



BNP PARIBAS ASSET MANAGEMENT USA, Inc.

Form ADV Part 2A

The Brochure

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March 28, 2019

This brochure provides information about the qualifications and business practices of BNP PARIBAS ASSET MANAGEMENT USA, Inc. ("BNPP AM USA" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at +1 212 681 3181. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about BNPP AM USA is also available on the SEC's website at: www.adviserinfo.sec.gov.

Summary of Material Changes

The Form ADV Part 2, also known as the “Brochure”, requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current Form ADV Part 2 will be available to our existing and prospective clients 24 hours a day through the SEC’s Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2.

Since the last annual update in March 2018, the following changes have been made to this Brochure:

- **Disciplinary Information:** Update regarding BNP Paribas USA, Inc.’s (the Registrant’s indirect parent), January 25, 2018 guilty plea, including the Department of Labor’s denial of Registrant’s application to continue to operate as a qualified professional asset manager (“QPAM”).
- **Other Financial Industry Activities and Affiliations:** Update Other Investment Adviser section to remove BNPP Asset Management Singapore Limited which is no longer registered with the U.S. Securities Exchange Commission as an investment adviser.
- **Brokerage Practices:** Update language describing the Firm’s soft dollars practices related to research.

Finally, non-material changes may have been made throughout this Brochure. Accordingly, we urge you to read this Brochure in its entirety.

Table of Contents

Advisory Business	4
Fees and Compensation	6
Performance Based Fees and Side-by-Side Management	8
Types of Clients	9
Methods of Analysis, Investment Strategies and Risk of Loss	10
Disciplinary Information	19
Other Financial Industry Activities and Affiliations	21
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	24
Brokerage Practices	26
Review of Accounts	32
Client Referrals and Other Compensation	32
Custody	33
Investment Discretion	34
Voting Client Securities	34
Financial Information	36

Advisory Business

BNP PARIBAS ASSET MANAGEMENT USA, Inc. was founded in the U.S. in 1972 as Fischer Francis Trees & Watts, Inc. (“FFTW”). On July 31, 2015, FFTW’s affiliated U.S. registered investment adviser, BNP Paribas Asset Management, Inc., was merged into FFTW. On June 1, 2017, FFTW was re-branded as BNP PARIBAS ASSET MANAGEMENT USA, Inc. BNPP AM USA is a New York corporation registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. This brochure outlines the products and services offered by BNPP AM USA, which has two strategically located offices: New York and Boston.

BNPP AM USA is part of BNP PARIBAS ASSET MANAGEMENT (“BNPP AM”), the asset management arm of BNP Paribas (“BNPP”). BNPP AM is part of BNPP’s International Financial Services division. BNPP AM is one of the major players in the investment management industry with assets under management and advisory totaling \$616 billion (as of December 31, 2018), comprised of over 3,000 employees in more than 30 countries. As of December 31, 2018, BNPP AM managed \$47.50 billion in assets with \$46.22 billion managed on a discretionary basis and \$1.27 billion administered on a non-discretionary basis.

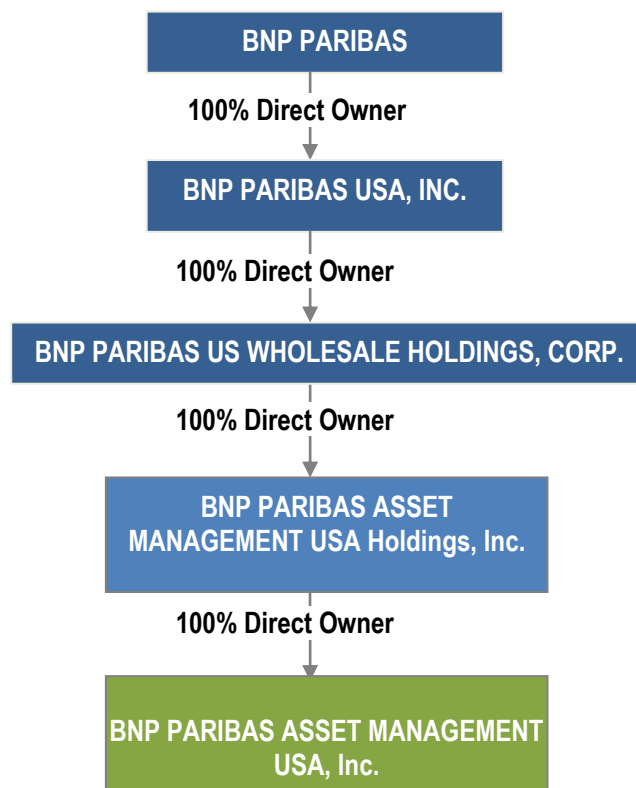
BNPP AM USA’s clients may include central banks, supra-national organizations, employee pension funds, insurance companies, endowments, foundations, hospitals, corporations, commercial banks, private funds, mutual funds registered under the Investment Company Act of 1940 and Luxembourg-domiciled SICAVs of an affiliate.

While part of a global investment management business, the focus of this brochure is limited to the activities of BNPP AM USA. For GIPS purposes, the GIPS defined firm currently includes only the fixed income division of BNPP AM USA. BNPP AM USA uses the services of various capable individuals (“Associated Persons,” as used by the SEC in the Unibanco No-Action letter of July 28, 1992, the ABN AMRO NV No-Action letter of July 1, 1997 and the Royal Bank of Canada No-Action letter of June 3, 1998) who are employed by BNP Paribas ASSET MANAGEMENT France (“BNPP AM France”) and BNP Paribas Asset Management Brazil Ltda (“BNPP AM Brazil”). These individuals may also provide services to clients of BNPP AM France, BNPP AM Brazil or other BNPP AM affiliates, which trade a strategy similar to a U.S. client. Like the Firm, BNPP AM France and BNPP AM Brazil are owned indirectly by BNP Paribas. For more information regarding BNPP AM USA’s *Unibanco* arrangement, including information about its affiliates, please see the section entitled “Other Financial Industry Activities and Affiliations”.

Eight salespeople hold securities licenses with a third party broker-dealer, Funds Distributors LLC, a Delaware limited liability company. These registered representatives may assist in the distribution of private securities or mutual funds registered under the Investment Company Act of 1940. Any transaction based compensation received from this activity would be paid to the Firm by Funds Distributor LLC, the third-party broker-dealer which holds the securities licenses of the registered representatives.

BNPP AM USA does not sponsor or manage any wrap fee programs.

As illustrated in the organizational chart below, BNPP AM USA is a direct wholly-owned subsidiary of BNP PARIBAS ASSET MANAGEMENT USA Holdings, Inc., a New York Corporation, which is in turn wholly owned by BNP Paribas US Wholesale Holdings, Corp. BNP Paribas USA, Inc. owns 100% of BNP Paribas US Wholesale Holdings, Corp., and is wholly owned by BNP Paribas.



