CINV, at cost, such research facilities, services and personnel as may be needed by CINV in order for it to fulfil its obligations under the investment advisory agreement. These personnel members include all of CINV's officers. CINV reimburses ALIC for the expenses. The service agreement may be terminated on 60 days' written notice by the board of directors of the investment company or by a vote of a majority of the investment company's outstanding voting securities. The agreement may be terminated by CINV or by ALIC on 90 days' written notice to the investment company and the other party. The agreement will terminate automatically in the event of its assignment. The agreement must be approved by the shareholders of the Augustar Fund before taking effect. They will continue in effect only so long as such continuation is approved at least annually either by the board of directors of the investment company or by a vote of a majority of such investment company's outstanding voting securities.

Of the personnel that perform services on behalf of CINV, four (4) are Registered Representatives of its affiliate broker/dealers, The O.N. Equity Sales Company and/or Augustar Distributors, Inc. These individuals are not actively involved in soliciting or recommending securities to clients and currently have no clients.

Under the investment advisory agreements, CINV provides investment advice and invests Augustar Fund's assets. CINV follows the investment policies of Augustar Fund and is subject to the supervision of its Board of Directors. CINV also provides executive officers for Augustar Fund. In addition, CINV furnishes to Augustar Fund, or pays its expenses for clerical and administrative service, office space and other facilities and equipment. The Augustar Fund pays corporate expenses incurred in its own operations, including taxes, certain printing costs, brokerage commissions on portfolio transactions, custodial fees, auditing fees, legal fees, registration fees, directors' fees and shareholders' meetings.

CINV and ALIC and its affiliates are subject to competing interests that have the potential to influence its decision making with regard to the Model Portfolios and the CLOs. CINV includes within the Model Portfolios certain portfolios which it advises, resulting in additional investment advisory fees to CINV. This provides CINV with an incentive to include Augustar Fund Portfolios in the Model Portfolios. Further, the Adviser acts as the investment manager to the affiliated insurance company accounts and other investment vehicles and accounts, which are expected to invest in Adviser-managed CLOs. The performance of the Model Portfolios and the CLOs is subject to oversight by the Board of Directors.

As the Adviser manages multiple clients, it is also subject to potential conflicts of interest in allocating time and resources to such other clients. Further, clients may from time to time invest in different parts of the capital structure of an issuer, including different tranches of a securitization of a mortgage or other assets, which could give rise to potential conflicts of interest to the extent that a client holds securities with rights, preferences, or privileges that are different than those held by

another client. For example, the Adviser may invest in the equity of an issuer that other clients provide financing to or the Adviser may cause a client to invest in the subordinated debt of an issuer while causing another client to invest in more senior debt of such an issuer. The presence of an investment in the equity or subordinated tranches of an issuer's capital structure may create incentives for the Adviser to cause clients to invest in more senior positions of the relevant issuer. Further, if any such issuer becomes insolvent or suffers financial distress, decisions about what action should be taken in a troubled situation may need to be made, including whether to enforce claims or other remedies, whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, how to vote on a creditors committee or restructuring committee, and how to exercise shareholders' voting rights with respect to such issuer. There may be a conflict between the interests of the different clients because an issuer may be unable to satisfy the claims of all classes of its creditors and security holders. There may also be a conflict between the interests of the clients with respect to negotiating investment terms on behalf of each such entity. The Adviser will seek to resolve such conflicts of interest in a manner which is fair and equitable to the clients involved. However, it may not be feasible to reconcile such conflicting interests in a way that adequately protects any particular client's interests.

To address these potential conflicts of interests in its material relationships, the Adviser has adopted policies and procedures, including a Code of Ethics, which requires advisory personnel to put the interests of clients first. For a more detailed discussion of the Code of Ethics, please see Item 11, *"Code of Ethics, Participation or Interest in Fund Transactions and Personal Trading,"* below. Additionally, the Adviser has adopted policies and procedures regarding aggregation and allocation of investments. The Adviser may allocate the same investment opportunity among their respective clients. The allocation procedures are designed to ensure that all clients are treated fairly and equitably over time and to prevent this form of conflict from influencing the allocation of investment opportunities among clients. As a general matter, the Adviser will offer clients the right to participate in investment opportunities that the Adviser determines are appropriate for the client in view of relative amounts of capital available for new investments, each client's investment program, and the then current portfolios of clients at the time an allocation decision is made. As a result, in certain situations priority or weighted allocations can be expected to occur in respect of certain accounts, including but not limited to situations where clients have differing investment objectives and strategies, investment restrictions, tax or regulatory limitations, leverage limitations or volatility targets, among others.

