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**Item 1 – Cover Page**

**Kellogg Asset Management, LLC**  
**200 North Adams Street**  
**Green Bay, WI 54301**  
**800-236-5215**

**March 20, 2024**

This brochure provides information about the qualifications and business practices of Kellogg Asset Management, LLC (Kellogg). If you have any questions about the contents of this brochure, please contact us at 800-236-5215. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Kellogg is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide information to determine whether to hire or retain an adviser.

Additional information about Kellogg is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

The following material changes have been made to the Firm's brochure since the last annual amendment dated March 17, 2023.

- Updated the Trade Allocation section of Item 12 – Brokerage Practices to clarify the Firm's trade allocation approach as it applies to fixed income and equity securities.

Kellogg's brochure may be requested free of charge by contacting us at 800-236-5215. In addition, the current brochure is available on-line at the SEC's Investment Adviser Public Disclosure web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

Kellogg Asset Management, LLC (Kellogg) has been an investment adviser registered with the Securities and Exchange Commission since 2009. It was organized to focus on the unique needs of institutional clients. Kellogg is a wholly owned subsidiary of Associated Trust Company, N.A. (ATC), an affiliated banking institution with trust powers. ATC is a wholly owned subsidiary of Associated Bank, N.A. (AB). AB is a wholly owned subsidiary of Associated Banc-Corp (AB-C). AB-C is a diversified bank/financial services holding company headquartered in Green Bay, Wisconsin. Kellogg provides advisory services to its affiliates and to third parties.

### **Fixed Income Management Services**

Kellogg provides fixed income investment management solutions to serve the financial needs of institutional investors and high net worth investors. Kellogg's goal is to deliver competitive investment performance in a risk-controlled framework to a variety of clients, such as, corporations, foundations, insurance companies, municipalities, as well as high net worth individuals. Kellogg provides investment analysis, security selection and trade execution for each portfolio it manages.

Safety, liquidity and yield are Kellogg's primary considerations when making investments in bonds. Yield curve positioning, duration management and sector rotation are tools Kellogg utilizes to minimize risk while seeking to maximize return. The relative attractiveness of various sectors and a bottom-up analysis of specific securities are key factors in portfolio construction.

Kellogg uses the following types of investments in carrying out its various fixed income investment strategies: corporate debt securities, United States government securities, mortgage-backed securities, asset-backed securities, municipal securities and other types of investment grade securities. Clients are responsible for informing Kellogg, in advance and in writing, of any restrictions on investing in certain securities or types of securities.

Kellogg may implement strategies and invest in types of investments other than those listed above for client accounts, depending on a particular client's investment objectives and financial needs.

### **Equity Management Services**

Kellogg provides equity investment management solutions to serve the financial needs of institutional and high net worth investors. Kellogg's goal is to deliver competitive investment performance in a risk-controlled framework to a variety of clients, such as corporations, foundations, insurance companies, as well as high net worth individuals. Kellogg provides investment analysis, security selection and trade execution for each portfolio it manages.

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Regular meetings are held with clients or their advisors to review the investment objectives and constraints.

Kellogg's goal in managing equities is to provide growth of capital in a risk-controlled framework. We assemble a portfolio of companies where our positive fundamental view differs from consensus, with the belief that subsequent events will validate our investment thesis and the stock price will move toward our assessed value.

Kellogg uses the following types of investments in carrying out its various equity investment strategies: common stocks, ADRs, and ETFs, as well as options strategies to enhance income or provide downside protection. Clients are responsible for informing Kellogg, in advance and in writing, of any restrictions on investing in certain securities or types of securities.

Kellogg may implement strategies and invest in types of investments other than those listed above for clients' accounts, depending on a particular client's investment objectives and financial needs.

### **Actively Managed Outside Manager Investment Services**

Kellogg's actively managed outside manager investment services includes the Associated Select Advisor Portfolio (ASAP) program, the Associated LifeStage collective funds, and Health Savings Accounts.