BNPP is a publicly owned bank organized in France that engages in global financial activities. BNPP AM USA is part of BNPP AM, within BNPP’s International Financial Services division.

BNPP AM USA operates as an investment center including the following support and operational functions: Finance, Tax, Compliance, Legal/Company Secretarial, Human Resources, Facilities, Business Continuity, IT, Risk, and Operational Risk. Certain Human Resources, Tax, Business Continuity and IT functions may be coordinated with the Firm’s U.S. affiliates.

BNPP AM USA manages fixed income, multi-currency and equity portfolios. BNPP AM USA offers a variety of fee schedules for its investment products, as detailed below, which may include both management and performance fees, where appropriate. For each investment product, clients receive individualized investment advisory services tailored to their particular investment objectives and guidelines.

Clients complete an investment management agreement, or similar agreement depending upon the nature of the services to be provided, which explains the investment services they will

receive and the fees charged for such services. Clients should carefully examine this agreement and particularly the fee schedule. Investment management services provided may be available from other registered investment advisers for lesser fees. Clients have the opportunity to place reasonable restrictions or constraints on the way their account is managed.

Fees and Compensation

BNPP AM USA manages portfolios of fixed-income securities for institutional clients including pension funds, corporations, universities, foundations, foreign institutions, supra-national organizations and central banks. In connection with the management of fixed income portfolios and where permitted by our clients, we also manage exposure to foreign currencies.

The BNPP AM USA basic fee schedules, listed below, are subject to negotiation between the parties at BNPP AM USA's discretion. The precise schedule of fees is dependent upon the size of the mandate as well as any client specific requirements. In addition, BNPP AM USA reserves the right to waive all or a portion of its management and performance-based fees, as applicable, and negotiate investment minimums. Comparable clients in the same investment style may have fee schedules that vary from the standard fee schedule and BNPP AM USA reserves the right to add or delete certain services discussed below. For comparable services, other investment advisers may charge higher or lower fees than those charged by BNPP AM USA.

Our standard fees are generally as follows (per annum):

Product/Sub-Product Group	Product	Fee Schedule
Multi-Sector	Global Aggregate	25 bps on first \$250M 20 bps on next \$250M 15 bps thereafter
Multi-Sector	U.S. Core/ Core Plus	25 bps on first \$250M 20 bps on next \$250M 15 bps thereafter
Government	Global Sovereign	25 bps on first \$250M 20 bps on next \$250M 15 bps thereafter
Government: Inflation-Linked	Global ILB	22.5 bps on first \$250M 17.5 bps on next \$250M 15 bps thereafter
Government: Inflation-Linked	U.S. TIPs	17.5 bps on first \$250M 15 bps on next \$250M 10 bps thereafter
Short Duration	Short Duration	15 bps on first \$250M 10 bps on next \$250M 8 bps thereafter
Mortgages	Mortgage Index	25 bps on first \$250M 20 bps on next \$250M 15 bps thereafter

Money Market	Money Market	15 bps on the first \$250M 12 bps on next \$250M 10 bps thereafter
Alpha Strategies	Multi-Strategy / Absolute Return	45 bps on first \$150M 40 bps on next \$150M 35 bps thereafter
Alpha Strategies	Currency Active Hedging	10 bps 20% performance share
Alpha Strategies	Currency Alpha (5% Volatility Target)	50 bps on all assets 20% performance share
Alpha Strategies	Mortgage Alpha	50 bps on all assets 20% performance share
Corporates	U.S. High Yield	40 bps on first \$100M 30 bps on next \$50M 20 bps thereafter
Corporates	Global High Yield	40 bps on first \$100M 30 bps on next \$50M 20 bps thereafter
Corporates	Global Investment Grade	30 bps on first \$100M 25 bps on next \$50M 20 bps thereafter
Emerging Markets Debt	Emerging Markets	55 bps on first \$100M 50 bps on next \$100M 45 bps thereafter
Global Loans	Global Loans	45 bps on first \$200M 24 bps thereafter
Equities	U.S. Small Cap Equity	100bps on first \$10M 90bps on next \$15M 80bps on next \$25M 70bps thereafter
Equities	U.S. Growth Equity	65bps on first \$10M 50bps on next \$25M 45 bps on next \$50M 40bps on next \$100M 30bps thereafter
Equities	U.S. Large Cap Core Equity	65bps on first \$10M 50bps on next \$25M 45 bps on next \$50M 40bps on next \$100M 30bps thereafter

Equities	Emerging Markets Equity	100bps on first \$10M 80bps on next \$40M 70bps on next \$50M 60bps on next \$100M 50bps thereafter
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Certain clients may have a portion of their separate account assets invested in commingled vehicles for which BNPP AM USA may be an adviser or sub-adviser.

Fees are payable quarterly, (although monthly, semi-annual and annual payment periods are also used) and are generally based upon the market value of funds managed as of the end of the preceding calendar quarter or on the average market value of funds managed within the calendar quarter. All client fees are paid in arrears.

BNPP AM USA's fees are exclusive of brokerage commissions, transaction costs and other related costs and expenses which shall be incurred by the client. Such costs are in addition to BNPP AM USA's fees and BNPP AM USA does not receive any portion of these costs. Please refer to the section entitled "*Brokerage Practices*" below for further information regarding the factors that BNPP AM USA considers in selecting and recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Our investment management agreements may be terminated by us or by our clients, subject to applicable notice provisions contained in the contracts.

Any transaction based compensation received by the Firm or its registered representatives for selling private funds or mutual funds registered under the Investment Company Act of 1940 would be paid to the Firm by Funds Distributor LLC.

Performance Based Fees and Side-by-Side Management

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Performance fees are in effect for certain clients of the Firm. An adviser charging performance fees to some accounts faces certain conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee. The Firm is required to treat its clients fairly in relation to such conflicts of interest and will make decisions for client portfolios in accordance with its fiduciary responsibilities. Consistent with this fiduciary duty, BNPP AM USA's trading procedures seek to ensure that all clients are treated fairly and equitably and that no client account is advantaged or disadvantaged over another.

As mentioned in the section entitled "*Fees and Compensation*" above, certain clients may have a portion of their separate account assets invested in commingled vehicles for which BNPP AM USA may be an adviser or sub-adviser. Recommendations to these clients to use these affiliated commingled vehicles are made solely to enhance overall investment returns, to improve

investment offerings, and to allow clients to participate in certain investment opportunities that would otherwise not be available or economic on a separate account basis. BNPP AM USA places assets of its clients in such vehicles only if the client authorizes such use and receives the offering documents for those investments. Fees charged by BNPP AM USA are specified in a client's investment management agreement.

Investment teams and individual portfolio managers may manage multiple accounts, including separate accounts, offshore funds and mutual funds, according to the same or a similar investment strategy. Side-by-side management of the funds and other accounts raises the possibility of favorable or preferential treatment of a client or a group of clients. In general, investment decisions for each client account will be made independently from those of other client accounts and are made with specific reference to the individual needs and objectives of each client account. There is no requirement that an adviser use the same procedures consistently with respect to all accounts. Different strategies and client guidelines may lead to the use of different methodologies for addressing the potential conflicts of interest.