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

CINV has adopted a Code of Ethics which mandates high standards of business conduct and

professionalism and establishes rules of conduct for the Adviser's employees. A copy of the Adviser's Code of Ethics is available to customers or prospective customers upon request.

Pursuant to Rule 204A-1 of the Investment Advisers Act, CINV has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at CINV must acknowledge the terms of the Code of Ethics annually.

CINV anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which CINV has management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which CINV, its affiliates and/or clients, directly or indirectly, have a position of interest. CINV's employees and persons associated with CINV are required to follow CINV's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and employees of CINV and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CINV's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of CINV will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions 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 transactions, based upon a determination that these would not materially interfere with the best interest of CINV's clients. Nonetheless, because the Code of Ethics in some circumstances would permit 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 continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between CINV and its clients.

Certain affiliated accounts trade in some fixed income securities with client accounts on an aggregated basis when consistent with CINV's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price.

CINV's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Carlos Paiva at (877) 781-6392.

CINV and sub-advisers will participate in principal, agency cross, or cross trade securities transactions for client accounts. CINV and sub-advisers will participate in these types of transactions within the limits of the rules. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a

transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. A cross trade occurs when an adviser effects a trade between two or more of its' advisory clients' accounts but does not charge a fee for effecting the transaction.

Item 12 – Brokerage Practices

CINV, in its discretion and consistent with the investment policies and restrictions of the Augustar Fund, will regularly buy and sell the portfolio securities for the Augustar Fund and select the brokers to handle such transactions. The Adviser is generally authorized to select brokers to affect transactions on behalf of other clients including the CLOs as well. In selecting brokers, CINV will attempt to place purchase and sale orders with the primary objective of obtaining the most favorable security price consistent with good brokerage service. The cost of securities transactions will consist primarily of brokerage commissions or dealer or underwriter spreads.

Occasionally, some securities are purchased directly from the issuer. For securities traded primarily in the over-the-counter market, CINV, where possible, will deal directly with dealers who make a market in the securities unless better prices and execution are available elsewhere. In selecting brokers or dealers, CINV will consider such factors as the value, quality, efficiency of execution and research, statistical, quotation and valuation services provided. CINV or its sub-advisers may use a broker whose commission for effecting a securities transaction is in excess of the commission another broker would charge, if CINV or the sub-adviser determines, in good faith, that the commission rate is reasonable in relationship to the value of brokerage and research services provided. Factors considered in making such an evaluation include quality of execution and the quality and timeliness of research services. When client brokerage commissions are used to obtain research, products or services, CINV or the sub-adviser receives a benefit because they do not have to produce or pay for the research, products or services. Therefore, CINV or its sub-adviser has an incentive to select a broker-dealer based on the research, products or services it receives rather than on the client's interests. Specific research services furnished by executing brokers include advice, either directly or through publications or writings, as to the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities or purchasers or sellers of securities; analyses and reports concerning issuers, industries, securities, economic factors and trends; and portfolio strategies. The research, products or services received through these types of arrangements will benefit all client accounts of CINV or the sub-adviser.

CINV, when appropriate, will combine orders from various accounts for order entry and execution. Allocations of equity securities should be made prior to entry of an order to the trading desk; however, in any event, all transactions must be allocated among applicable accounts on trade date. Allocations will not be based upon account performance, the amount of management fees charged or whether the account is public or private. If an order is only partially filled, the equity security is to be allocated among the accounts based upon the ratios that their original allocated order bore to the original order in total. When trading fixed income if the trade doesn't receive a full fill, CINV will allocate the trade pro-rata across the accounts, with occasional rounding to maintain round lots.

Although CINV did not direct client transactions to a particular broker-dealer in return for the receipt of research, products, or services during fiscal year 2023, certain sub-advisers of CINV did. Each sub-adviser engaging in these types of transactions has established policies and procedures to review, monitor and evaluate the execution services of the broker-dealers that they utilize, their commissions paid, and the types of benefits received.

Item 13 – Review of Accounts

CINV's investment advisory accounts are reviewed each business day by one or more of CINV's President, Vice-President, portfolio manager or a sub-adviser. Each portfolio security owned by a client account, other than short-term debt securities, is reviewed, as are various items being considered for purchase by a client account. Subsequent to purchase, short-term debt securities which are carried by some client accounts at amortized cost are reviewed in the event of a change in a nationally recognized statistical rating organization's quality rating for such an item, a change in creditworthiness of an issuer, or a change in prevailing interest rates. Short-term debt securities are also compared to the market values weekly.