The services offered by Kellogg include the selection, analysis and monitoring of outside investment managers used in various model portfolios and recommended lists. Selection of third-party mutual funds is based in part, but not limited to, management style, manager experience, consistent application of a philosophy, and long-term performance.

### **Associated Select Advisor Portfolio Program**

Kellogg uses third-party mutual funds to build diversified portfolios that can meet a wide variety of investment objectives and risk tolerances. Kellogg's ASAP program offers six investment strategies that range from Aggressive Growth to Conservative Balanced, each of which is described in more detail herein. Kellogg uses third-party mutual funds when developing these strategies.

Kellogg has entered into a license agreement with Envestnet Asset Management, Inc. and its legal affiliates (Envestnet) pursuant to which Kellogg licenses the ASAP models to Envestnet for inclusion on Envestnet's Third Party Models Program. In the future, Kellogg may enter into similar arrangements with other third-party platform providers (Third-Party Platforms). As a result, advisors and other financial institutions (Third-Party Advisors) may engage Third-Party Platforms to directly trade their assets pursuant to the ASAP models. Kellogg will act as a manager of the ASAP program, and will be responsible for providing the

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ASAP models, including periodic updates, to the Third-Party Platforms. In return for these services, Kellogg receives a portion of the wrap fee charged to clients. Clients with ASAP program accounts will be advisory clients of those Third-Party Advisors who access the ASAP models through a Third-Party Platform.

Associated Investment Services, Inc. (AIS), an affiliated registered investment adviser and indirect wholly-owned subsidiary of AB-C, provides its advisory clients access to the ASAP program through Envestnet's Third Party Models Program as a Third-Party Advisor.

In addition to providing the ASAP program through Third Party Platforms, the ASAP program is also available to clients of ATC directly.

### **Associated LifeStage Collective Funds**

Kellogg is the manager of the Associated LifeStage collective funds of Associated Trust Company, N.A. (ATC), an affiliated banking institution with trust powers. Associated LifeStage collective funds are available solely to clients of ATC. LifeStage collective funds sponsored by ATC are only used in ATC products.

### **Health Savings Accounts**

Kellogg provides investment advice to AB in connection with the Health Savings Accounts (HSAs) for which AB serves as custodian. In this role, Kellogg is responsible for recommending and monitoring the mutual funds available for investment in an HSA. In return for these services, Kellogg receives a portion of the fee charged by AB to its clients.

### **Asset Allocation and Portfolio/Model Management Services**

Kellogg also offers custom asset allocation strategies. These strategies use a diversified portfolio of bond and/or stock mutual funds to create a mix of assets targeted to a specific risk tolerance. Each strategy varies in its degree of risk and potential return. To maintain a particular asset allocation strategy, portfolios must be periodically rebalanced.

In addition to providing various asset classes (stocks, bonds, cash) and market capitalization (large, mid, and small company stock funds), the strategies also provide diversification by blending growth and value investment styles.

### **Assets Under Management**

As of December 31, 2023, Kellogg had discretionary assets under management of \$2,508,796,355 and non-discretionary assets under management of \$6,750,121.

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## Item 5 – Fees and Compensation

The fees for Kellogg’s investment management services are payable following each calendar quarter or as agreed upon, based upon the market value of assets under management as of the last day of such calendar quarter. In computing the market value of any investment in an account, each security listed on any national securities exchange or quoted on NASDAQ shall be valued at the last quoted sale price on the valuation date on the principal exchange on which such security is traded or on NASDAQ, as the case may be. Any security or assets shall be valued in a manner determined in good faith by the custodian of the assets to reflect its fair market value.

A client may terminate its relationship with Kellogg with 30 days prior written notice or as provided in the applicable investment management agreement.

The fee schedule for Kellogg’s fixed income management and equity services is provided below. Aside from the published schedule, fees may be negotiable based on the amount of assets managed and nature of the account.