The Firm may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that trade in the same securities. Portfolio decisions relating to clients' investments and the performance resulting from such decisions may differ from client to client. The Firm will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have materially different amounts of capital under management by the Firm or different amounts of investable cash available. Given these and other potential conflicts, the Firm's order allocation procedures are designed to ensure that clients are treated fairly over time.

Types of Clients

The Firm may provide customized investment management services to institutional clients, including but not limited to, central banks, official institutions, supra-national organizations, public funds, employee pension funds, insurance companies, endowments, foundations, hospitals, corporations, commercial banks, mutual funds registered under the Investment Company Act of 1940, private funds and Luxembourg-domiciled SICAVs of an affiliate. The Firm also serves as investment manager to mutual funds within SEI's platform trust, The Advisors' Inner Circle Fund III. Lastly, BNPP AM USA may provide non-discretionary investment management activities and/or act as collateral manager for structured products such as CDOs and CLOs.

As a discretionary manager, we review the specific circumstances, current investments and investment goals of each client. In order to assure an appropriate fit with the management style chosen, BNPP AM USA reserves the right to review each prospective client as to investment profile.

We generally impose a \$100 million account minimum for investment management services. BNPP AM USA may negotiate minimum asset size on a case by case basis.

Methods of Analysis, Investment Strategies and Risk of Loss

BNPP AM USA's investment philosophy is based upon the following beliefs:

FIXED INCOME

- i) **Systematic use of multiple alpha strategies delivers consistent returns.** Our clients are looking for consistent returns with capital preservation. We have developed a systematic process to profitably exploit market inefficiencies in fixed income across global markets. We believe that asset allocation is best conducted by a dedicated top-down decision-making team able to compare relative value opportunities across all fixed income asset classes simultaneously; while more bottom-up security selection decisions are best left to specialist managers for each asset class. We believe this is the best way to deliver consistent returns and avoid a series of high and low returns.
- ii) **Blending qualitative analysis and quantitative models yield superior results.** We believe the combination of judgmental and quantitative alpha strategies is a more powerful way to manage fixed income and yield superior results. By using both methods, we are able to diversify returns, and therefore generate a better risk-adjusted return profile throughout a market cycle.
- iii) **Specialized, accountable and incentivized managers make better decisions.** We believe that accountability and transparency, expressed via individual risk budget allocations, results in better decision-making. Also, providing market competitive compensation levels and directly linking compensation with individual performance ensures superior-performing professionals are remunerated accordingly.
- iv) **Management of risk ranks hand-in-hand with the search for alpha.** We believe that the successful management of fixed income portfolios in today's market is highly dependent upon sophisticated risk management practices. The development, integration and utilization of risk tools must always rank among the firm's highest priorities.
- v) **Constant innovation keeps us ahead of the curve.** Innovation is necessary for value creation. Sustainable advancement requires continuous innovation – and specialization – as markets are constantly evolving. Our investment strategies and processes will evolve over time in anticipation of these changes.

Our clients' portfolios are managed by a team of investment professionals. Investment decisions are made by product heads and portfolio managers focusing on generating alpha according to their specific expertise. All decisions are made to balance the expected return outcome with the assessed risk of the position, in the context of the risk parameters and investment guidelines of each client's portfolio. Positions may be strategic and of a long term nature, or tactical to take advantage of short term anomalies.

Fixed Income CIO: has oversight responsibility for all activities relating to the management and performance of BNPP AM USA's fixed income investment teams, products and portfolios. The Fixed Income CIO oversees and guides investment processes across teams, ensuring consistency of processes. He is responsible for challenging the strategies and processes of the various

investment teams. Lastly, the Fixed Income CIO works with the head of each product team to define strategy for fixed income activities, focusing on meeting client needs and AUM growth.

Product Solutions: The role of the product head is to manage the strategies within their product areas. The product heads dynamically allocate risk to appropriate alpha teams and remain responsible for performance of the overall strategy. Their role also is to ensure that the strategies within the product area are relevant and continue to suit client needs and they are expected to innovate and develop new strategies as markets develop and demands change. Ultimately, they are responsible for the performance, quality and growth of the strategies within their respective areas.

Portfolio Management: The role of the portfolio manager is to ensure portfolios are constructed according to client guidelines and objectives such that risk is allocated to appropriate alpha sources; risk utilization at the portfolio, alpha team and trade level is monitored; and the combination of positions and sizing of these positions supports alpha and risk targets specified. The portfolio manager works closely with the product head, who oversees the strategy, and the client and client-facing teams to ensure a full understanding of the client's investment needs and complete client satisfaction.

Single Strategy Teams: Alpha teams are organized by area of specialty (global inflation and rates, currency, global corporate credit, structured securities, emerging market debt, sector rotation, USD money markets and global loans) and function as autonomous idea generators relative to one another. Single Strategy teams have an annual (team) alpha target and risk budget which is met through the generation of a diverse set of ideas. Single sector portfolio managers are typically synonymous with the head of the alpha team, leveraging independent idea generation from that alpha team. Multi-sector portfolio managers utilize ideas generated by multiple alpha team members at conviction levels that are appropriate to client guidelines. Below we describe the idea generation by alpha team:

Global Inflation and Rates: Ideas are generated using bottom-up fundamental analysis combined with in-house quantitative models across inflation, volatility, curve, duration and cross-country relative value.

Currency: Combination of fundamental views on drivers of capital flow (judgment) and model-based strategies designed to select those currencies expected to appreciate in value relative to those expected to depreciate. The opportunity set focuses on developed and emerging currencies.

Global Corporate Credit: Alpha is generated from bottom up security selection with particular focus on catalysts which may cause enhancement or deterioration in the ability of a particular credit to service debt. BNPP AM USA's in-house global credit research team provides fundamental views on individual credits as well as views on the relative attractiveness of industries and sectors.

Structured Securities: Alpha generation arises from the selection of individual securities, such as fixed and adjustable-rate mortgage pass-throughs, collateralized mortgage

obligations (CMO), and mortgage interest- and principal-only strips. Our process seeks to identify the characteristics impacting prepayments including coupons, maturities, geography, loan balance, loan-to-value, originators/servicers as well as volatility and structural inefficiencies.

Emerging Market Debt: Alpha is generated through the development of bottom-up security selection across rate, currency and, as applicable, credit factors. Global macroeconomic factors such as developed market central bank policy, capital flows, risk aversion and commodity cycle influence relative value decision among various currencies and bonds of developing nations

Sector Rotation: The sector rotation alpha team is responsible for assessing the relative value of individual spread sectors and generating trade ideas to take advantage of these relative value opportunities.