At each meeting of the board of directors of the Augustar Fund and the affiliated insurance company accounts, CINV's investment advisory personnel furnish reports regarding each account's portfolio and its performance, as well as reports of the general economic climate, the markets' outlook and proposed investment strategy.

Subject to each client's governing documents and applicable law, clients or underlying investors generally receive monthly and quarterly reports.

Item 14 – Client Referrals and Other Compensation

CINV does not receive, nor does it pay, any fees for client referrals.

Item 15 – Custody

AVIP Fund cash and securities are maintained by an unaffiliated, qualified custodian. Clients should receive statements from the qualified custodian at least quarterly. CINV encourages clients to carefully review such statements.

Unaffiliated, qualified custodians are used for the new affiliated insurance company accounts; however, the affiliated companies maintain some of the securities onsite such as commercial mortgage loans and private placement bonds. Due to the affiliate maintaining some of these securities onsite, CINV is deemed to have custody and will engage a PCAOB registered firm to perform a surprise audit within the first 6 months, then annually thereafter. The affiliates have online account access to the qualified custodian accounts and receive quarterly statements from CINV.

The Adviser does not intend to have custody over any of the assets of the CLOs to which it provides collateral management services. All funds and instruments owned by CLOs are owned by qualified trustees, who have actual and constructive custody over such assets.

Item 16 – Investment Discretion

CINV has discretionary authority for managing the assets of the Augustar Fund, the affiliated insurance company general accounts, and the CLOs. With such authority, CINV is able to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for each client.

When selecting securities and determining amounts, CINV observes the investment policies, limitations, and restrictions of the clients for which it advises. Additionally, CINV's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions are provided to CINV in writing. Investment guidelines and restrictions related to the Augustar Fund can be reviewed in the Augustar Fund's prospectus and Statement of Additional Information. Investment guidelines and restrictions related to the CLOs can be reviewed in the collateral management agreement, offering circular or other governing documents of the applicable CLO.

Item 17 – Voting Client Securities

CINV has adopted written Proxy Voting Policies and Procedures that govern how it votes proxies relating to securities owned by the Fund for which CINV exercises voting authority and discretion.

Proxy voting has been delegated to the Adviser by the Fund's Board of Directors. The Adviser shall vote proxies relating to the securities owned by the Fund in accordance with these proxy voting policies established by the Fund's Board of Directors, subject to the continued review and oversight of the Board of Directors.

The Adviser has established a Proxy Committee to implement these policies, and to develop and maintain the Adviser's Proxy Voting Guidelines for the Fund, which are also approved by the Board of Directors. The Proxy Committee makes the decision whether to vote on a proposal and, if so, how to vote, in each case based on and pursuant to these policies.

These policies require proxy voting only for proposals that the Adviser believes may have an impact on the long-term economic value of the securities involved or may otherwise affect the interests of the Fund's shareholders and underlying contract owners. It is not necessary to vote for all proxies, and the Adviser has the discretion to limit voting to those proxy proposals that the Adviser believes may have such an impact. Generally, such proposals would include proposals that affect a company's capital structure (such as mergers, acquisitions, and corporate restructurings), affect voting rights or preferences, involve shareholder rights plans or other anti-takeover proposals, involve authorization of additional capital or debt, or involve equity compensation plans.

The Fund has engaged Glass Lewis & Co. to obtain, vote, and record proxies in accordance with the approved Proxy Voting Guidelines. For proxy proposals that require case-by-case direction from the Proxy Committee, due to their non-routine, complex, or subjective nature, Glass Lewis provides the Proxy Committee with research and analysis that it has obtained or formulated. The Proxy Committee may use such information, along with other sources of information, for guidance in making its voting decisions. To the extent the Adviser chooses to vote on proxy proposals on matters that are clearly defined and directed by objective and observable parameters as prescribed by the Proxy Voting Guidelines, Glass Lewis & Co. is given discretion by the Adviser to vote without further guidance from the Proxy Committee.

In all cases, the Proxy Committee and Adviser are obligated to vote in the interests of shareholders and underlying contract owners. If a potential conflict arises between the interests of the Adviser (or members of the Proxy Committee) and those of the shareholders and underlying contract owners, the Proxy Committee shall refer the issue to the Board to decide whether to vote and how to vote. The committee may also refer issues to the Board whenever the committee sees fit or when a majority of the committee is unable to resolve an issue.

CINV will vote proxies for the affiliated insurance company accounts and CLOs, if applicable. CINV will follow similar procedures to the Fund, as they will only vote proxies that the Adviser

believes may have an impact on the long-term economic value of the securities involved or may otherwise affect the interests of the clients.

Item 18 – Financial Information

Registered investment advisers are required to provide you with certain information or disclosures about their financial condition. CINV has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.