	Fixed Income	Equity
First \$5,000,000	.50%	1.00%
Next \$10,000,000 (\$5,000,001 to \$15,000,000)	.45%	.90%
Next \$10,000,000 (\$15,000,001 to \$25,000,000)	.40%	.80%
Next \$25,000,000 (\$25,000,001 to \$50,000,000)	.35%	.70%
Next \$50,000,000 (\$50,000,001 to \$100,000,000)	.25%	.60%
Next \$50,000,000 (\$100,000,001 to \$150,000,000)	.20%	.50%
Next \$100,000,000 (\$150,000,001 to \$250,000,000)	.15%	.40%
Above \$250,000,000	.10%	.30%

Kellogg also provides investment advisory services to ATC, an affiliated banking institution with trust powers, for ATC’s clients pursuant to an agreement with ATC containing terms and fee levels which may be different from those stated above.

### ASAP Program and Asset Allocation and Portfolio/Model Management Services

The fee structure for the ASAP program, as well as asset allocation and portfolio/model management services, is listed below. Aside from the published schedule, fees may be negotiable based on the amount of assets managed and nature of the account.

#### ASAP and Asset Allocation and Portfolio/Model Management Services Fee Schedule

First \$5,000,000	.50%
Next \$10,000,000 (\$5,000,001 to \$15,000,000)	.45%
Next \$10,000,000 (\$15,000,001 to \$25,000,000)	.40%
Next \$25,000,000 (\$25,000,001 to \$50,000,000)	.35%
Next \$50,000,000 (\$50,000,001 to \$100,000,000)	.25%
Next \$50,000,000 (\$100,000,001 to \$150,000,000)	.20%
Next \$100,000,000 (\$150,000,001 to \$250,000,000)	.15%
Above \$250,000,000	.10%

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## **Health Savings Accounts**

Kellogg receives monthly fee revenue from AB based on the market value of the health savings accounts on the billing date.

## **Other Fee Information**

Kellogg's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that will be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties such as 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.

Mutual funds and collective funds charge advisory and other fees, and some charge marketing and distribution fees. Each of these mutual and collective funds incur other administrative and trading expenses. Such fees and expenses of the funds are charged to shareholders of the funds and are therefore borne by clients whose portfolios are invested in such funds. Such fees and expenses are separate from and are not included in the fee schedules described in this brochure.

Such charges, fees and commissions are exclusive of and in addition to Kellogg's fees, and Kellogg does not receive any portion of these commissions, fees and costs. See Item 12 for additional information related to Brokerage Practices.

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

Kellogg 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**

Kellogg provides investment management services to ATC for ATC's clients and also manages the ASAP program, which is available to Third Party Advisors' clients. Kellogg also provides services to institutional investors, including banks, thrift institutions, insurance companies, municipalities, collective funds, pension accounts, trusts, and charitable organizations, as well as individual investors. Associated LifeStage collective funds are available solely to clients of ATC.

The required minimum for opening an investment management account is \$5,000,000. This required minimum is subject to waiver at Kellogg's sole discretion.

The ASAP model is available to clients of Third-Party Advisors through Envestnet's Third Party Models Program and may in the future be available through other Third-Party



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Platforms. The clients of these Third-Party Advisors are not clients of Kellogg. The account minimums for clients of Third-Party Advisors to participate in the ASAP program are determined by the applicable Third-Party Advisor.

To the extent Kellogg provides advice to municipal entities, it will be consistent with the exclusion from definition of municipal advisor set forth in Rule 15Ba1-1(d)(2)(ii) under the Securities Exchange Act of 1934 (Exchange Act).

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

Kellogg's overall goal is to deliver competitive investment performance in a risk-controlled framework. Kellogg is a bottom-up style manager with a consistent, defined process to maintain style integrity. Kellogg manages risk to preserve capital. To ensure assets are strategically and prudently invested, Kellogg continuously evaluates holdings.

### **Fixed Income Research Philosophy**

Kellogg's research team conducts analyses of clients' fixed income holdings. Kellogg's analyst team monitors credit and economic trends to protect its clients from loss of principal. Kellogg believes that inefficiencies in the fixed income markets provide opportunities to add value through active research, analysis and management. Yield curve positioning, duration management and sector rotation are tools Kellogg utilizes to minimize risk while seeking to maximize return. The relative attractiveness of various sectors and a bottom-up analysis of specific securities are key factors in portfolio construction. There is a risk of loss if actual credit and economic trends differ from Kellogg's analysis.