Money Markets: Alpha is generated by focusing on capital preservation and liquidity while generating a competitive yield. This strategy utilizes a balanced approach to portfolio management, combining top-down views on the macro environment with heavy emphasis on fundamental, bottom-up credit analysis and security selection.

Private Debt & Real Assets (PDRA) Global Loans: Alpha is generated through the ability to identify idiosyncratic and macroeconomic risks that may impact the ability of individual bank loan issuers to issue, service, refinance and/or prepay bank debt. Emphasis is placed on fundamental analysis of individual credits.

Multi-Strategy Teams: Multi-strategy investment teams (total return, absolute return, short duration) utilize the investment ideas from the above noted alpha teams in a risk-controlled manner. In addition to idea generation from alpha teams, multi-strategy teams are typically involved in active risk allocation and/or asset allocation, with the intention of creating well-diversified portfolios.

Total Return: These are aggregate-based (U.S., European or Global) portfolios that make use of multiple alpha sources in a risk-controlled manner (e.g., targeting tracking error). Portfolios are typically construed as long-only strategies, but may exhibit large deviations in terms of sector, quality, geography and interest rate sensitivity, based on the relative tracking error allowance.

Absolute Return: These portfolios are multi-strategy global fixed income solutions that seek to maximize risk-adjusted return given a pre-defined volatility budget. The strategy utilizes a wide diversification of alpha sources via strategies from multiple sectors and multiple teams.

Short Duration: Short duration portfolios are designed to focus on capital preservation and stability of returns, with yield generation a secondary objective. Solutions tend to include both U.S. and Global offerings with a duration range from enhanced cash to short-to-intermediate duration.

Periodically, the investment teams review and establish target levels of incremental return for each portfolio. Concurrently, consideration of the client's return objectives and the market environment is undertaken in an effort to provide the appropriate scaling of off-benchmark exposures required to meet the targeted incremental return.

Private Debt & Real Assets (PDRA) Collateral Management: The Firm is a collateral manager for five Collateralized Debt Obligations (CDOs) all of which are past their reinvestment dates. The Firm also manages two Collateralized Loan Obligations (CLOs), both of which ended their reinvestment periods in 2018. The Firm intends to manage additional CLOs in the future, and may also act as a collateral manager for other structured products and private funds.

Investment Approach and Risk: The investment approach centers on taking a series of diversified, often uncorrelated positions that balance currency and interest-rate risks around specified performance benchmarks. Global fixed-income portfolios are constructed using sovereign debt and currencies and, guidelines permitting, corporate bonds, structured securities, and emerging market investments.

BNPP AM USA may use futures and various other derivatives (such as interest rate swaps, credit default swaps and currency forwards) in the management of fixed-income portfolios, where eligible. These instruments are used to take or hedge existing positions and as a substitute for the cash market when the synthetic alternatives are deemed more efficient. BNPP AM USA uses derivatives in portfolios only when permitted by the client and when consistent with the terms of a client's investment guidelines.

BNPP AM USA employs a wide range of tools, models and procedures to monitor and manage risk. Some of these software systems are proprietary, while others are purchased from vendors. The tools utilized by BNPP AM USA include but are not limited to: Barclays POINT® , a sophisticated third-party risk measurement system that covers all the major asset classes, and can compute sensitivities, volatilities, VaR and stress tests; CUSUM, a performance monitoring tool that monitors performance using a statistical process control algorithm; PRISM, BNPP AM USA's proprietary portfolio management and risk management system, which allows us real-time views of the exposures of our portfolios and Thinkfolio, a front office system that allows us to view the exposures of all our portfolios that are not managed on PRISM. Thinkfolio integrates with Sentinel, a compliance system that is managed and monitored by BNPP AM USA's Compliance team and which checks orders pre-execution to comply with internal portfolio rules and regulations to avoid breaches.

BNPP AM USA collects data from a variety of public and private sources, casting a fairly wide net. However, irrespective of the source, data is scrutinized and analyzed internally with a high degree of rigor. It is our analysis of the data that adds value, not the source of the data. Duration, yield curve and sector allocations are generally driven by macroeconomic factors, and hence our decisions are generally based on publicly available information (e.g., the Bureau of Labor Statistics). Security selection decisions are generally based on purchased or proprietary models. Purchased models are not used "as is": BNPP AM USA makes proprietary modifications to them to reflect our investment beliefs; further, all data used in these models has been evaluated and if

necessary, modified, by proprietary analysis. Most importantly, models are seen as informative but not deterministic in making allocation decisions. BNPP AM USA realizes that the outputs from modeling can have its shortcomings if there is an over-reliance on models in the investment decision-making process.

Risk control is critical to our portfolio management process. The risk management process starts with the establishment of a portfolio specific risk budget, which is based on the client's investment guidelines. Risk is monitored on a daily basis using PRISM, BNPP AM USA's proprietary portfolio exposure management system, and Barclays POINT ®, a commercial risk management system, by the Front Office Risk Team. All quantifiable investment guidelines for the portfolio are entered into PRISM for pre- and post-trade compliance by the investment compliance officer, and are checked by the portfolio manager and the client relationship manager (CRM). The proprietary automated compliance checking system within PRISM automatically checks compliance with investment guidelines for all accounts on a daily basis. Exceptions are reviewed by the BNPP AM USA's Legal and Compliance groups; this group is responsible for general risk surveillance of BNPP AM USA in North America, including the overall administration of BNPP AM USA's compliance policies and procedures.

BNPP AM USA has implemented an electronic trade capture system with integrated pre-trade and post-trade compliance in PRISM. PRISM also performs multiple post-trade compliance checks throughout the day. These intra-day checks allow BNPP AM USA to identify and remedy breaches before market close, reducing the frequency and severity of official breaches. If an exception is identified as part of the intra-day compliance review, results are emailed to all of the following account-specific personnel for correction: portfolio managers and CRMs as well as the L&C Group.

EQUITIES

In addition to being able to access an experienced research staff within BNP PARIBAS ASSET MANAGEMENT, BNPP AM USA obtains ideas from an extensive network including industry contacts, market and securities analysts and its team of investment professionals. BNPP AM USA will evaluate potential investment opportunities based on extensive primary research into each company, evaluations from external sources and in depth contact with the company's management team. BNPP AM USA may utilize research materials prepared by affiliates and third parties.

At the portfolio level, BNPP AM USA may utilize absolute volatility, tracking error volatility, expected shortfall, value-at-risk, concentration risk from countries, sectors and individual positions to fit within the guidelines and investment strategies of a given portfolio. The investment strategy for each program varies and various measurements and tools are implemented based on the investment needs of the client.

Investing in securities involves risk of loss that clients should be prepared to bear. Strategies are managed by teams of investment professionals. The description provided below is an overview of the various investment strategies and is not intended to be complete:

U.S. Equities Strategies: In our judgment, the best way to drive strong returns is to invest in businesses with solid growth outlooks, sustainable competitive advantages and whose equities trade at a discount to our estimate of intrinsic value.

Our fundamental process is based on our belief that stock prices reflect earnings and that our in-depth company research is focused on developing a learned view on each company's sustainable earnings prospects. Thus, applying a consistent and disciplined approach will provide a sustainable edge for creating added value. Furthermore, we believe effective risk management maximizes the value to the client by ensuring that portfolio risk is both intended and justified.

Our strategy incorporates philosophies of both growth and value investing, seeking a balance between companies that have had consistently strong earnings growth and those trading at attractive price valuations. Our approach leads us to companies with strong overall fundamentals.

With our extensive experience as a guide, we seek to identify attractive opportunities under the current market environment. The team sources ideas by using industry sources and professional contacts developed over the years. The team completes a thorough review of the sectors for which they are responsible and evaluates stocks down to the sub-industry level. We need to understand the competitive advantages each company possesses that will lead to their outperformance. We also focus on identifying events capable of unlocking value.

Using a number of valuation criteria, analysts identify companies that are favorably valued relative to their direct peers and their own histories based on our view of their earnings prospects. The research process includes meeting directly with company management. The end-result of our fundamental research is a valuation for each company we are analyzing.

The team allocates the majority of their risk budget at the stock level. This is primarily accomplished through keeping the portfolio sector group within an appropriate range compared to the applicable benchmark. This limits unintended risks. The team monitors ex ante risk, marginal contribution to risk of each holding, and the product's overall risk profile (i.e., portfolio characteristics, style, size, etc.) relative to the appropriate benchmark. Risk indicators are controlled on an ongoing basis as part of the daily management of the strategy.

Emerging Market Equities Strategies: The team implements a disciplined approach focused on fundamental company analysis. The team believes well-run, high-quality companies with differentiated businesses and sustainable growth purchased at sensible prices will outperform over time. The bottom up approach first narrows down the broad universe of emerging markets stocks to a focus list of high potential investments based upon earnings and cash flow growth characteristics as well as management quality and corporate governance.

During the initial evaluation stage, the team determines whether an investment meets quality standards for consideration for future investment. Stocks that exceed these standards are then part of a focus list. The fundamental research process involves frequent travel, management meetings, cross-checks with industry experts and government officials. The Emerging Markets team also leverages BNPP AM's network of local market asset managers for idea generation and analytical collaboration. Each idea is put through exhaustive independent research which

assesses a company's strategic positioning, management quality and corporate governance. Each company is then also assessed based upon earnings and cash flow growth, balance sheet health and the prudent use of leverage. Each investment idea is then subject to a peer review process, to provide a multi-faceted scrutiny of each security under consideration for purchase.

The team of dedicated global emerging markets sector analysts bring a diversity of experience and perspective in the selection of the best opportunities on a global basis. The result is a concentrated and high conviction portfolio.

The software program used for compliance monitoring is the computer-based system, Sentinel which is used to administer investment guideline compliance administration. Sentinel has programmable functionalities that perform a pre- and post-trade compliance checks for restrictions and investment guideline monitoring. Sentinel has an automated control process to assure compliance with client guidelines. These guidelines are discussed and reviewed in detail with the client at the outset of the relationship (before the portfolio is funded) to ensure that all parameters are clearly understood and that they are all quantifiable before they are programmed into Sentinel. As much as possible, we want to avoid any parameters that will require manual monitoring. These quantifiable guideline restrictions are entered into Sentinel by Compliance and checked by the portfolio manager. The automated system checks compliance with investment guidelines for all equity accounts daily.

FIXED INCOME and EQUITIES

All investing involves a risk of loss and the investment strategy offered by BNPP AM USA could lose money over short or even long periods. No guarantee or representation is made that any of the investment programs offered by BNPP AM USA will achieve its investment objective. The description contained below is a brief overview of different investment risks related to BNPP AM USA's advisory services:

Investing in securities is inherently risky. An investment in individual securities or in a portfolio of securities could lose money. BNPP AM USA cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return on or of its investment.

Market Risk. The investments may be subject to price volatility due to factors such as interest sensitivity, market perception, and creditworthiness of issuer and market liquidity. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Debt Securities Risk. Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities, including U.S. Government obligations.

Government Obligations Risk. If a government-sponsored entity is unable to meet its obligations, the performance of a portfolio or a mutual fund that holds securities of the entity will be adversely impacted.

Mortgage- and Asset-Backed Securities Risk. Mortgage- and Asset-Backed securities risk includes Market Risk, Interest Rate Risk, Credit Risk, Prepayment Risk (*i.e.*, homeowners whose mortgages collateralize the securities held by certain mortgage-backed securities may be able to prepay principal due on these mortgages, which could cause such mortgage-backed securities to reinvest the proceeds at lower yields) as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile. Under certain adverse market conditions, mortgage- and asset-backed securities may have more limited liquidity than usual.

Issuer Risk. The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, decline in the value of investments held by the issuer, increase in the operational and/or financing cost of the issuer, and reduced demand for the issuer's goods and services.

Credit and Counterparty Risk. There is a risk that issuers or counterparts will default and fail to repay principal and interest in a timely manner or do not fulfill their obligations and commitments. If the rating of an issue, issuer or a counterpart is downgraded this may cause the value of the related assets to fall. The severity of the risk varies depending on the quality of the issuer or counterparty. The assets can be partly invested in securities issued by corporate entities, bank, financial institution and/or public sector and this poses a higher risk than investment in government securities.

Industry or Sector Emphasis Risk. Investing a substantial portion of assets in related industries or sectors may have greater risks because companies in these industries or sectors may share common characteristics and may react similarly to market developments.

Non-Diversification Risk. Non-diversified portfolios have the ability to take larger positions in a smaller number of issuers than a diversified portfolio, which makes a non-diversified portfolio more susceptible to financial, economic or market events impacting such issuers, and a non-diversified portfolio's performance may be more volatile than the performance of a diversified portfolio.

Management Risk. Management risk means that your investment varies with the success and failure of BNPP AM USA's investment strategies and its analysis and determination of portfolio securities.

Mutual Fund and ETF Trading Risk. Where permitted by a client's investment guidelines, BNPP AM USA's portfolio managers may invest in mutual funds that are either open-end or closed-end investment companies as well as ETFs. ETFs are investment companies that are bought and sold on a national securities exchange. Unlike mutual funds, ETFs do not necessarily trade at the net asset values of their underlying securities, which means an ETF could potentially

trade above or below the value of the underlying portfolios. As such, trading in ETFs is subject to (without limitation) similar risks as those of the listed stocks. Additionally, because ETFs trade like stocks on exchanges, they are subject to trading and commission costs unlike mutual funds. Also, both mutual funds and ETFs have management fees that are part of their costs.

Currency Risk. Investments in foreign securities involve exposure to fluctuations in foreign currency exchange rates. Such fluctuations may reduce the value of a client's investment in a foreign security.