### **Core Fixed Income Bond Strategy**

The objective for the Core Bond strategy is to generate returns that are greater than the Bloomberg U.S. Government/Credit Bond Index while maintaining similar risk characteristics. This strategy focuses on diversification and primarily invests in U.S. Treasury notes, U.S. government agencies, investment-grade corporate bonds and mortgage-backed securities. There is a risk of loss if actual credit and economic trends differ from Kellogg's analysis.

### **Intermediate-Term Bond Strategy**

The objective for the Intermediate-Term Bond strategy is to generate returns that are greater than the Bloomberg U.S. Intermediate Government/Credit Bond Index while maintaining similar risk characteristics. This strategy focuses on diversification and primarily invests in U.S. Treasury notes, U.S. government agencies, investment-grade corporate bonds and mortgage-backed securities. There is a risk of loss if actual credit and economic trends differ from Kellogg's analysis.

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## **Short-Term Bond Strategy**

The objective for the Short-Term Bond strategy is to generate returns that are greater than the Bloomberg 1-3 Government Index while maintaining similar risk characteristics. This strategy focuses on diversification and primarily invests in U.S. Treasury notes, U.S. government agencies, investment grade corporate bonds and mortgage-backed securities. There is a risk of loss if actual credit and economic trends differ from Kellogg's analysis.

## **Tax Exempt Bond Strategy**

The objective for the Tax-Exempt Bond strategy is to generate returns that are greater than the Bloomberg Municipal Bond 3-Year GO Index while maintaining similar risk characteristics. This strategy invests in high quality municipal bonds with income that is exempt from federal taxes. This strategy focuses on diversification and quality. There is a risk of loss if actual credit and economic trends differ from Kellogg's analysis.

## **Equity Research Philosophy**

We assemble a portfolio of companies where our positive fundamental view differs from consensus, with the belief that subsequent events will validate our investment thesis and the stock price will move toward our assessed value.

Upside and downside target prices are established by the analyst team to manage both long-term return expectations and near-term risks; stock and sector weights are heavily influenced by these estimates.

### Buy discipline

- Assessment of management
- Sustainable competitive advantage
- Positive free cash flow generation
- Ability to earn high returns on capital
- Economic or secular tailwinds

### Sell discipline

- Investment thesis no longer valid
- Loss of confidence in management team
- Valuation less compelling or risk to thesis increasing
- More attractive alternatives available
- Position sizing relative to risk/return expectations

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## **Equity Income Strategy**

The Equity Income strategy seeks capital appreciation, lower volatility, and higher relative dividend income than its primary benchmark, the Russell 1000 Value Index. The strategy is oriented towards “income” and “value”. The companies in the strategy on average have a higher dividend yield and lower P/E multiple than a broader, general equity market index. Historically, the stocks in the strategy have posted higher annualized dividend growth rates than average.

## **Focused Equity Strategy**

The Focused Equity strategy seeks capital appreciation with a unique focus on limiting risk exposure and providing tax efficiency. The objective of the Focused Equity Strategy is to outperform the S&P 500 Index in a risk-controlled format. We employ an expectations-based strategy utilizing a fundamental, bottom-up approach to assemble a “best ideas” portfolio.

## **Environment, Social and Governance (ESG) Strategy**

The ESG strategy seeks to generate returns with companies that provide measurable environmental, social and governance benefits to society. We seek to identify companies that meet our minimum ESG requirements and whose stock appears undervalued based on our fundamental, expectations-based framework.

## **Asset Allocation Research Philosophy**

The asset allocation strategies strive to select world-class managers in each asset class. This strategy is designed to eliminate potential conflicts of interest by having the independence to select managers from the entire universe of funds. Another goal is to utilize institutional share classes, when possible, in order to keep internal management fees low.

Selection of third-party mutual funds is based in part, but not limited to management style, manager experience, consistent application of a philosophy and long-term performance.

Kellogg’s focus is on both quantitative and qualitative aspects of the investment process. The Kellogg asset allocation managers understand that periods of short-term underperformance are inevitable. It is the goal of Kellogg to understand the market environment and how/why a manager has outperformed or underperformed.

Investing in securities involves risk of loss that clients should be prepared to bear. There is no guarantee that the asset allocation strategies or models will meet their objectives and they may underperform their respective benchmarks. Investment products are not FDIC insured, have no bank guarantee, and may lose value.

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## **Asset Allocation Strategies**

The asset allocation program offers six investment strategies that range from Aggressive Growth to Conservative Growth, as described below.

### Aggressive Growth

The Aggressive Growth Strategy is designed to pursue the potential for above-average growth of capital through investments in an aggressively diversified portfolio of common stock funds. This strategy has significant investments in mid- and small-sized common stock funds, as well as foreign and large cap stock funds. This is a long-term strategy with no concern for current income. The benchmark used for this strategy consists of 75% Russell 3000 and 25% MSCI ACWI ex US.

### Growth

The Growth Strategy is designed to achieve growth of capital through investment in a broadly diversified portfolio of common stock funds. The objective is long-term growth; current income is incidental. The strategy emphasizes large-company stock funds but will also include allocations to mid- and small company stock funds as well as foreign stock funds. The benchmark used for this strategy consists of 80% Russell 3000 and 20% MSCI ACWI ex US.

### Conservative Growth

The Conservative Growth Strategy is designed to provide growth of capital at a lower level of risk than a portfolio fully invested in common stock funds. Approximately 20% of the strategy will be allocated to investment-grade fixed income mutual funds. Most of the strategy will consist of a diversified portfolio of large cap stock mutual funds but will also include smaller allocations to mid- and small sized common stock funds as well as foreign stock funds. The benchmark used for this strategy consists of 64% Russell 3000, 16% MSCI ACWI ex US, 18% Bloomberg U.S. Intermediate Gov./Credit Index, and 2% FTSE WGBI.

### Growth Balanced

The Growth Balanced Strategy is designed to seek both long-term growth of capital and a modest amount of income stability through a mixture of stock and bond funds. A larger emphasis is placed on capital growth through investments in common stock funds but will also include smaller allocations to mid- and small company stock funds as well as foreign stock funds. The remainder of the allocation will consist of investment grade bond funds. The benchmark used for this strategy consists of 52% Russell 3000, 32% Bloomberg U.S. Intermediate Gov./Credit, 13% MSCI ACWI ex US, and 3% FTSE WGBI.

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### Balanced

The Balanced Strategy is designed to put equal emphasis on the pursuit of capital growth and income generation. Approximately one-half of the strategy will consist of investment grade bonds with a focus on a short to intermediate-term maturity profile. The remainder of the allocation will consist of a diversified mix of stock funds with an emphasis on large-company stocks but will include smaller allocations to mid- and small stock funds as well as foreign stock funds. The benchmark used for this strategy consists of 40% Russell 3000, 45% Bloomberg U.S. Intermediate Gov./ Credit, and 10% MSCI ACWI ex US, and 5% FTSE WGBI.

### Conservative Balanced

The Conservative Balanced Strategy is designed to emphasize stability of principal and income generation through investments in fixed income mutual funds, with less emphasis on the pursuit of capital growth through investment in common stock mutual funds. Most of the strategy will consist of investment grade fixed income mutual funds with a focus on short-intermediate-term maturities. The remainder of the strategy will consist of large company common stock funds but will include smaller allocations to mid- and small stocks funds as well as foreign stocks funds. The benchmark used for this strategy consists of 28% Russell 3000, 7% MSCI ACWI ex US, 59% Bloomberg U.S. Intermediate Gov./Credit Index, and 6% FTSE WGBI.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of Kellogg or the integrity of Kellogg's management. Kellogg has no such legal or disciplinary events.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Kellogg, a federally registered investment adviser, was formed in 2009 with the initial goal of providing investment advisory services to ATC.