Emerging Markets Risk. Emerging markets may have obsolete financial systems and volatile currencies, and may be more sensitive than more mature markets to a variety of economic factors. Emerging market securities also may be less liquid than securities of more developed countries and could be difficult to sell, particularly during a market downturn.

Foreign Investment Risk. Foreign securities, including American, European and Global Depositary Receipts, may be subject to more risks than domestic investments. These additional risks may potentially include lower liquidity, greater price volatility and risks related to adverse political, regulatory, market or economic developments. Foreign companies may also be subject to significantly higher levels of taxation than domestic companies, including potentially confiscatory levels of taxation, thereby reducing the earnings potential of such foreign companies.

Stock Market Risk. Equity securities are subject to stock market risks and significant fluctuations in value.

Growth Style Investment Risk. Growth investments can perform differently from the market as a whole and from other types of investments. While growth investments may react differently to issuer, political, market and economic developments than the market as a whole and other types of investments by rising in price in certain environments, growth investments also tend to be sensitive to changes in the earnings of their underlying companies and more volatile than other types of stocks, particularly over the short term.

Value Style Investment Risk. Value investments can perform differently from the market as a whole and from other types of stocks. Value investments may be purchased based upon the belief that a given security may be out of favor; that belief may be misplaced or the security may stay out of favor for an extended period of time.

Industry or Sector Emphasis Risk. Investing a substantial portion of assets in related industries or sectors may have greater risks because companies in these industries or sectors may share common characteristics and may react similarly to market developments.

Medium-Sized Companies Risk. Medium-sized companies may be more vulnerable to adverse business or economic events than stocks of larger companies. Investing in securities of medium-sized companies involves greater risk than investing in larger, more established companies because they can be subject to more abrupt or erratic share price changes than larger, more established companies.

Smaller Company Securities Risk. Securities of companies with smaller market capitalizations tend to be more volatile and less liquid than larger company stocks. Smaller companies may have no or relatively short operating histories, or be newly public companies.

REIT Securities Risk. The performance of equity and mortgage REITs depends on the performance of the portfolio investments of the REIT in real estate and/or mortgages. Equity REITs may be affected by any changes in the value of the underlying property owned by the trusts. Mortgage REITs may be affected by the quality of any credit extended and by special tax rules that apply to certain investments in securitized pools of mortgages. There are also risks from borrowers and tenants defaulting on their obligations. The securities of real estate companies and REITs can trade less frequently and have more limited volumes and can potentially be more volatile than other securities.

Disciplinary Information

On January 25, 2018, the U.S. Department of Justice filed a one-count criminal information in the United States District Court for the Southern District of New York (“District Court”) charging BNP Paribas USA, Inc. (“BNPP USA”) with an antitrust conspiracy offense from September 2011 until July 2013. On the same day, BNPP USA pleaded guilty. On May 30, 2018 the District Court sentenced BNPP USA to a fine of \$90 million and a \$400 special assessment. Judgment was entered on June 4, 2018. Neither BNPP AM USA nor any other affiliate of BNPP registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 or a broker-dealer under the Securities Exchange Act of 1934 was involved in the conduct underlying BNPP USA’s plea. In advance of the formal plea, counsel to BNPP USA had discussions with the SEC to request relief enabling BNPP USA’s investment advisory and other affiliates to continue to provide uninterrupted advisory services to certain classes of clients. The SEC has issued a Permanent Order on February 23, 2018 permitting BNPP USA’s registered investment advisory affiliates to continue to provide advisory services to U.S. registered investment companies. On the date the plea was entered, BNPP filed a formal application with the U.S. Department of Labor (the “DOL”) seeking relief that would allow BNPP’s investment advisory and other affiliates to continue to use the QPAM exemption, with additional conditions. The DOL granted a one year temporary exemption on May 30, 2018 that permits, until June 3, 2019, certain BNPP investment advisory affiliates, including BNPP AM USA, and other affiliates to continue to use the QPAM exemption under additional conditions, notwithstanding the 2015 and 2018 convictions. On October 26, 2018, the DOL notified BNPP that it had decided not to propose permanent relief. As a result, unless the DOL changes its position on this matter, at the expiration of the one year temporary exemption discussed above, BNPP’s investment advisory affiliates, including BNPP AM USA, will not be able to rely upon the QPAM exemption in providing services to clients.

From at least 2004 through 2012, BNPP knowingly and willfully moved over \$8.8 billion through the U.S. financial system on behalf of Sudanese, Iranian, and Cuban sanctioned entities, in violation of U.S. economic sanctions, including more than \$4.3 billion in transactions involving entities that were specifically designated by the U.S. Government as being cut off from

the U.S. financial system. BNPP engaged in this criminal conduct through various sophisticated schemes designed to conceal from U.S. regulators the true nature of the illicit transactions. On June 30, 2014, the U.S. Department of Justice (the “Department of Justice”) and the Office of the U.S. Attorney for the Southern District of New York (the “SDNY”, and together with the Department of Justice, the “DOJ”) filed a notice of intent to file a one-count criminal information in the District Court for the Southern District of New York (the “District Court”), and the New York County District Attorney’s Office (“DANY”) filed a two-count criminal information in the Supreme Court of the State of New York, County of New York (the “Supreme Court”) against BNPP. The DOJ’s informations, which was filed on July 9, 2014, charged BNPP with conspiracy to commit violations of the International Emergency Economic Powers Act and the Trading with the Enemy Act, and regulations issued thereunder. DANY’s information charged BNPP with the crime of falsifying business records in the first degree and conspiracy in the fifth degree. BNPP agreed to resolve the action brought by DANY through a plea agreement dated June 30, 2014 and the action brought by the DOJ through a plea agreement dated June 28, 2014 (the “Plea Agreements”). The Plea Agreements required BNPP to plead guilty to the charges set out in the respective information and to pay over \$6.2 billion to the U.S. and New York state governments. The Plea Agreements also required BNPP to lawfully undertake certain remedial actions to address the conduct described in the Plea Agreements and the attachments thereto (the “Conduct”). On April 15, 2015, BNPP was sentenced by the Supreme Court to a three-year conditional discharge, in line with the DANY Plea Agreement, while requiring BNPP to implement compliance procedures and training, among other things. On May 1, 2015, the District Court entered a final judgment of conviction against BNPP, while requiring remedies that are materially the same as those set forth in the DOJ Plea Agreement, including a term of probation of five years and an obligation of continued cooperation.

BNPP also entered into regulatory settlements relating to the Conduct. BNPP agreed to enter into a Cease and Desist Order Issued Upon Consent with the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the French Autorité de Contrôle Prudentiel et de Résolution (the “ACPR”) to resolve certain findings by the Federal Reserve and ACPR relating to the Conduct. BNPP also agreed to enter into an Order to Cease and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent with the Federal Reserve to resolve certain findings by the Federal Reserve relating to the Conduct. BNPP and the New York State Department of Financial Services (the “DFS”) entered into a Consent Order to resolve certain findings by the DFS relating to the Conduct. Additionally, BNPP entered into a Settlement Agreement with the United States Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) to resolve certain findings by OFAC relating to the Conduct. The settlement with the Federal Reserve required BNPP to pay \$508 million to the Federal Reserve, while the settlement with the DFS required BNPP to pay \$2.2434 billion to the DFS.