Certain employees of ATC are also deemed to be associated persons of Kellogg. All such persons are subject to the policies, procedures, and supervision of Kellogg with respect to advisory services provided on behalf of Kellogg. The Managers of Kellogg are also officers of ATC. In addition, the Managing Agent and the Chief Compliance Officer for Kellogg are Associated Persons of AIS.

As noted above, Kellogg is a wholly-owned subsidiary of ATC, which is a wholly-owned subsidiary of AB, which is a wholly-owned subsidiary of AB-C. Kellogg receives recordkeeping, trade processing and operational support services from ATC pursuant to a service agreement executed between the entities and relies on units of AB-C for finance,

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accounting, audit and legal services. ATC often acts as custodian of its client assets that are managed by Kellogg. If asked by a client, Kellogg would recommend ATC as a custodian. Any such recommendation is heavily influenced by the fact that ATC is Kellogg's corporate parent. Kellogg also uses an affiliated banking institution, AB, for traditional banking services, overhead, equipment and facilities in the conduct of its advisory business.

Kellogg also offers clients of Third-Party Advisors access to its ASAP program through Third-Party Platforms. One such Third-Party Advisor is its affiliate, AIS. Kellogg, AIS and ATC are indirect, wholly owned subsidiaries of AB-C.

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

Kellogg has adopted a Code of Ethics reasonably designed to ensure compliance of its personnel with applicable laws, rules, and regulations and adherence to ethical standards appropriate for an investment adviser pursuant to SEC Rule 204A-1. A copy of the Code of Ethics will be provided to any client or prospective client upon request. Kellogg's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting Kellogg's Compliance Team via e-mail at [KAMCompliance@AssociatedBank.com](mailto:KAMCompliance@AssociatedBank.com) or by calling 800-236-5215.

Kellogg does not trade for its own account, but it does manage the accounts of certain of its affiliates, including ATC. The management of affiliated accounts may create an indirect financial incentive for Kellogg to favor the affiliated accounts over unaffiliated accounts. Kellogg has adopted policies and procedures designed to address this potential conflict of interest. Trade allocation and other trading related policies are discussed under Item 12.

Personnel under Kellogg's supervision who have access to nonpublic information regarding any client's purchase or sale of securities, or who are involved in making securities recommendations to clients or have access to such recommendations that are not public, may acquire securities recommended to or acquired for clients of Kellogg, subject to a Code of Ethics. The Code of Ethics, in summary, requires the following of Kellogg and its Access Persons (including certain employees of ATC): annual reporting of securities holdings; quarterly reporting of securities transactions; disclosure of brokerage accounts; restrictions on trading and pre-clearance of trades in initial public offerings and limited offerings (such as private placements); prohibitions against trading on material non-public information or other "insider" trading; prohibitions against trading in securities on Kellogg's list of "currently restricted securities"; prohibitions against short-term trading; reviews of activity; certifications of compliance; and the requirement to report any violations of the Code of Ethics to senior management.

It is Kellogg's policy to not execute any principal or agency cross securities transactions for client accounts. Kellogg will also not cross trades between clients' accounts.

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## **Item 12 – Brokerage Practices**

### **Research and Other Soft Dollar Benefits**

Kellogg routes all of its equity orders to the ATC Trade Desk. The ATC Trade Desk is responsible for selecting which broker-dealers receive the orders. In addition to trade execution, ATC receives research and other investment-related products and services from various broker-dealers and third parties in connection with its clients' securities transactions (soft dollar benefits). This is beneficial to Kellogg because its portfolio managers also are officers of ATC, and therefore, they receive soft dollar benefits. As a result, Kellogg does not have to produce or pay for the research or other investment-related products or services directly. This, however, creates an economic incentive for the ATC Trade Desk to select or recommend a broker-dealer based upon receiving research or other soft dollar benefits. Soft dollar benefits received include both proprietary research (created or developed by the broker-dealer), as well as research created by third parties.

ATC has commission sharing arrangements (CSAs) with certain broker-dealers to pay for certain soft dollar benefits. Due to the nature of soft dollar arrangements, neither ATC nor Kellogg seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. Also, Kellogg indirectly obtains some services from brokerage commissions charged to client accounts that do not directly benefit such clients at the time of the trade. Similarly, some clients benefit from soft dollar research even if trades placed on their behalf did not contribute to the compensation of the broker-dealer providing such research. In addition, Kellogg shares its lists of recommended investments, which are developed using soft dollar benefits either in whole or in part, with its affiliates free of charge. This benefits those affiliates because they do not need to produce or pay for such research. All such soft dollar benefits are used in the investment decision-making process generally, and therefore, those benefits accrue to more than just those accounts whose commissions were used to purchase the soft dollar benefits. Kellogg also receives other soft dollar benefits such as market data, stock quotes, market and economic news, analytical services and a computer-based information delivery platform. Kellogg's soft dollar benefits do not include the payment of overhead or hardware.

Kellogg has determined that the soft dollar benefits that it receives fall under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. Kellogg has adopted policies and procedures, which are discussed below, that are designed to address these conflicts of interest. Kellogg has separate Soft Dollar and Best Execution committees to oversee these policies and procedures and to monitor the use of client commissions and the selection of brokers.

Kellogg fixed income managed accounts do not receive research or other investment-related products and services other than trade execution from various broker-dealers and third parties in connection with client securities transactions. Kellogg has chosen not to



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participate in soft dollar relationships for the management of fixed income securities in order to help ensure best execution of price on trading activity.

Kellogg has adopted policies and procedures, which are discussed below, that are designed to address these potential conflicts of interest. Kellogg also has committees to oversee these policies and procedures and to monitor for best execution.

### **Use of Client Commissions**

Kellogg fixed income managed accounts are fee based. Commissions or mark-ups are not collected on transactions. For fixed income and equity trades, broker trades are allocated on the basis of prompt and accurate execution, pricing, and, if applicable, the quality of the investment research and assistance that can be obtained.

Kellogg diligently seeks to obtain a competitive institutional price. Research products obtained from brokers may include economic, market and earnings forecasts; asset allocation and portfolio strategies; financial databases; electronic quotation and historical pricing information; industry statistics; and investment information on individual companies. All such research and information, to the extent obtained, is used in the investment decision-making process and is beneficial to all clients.

The potential for conflicts of interest between soft dollar brokers and Kellogg employees is reviewed periodically. Kellogg employees are required to report annually any conflicts of interest with brokers or third-party providers of research services used or intended to be used in the coming year by Kellogg.

### **Broker Selection**

Brokerage selections are determined by the reasonableness of price and are based upon Kellogg's policies for best execution, research, and information. The Soft Dollar Committee is responsible for monitoring the allocation of commission dollars and the selection of brokers. The use of soft dollars to pay for research services will be based on the value and usefulness of services rendered as established through periodic surveys of the analysts and portfolio managers.

### **Trading Practices**

Securities trading is oriented toward achieving the best possible price. Where these criteria can be met, securities trading may be done with those firms providing investment research information that is beneficial to Kellogg's clients. The Best Execution Committee is responsible for reviewing, monitoring, and setting trading practices.

It is Kellogg's policy to seek best execution when it places orders for client trades with broker-dealers. Kellogg will attempt to achieve best execution for a given client so that the



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client's total cost or proceeds in a transaction are the most favorable under the circumstances. Where multiple competing markets exist, Kellogg takes reasonable steps to ensure the security is executed at the best price given the circumstances of a particular trade. Circumstances would include but are not limited to the size of the order, liquidity and timeliness of the trade.

### **Other Trading Related Policies**

**Trade Allocation:** For fixed income securities, Kellogg will allocate trades based upon an account's investment objective, cash balance, duration, position size, sector, maturity, and other needs. For equity securities, Kellogg allocates a pro rata percentage of the total allocation to each qualified client.