In advance of the formal pleas, counsel to BNPP had discussions with the SEC to request relief enabling BNPP’s investment advisory and other affiliates to continue to provide uninterrupted advisory services to certain classes of clients. On the date the plea was entered, BNPP filed a formal application with the U.S. Department of Labor (the “DOL”) seeking relief that would allow BNPP’s investment advisory and other affiliates to continue to use a particular trading exemption, the QPAM exemption, that the Department issued on a class basis to make trading for benefit plans more efficient. It may not be used if a manager or one of its specified affiliates

has been convicted of certain crimes. The SEC issued a Permanent Order on July 28, 2014 permitting BNPP's registered investment advisory affiliates to continue to provide advisory services to U.S. registered investment companies. On April 15, the DOL granted a ten year exemption (no longer applicable) permitting certain BNPP investment advisory affiliates, including BNPP AM USA, and other affiliates to continue to use that exemption with additional conditions, notwithstanding the 2015 convictions. As noted above, in light of the 2018 conviction, a further exemption was obtained that permits certain BNPP investment advisory affiliates, including BNPP AM USA and other affiliates, to continue to use the QPAM exemption with additional conditions until June 3, 2019 notwithstanding the 2018 conviction.

Neither BNPP AM USA nor any other affiliate of BNPP registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 or a broker-dealer under the Securities Exchange Act of 1934 was named in any of these settlements or involved in the Conduct underlying these settlements. BNPP AM USA is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work.

BNPP AM USA and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Firm or its personnel.

Other Financial Industry Activities and Affiliations

BNPP AM USA is registered as a commodity pool operator, commodity trading advisor and swap firm with the U.S. Commodity Futures Trading Commission and is a member of the National Futures Association.

BNPP AM USA is neither a registered broker-dealer nor has an application pending to register as a broker-dealer. Eight salespeople, one marketing officer and two compliance officers hold securities licenses with a third-party broker dealer, Funds Distributors LLC, whereby the BNPP AM USA salesperson may assist in the distribution of private securities or mutual funds registered under the Investment Company Act of 1940.

BNPP AM USA is a subsidiary of BNPP, a publicly owned bank organized in France engaged in global financial activities. Since BNPP AM USA is a subsidiary of a global financial organization, it has arrangements with companies that are under common control of BNPP. The description below provides an overview of relationships with other businesses affiliated with BNPP AM USA that are considered material to its advisory business.

BNP PARIBAS ASSET MANAGEMENT. As part of a global strategy, BNPP's asset management arm has been branded as BNP PARIBAS ASSET MANAGEMENT, or BNPP AM. BNPP AM includes, those various asset managers which comprise BNPP's asset management business line. A list of the individual asset managers is available upon request. BNPP AM is not itself an investment adviser registered with the SEC; rather, clients will directly contract with individual asset management firms that may be regulated in the U.S. or in jurisdictions external to the U.S.

BNPP AM USA may manage and/or advise on the investment activities for a range of managed accounts for which it has been appointed by clients as investment adviser and to provide investment advisory services in connection with such accounts by using the services of various

capable individuals, including individuals (“Associated Persons,” as used by the SEC in the Unibanco No-Action letter of July 28, 1992, and Royal Bank of Canada No-Action letter of June 3, 1998) who are employed or seconded by BNPP AM Brazil, and/or BNPP AM France.

The Associated Persons may also provide services to clients and accounts for BNPP AM Brazil and/or BNPP AM France which trade a strategy similar to U.S. clients. Like BNPP AM USA, BNPP AM Brazil and/or BNPP AM France are owned indirectly by BNPP. BNPP AM Brazil and/or BNPP AM France has appointed BNPP AM USA as its agent in name, place and stead to receive and forward service of any writ, process or summons in respect of any legal actions or proceedings arising out of or in connection with services performed by BNPP AM Brazil and/or BNPP AM France or its employees for and as Associated persons of BNPP AM USA pursuant to such arrangement. BNPP AM USA undertakes liability to its clients for the acts or omissions of such Associated Persons as if BNPP AM USA had performed such acts or omissions itself. BNPP AM Brazil and/or BNPP AM France may recommend to its clients, or invest on behalf of its clients in, securities that are the subject of recommendations to, or discretionary trading on behalf of, BNPP AM USA’s U.S. clients. BNPP AM USA may reimburse its affiliates for services provided under the *Unibanco* arrangement. BNPP AM USA may also rely on analysis developed by analysts at BNPP AM Brazil and/or BNPP AM France.

Other Investment Advisers. BNPP AM USA has arrangements that are material to its advisory business with another BNPP AM investment adviser that is registered with the SEC, BNP PARIBAS ASSET MANAGEMENT UK Limited.

BNPP AM USA may from time to time enter into business relationships with other BNPP AM companies as a sub-manager for client portfolios or funds for which another BNPP AM company acts as manager. From time to time, prospective clients may be directly introduced to BNPP AM USA by other BNPP AM companies. In such instances, BNPP AM USA and the relevant BNPP AM company will negotiate fee sharing arrangements on a case by case basis. Certain persons who provide services to us may be employed by or also provide services to affiliates of BNPP AM USA.

Investment Companies. BNPP AM offers a family of funds to European investors that are registered in Belgium, France, Luxembourg and the Netherlands. In certain cases, BNPP AM USA has entered into sub-advisory or delegation agreements with its BNP AM European affiliates to manage U.S. dollar denominated assets of the funds. Clients are not assessed additional fees for this service. BNPP AM USA serves as investment manager for U.S. mutual funds on SEI’s Advisor’s Inner Circle Fund III platform trust. BNPP AM USA also serves as adviser, sub-advisor or delegated manager to offshore investment companies sponsored and distributed through BNP Paribas affiliates.

Outsourcing. For European funds organized by the Registrant’s affiliate, the Firm may utilize centers located in jurisdictions outside of the U.S. to facilitate reconciliation and other post trade functions.

BNP Paribas. BNPP, its affiliates and their directors, partners, trustees, members, officers and employees are engaged in businesses and have interests which may conflict with the business

activities of BNPP AM USA. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities, instruments and companies.

As previously noted above, BNPP is a full service financial services institution and a major participant in global financial markets. As such, it acts as an investor, investment banker, research provider, investment manager, financier, adviser, market maker, trader, prime broker, lender, agent and principal, and has other direct and indirect interests, in the global fixed income, currency, commodity, and other markets in which BNPP AM USA directly and indirectly invests on behalf of client portfolios. BNPP AM USA will make decisions for client portfolios in accordance with its fiduciary responsibilities; however, the potential business relationships, fees, compensation and other benefits to BNPP may, in certain cases, give rise to certain potential conflicts of interest. BNPP AM USA will use its best efforts to minimize the potential for conflicts of interest arising due to its relationship with BNPP and has policies and procedures in place to ensure that its clients' interests are prioritized.