**Block Trading:** (aggregation of transactions) is permitted where the following conditions are met:

1. Orders of two or more clients may be aggregated only if Kellogg has determined, on an individual basis, that the order is:
  - a. In the best interest of each client participating in the order;
  - b. Consistent with Kellogg's duty to obtain best execution; and
  - c. Consistent with the terms of the investment advisory agreement with each participating client, if applicable.
2. Any investment by one client shall not be dependent or contingent upon the willingness or ability of another client to participate in such transaction.
3. Separate documentation relating to the transaction shall be generated and maintained for each client participating in the aggregated trade.
4. The terms negotiated for the aggregated transaction should apply equally to each participating client.
5. The allocation of securities obtained or sold in an aggregated trade will be on a pro-rata basis.
6. The price of the security purchased or sold in an aggregated transaction shall be at the average share price for all transactions of the clients in that security on a given day, with all transaction costs shared on a pro-rata basis.
7. The books and records of Kellogg will separately reflect, for each client for whom an order is aggregated, the securities held by, bought, and sold for that client.

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**Trade Errors:** Kellogg will absorb any loss incurred because of a trade error, while any gains received as a result of a trade error will accrue to the client.

### **Item 13 – Review of Accounts**

At least annually, the Managing Agent or a senior portfolio manager reviews all accounts for which Kellogg provides investment supervisory or management services. The review includes, but is not limited to, a review of current holdings, asset allocation with respect to investment objective, transactions, cash flows and investment performance.

Kellogg does not monitor individual investors' ASAP accounts, as those accounts are subject to the applicable Third-Party Advisor's monitoring procedures.

### **Item 14 – Client Referrals and Other Compensation**

Under a written incentive compensation plan, employees of Kellogg, its parent company, and its affiliates, may receive a one-time cash referral fee as a percentage of the first year's fees when a new account is funded. To the extent required by applicable law, such employees disclose affiliate relationships to the prospective client, as well as the fact that they receive compensation as the result of the referral and the terms of such compensation. To the extent such referrals increase assets managed by Kellogg, it derives increased fee income from such referral activity. Kellogg does not pay referral fees to third parties.

### **Item 15 – Custody**

Kellogg is deemed to have custody of client assets in instances where an affiliated qualified custodian, such as ATC, maintains custody of client assets. Kellogg clients are under no obligation to use ATC as the custodian of their assets. Kellogg also is deemed to have custody of client assets in situations where it has the authority to withdraw funds directly from a client's account.

Clients should receive account statements at least quarterly from the custodian that holds and maintains the client's investment assets. It will set forth account assets and activities, including transactions, positions, income, and disbursements. Clients should carefully review the account statements for completeness and accuracy because those statements are the official record of accounts and assets for tax purposes. Kellogg does not send out account statements.

### **Item 16 – Investment Discretion**

Kellogg is generally authorized in the investment management agreement that it signs with the client to make the following determinations, consistent with each client's investment goals and policies, without consultation or consent before a transaction is effected:

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1. Which securities to be bought or sold;
  2. The amount of securities to be bought or sold;
  3. The broker or dealer to be used;
  4. The commission rates paid; and
  5. The price at which securities or other investments are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Investment guidelines and restrictions must be provided to Kellogg in writing. As a result, Kellogg is deemed to have investment discretion with respect to these accounts.

### **ASAP Program**

Kellogg does not exercise discretionary authority with respect to ASAP accounts. Rather, the applicable Third-Party Platform provider and/or Third-Party Advisor will exercise discretion with respect to Third-Party Advisors' client accounts.

Kellogg exercises investment discretion with respect to ATC client accounts that are directly invested in the ASAP program and not invested through a Third-Party Platform.

### **LifeStage Collective Funds**

Kellogg exercises discretionary authority with respect to its management of the LifeStage collective funds.

### **Item 17 – Voting Client Securities**

As a matter of policy and practice, Kellogg does not have authority to and does not vote shareholder proxies on behalf of its clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their accounts. Clients will receive their proxies from either their custodian or from a transfer agent.

### **Item 18 – Financial Information**

Kellogg does not require or solicit prepayment of fees from any client six months or more in advance. Kellogg has no financial commitment that impairs its ability to meet its contractual or fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

END OF BROCHURE