As a global financial institution, BNPP's business includes brokerage and capital market activities both domestically and in foreign jurisdictions. As such it carries out routine broker dealer and investment banking functions in compliance with local laws and regulations. Notwithstanding, BNPP AM USA does not act as broker or principal in the purchase of securities for transactions with its clients.

Subject to applicable rules and regulations, BNPP AM USA and its affiliates, under common control by BNPP, may invest their capital for their own account in co-mingled investment vehicles for which BNPP AM USA provides investment management services. In such cases, BNPP AM USA and its affiliates maintain policies and procedures designed to prevent conflicts of interest harmful to its clients, but also to ensure compliance with applicable banking and securities regulation.

Other Conflicts of Interest. As discussed in the section entitled "*Performance Based Fees and Side-by-Side Management*" above, BNPP AM USA may recommend that certain clients invest in co-mingled vehicles for which it acts as investment adviser or sub-adviser or for which another BNPP AM company acts as investment adviser or sub-adviser. Recommendations to these clients to use these affiliated commingled vehicles are made solely to enhance overall investment returns, to improve investment offerings, and to allow clients to participate in certain investment opportunities that would otherwise not be available or economic on a separate account basis. BNPP AM USA places assets of its clients in such vehicles only if the client authorizes such use and receives the offering documents for those investments. Fees charged by BNPP AM USA are specified in a client's investment management agreement.

BNPP AM USA and its respective officers and employees act and continue to act as investment advisers and managers for multiple clients, and may choose to act as investors on their own behalf, notwithstanding that BNPP AM USA has directly or indirectly material interests or relationships which may involve conflicts or potential conflicts with BNPP AM USA's duty to its clients.

BNPP AM USA's officers, directors, and employees may be asked to serve as directors, advisers, or in other forms of participation in other companies or organizations, some of which may be affiliates of BNPP AM USA under common control by BNPP. Since such commitments can involve substantial responsibilities and potential conflicts of interest or the appearance of such conflicts, prior approval of senior management must be sought before accepting such a position and compliance personnel must be advised of all such appointments.

BNPP AM USA is required to treat its clients fairly in relation to such conflicts of interest or material interests as described above. BNPP AM USA proposes to do this by ensuring that it has adequate policies and procedures to protect its client interests and by drawing its clients' attention to the possibility of such conflicts. Such policies and procedures include, but are not limited to BNPP AM USA's Code of Ethics, personal trading policies, trade aggregation and allocation policies, policies governing outside business activities and gifts and entertainment, as well as informational barriers policy.

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

The Firm has adopted a Code of Ethics (the "Code"). BNPP AM USA mandates high standards of business conduct and professionalism and establishes rules of conduct for its employees by setting forth policies and procedures regarding business ethics, confidentiality and personal account dealing. The Code also describes policies and procedures for personal securities transactions, managing conflicts of interests, political activity, outside business activities, private investments, insider information, and gifts and entertainment and contributions.

Regarding personal securities transactions, BNPP AM USA prohibits its officers, directors and employees from trading, either personally or on behalf of others, while in possession of material non-public information regarding a security or communicating material non-public information to others. Further procedures within the Code state that access persons:

- may not purchase or sell certain covered securities unless the access person obtains advance clearance of such transaction from Compliance. Covered securities include certain equity securities, certain debt securities, certain futures, certain options, certain investment contracts, as well as non-money market affiliated funds and exclude government securities, non-affiliated mutual funds and certain short-term debt instruments.
- may not purchase and sell the same covered security within 30 calendar days.
- may not purchase or sell covered securities if, at the time of the transaction, a potential conflict of interest exists between the access person's transaction and the Firm or its clients.
- may purchase new equity issues on the initial public offering only with prior written approval from the Compliance Department. Covered persons may acquire an interest in a private placement only with prior written approval. The approval is based, in part, on whether the investment opportunity should be reserved for client accounts.

- may, under unusual circumstances, apply for an exception from a trading restriction, which application may be granted or denied.
- are required to allow for transaction confirmation information to be provided to the Compliance Department by each broker. They are also required to report or confirm to the Compliance Department all personal securities holdings on an annual basis and to confirm quarterly that all personal securities transactions have been reported.
- are made aware that violations of the Code could result in them receiving various sanctions including termination.

The Compliance Department utilizes software to automate much of the implementation and monitoring processes of the Code. Such automated systems provide for the submission of online pre-approval trading requests by Covered Persons that follow a workflow to appropriate supervisors and compliance personnel. Rule sets have been built into the systems which administer the processes of the Code. Such systems allow compliance officers to monitor Covered Persons' trading and other activity through automated surveillance functions.

The Global Loans Group which is responsible for managing senior secured loans, may, in the course of its investment research, receive information including private information regarding the issuers of this debt. Physical and informational barriers have been established between the Global Loans Group and other investment professionals. Additionally, a restricted list is maintained. Employees are prohibited from personally trading in such restricted securities.

BNPP AM USA will provide a copy of its Code of Ethics to any client or prospective client upon request.

As described above, upon prior approval from senior management, from time to time BNPP AM USA's employees may buy and sell securities for themselves that are also recommended to clients. In such instances, transactions may not be in amounts that will have a material effect upon the price or trading volume of a particular security and are always subject to the prohibition from trading on nonpublic information. Employees may not buy or sell securities for their own personal accounts where their decision is substantially derived, in whole or in part, by reason of their association with BNPP AM USA unless the information is also available to the investing public on reasonable inquiry. Employees are required to disclose individual security transactions on a quarterly basis to BNPP AM USA.

BNPP AM USA is subject to conflicts of interest when making investment decisions for clients and such conflicts can affect its objectivity. There may be a financial interest to recommend products or services offered by other companies that are under common control. By conducting business with companies affiliated with us, we are able to increase the overall profitability for the parent company. For information on affiliates of BNPP AM USA under common control by BNPP and a description of the conflicts of interest see section entitled "*Other Financial Industry Activities and Affiliations*."

Brokerage Practices

FIXED INCOME

Soft Dollars. As a matter of policy, the Firm prohibits soft dollar arrangements for fixed income accounts. Outside of routinely available research, the Firm bears the cost of fixed income research it receives and does not direct any fixed income trading activity in lieu of payment for research, research-related products or other resources or services obtained from broker-dealers or other third parties on a soft dollar commission basis. BNPP AM USA's portfolio managers are charged with the responsibility of monitoring the economic research of outside firms. Included among these firms are counterparties with whom BNPP AM USA regularly transacts securities business. Also included are independent research and consulting firms from whom BNPP AM purchases economic research.

Global Counterparty Committee: OTC counterparty selection is coordinated with the Global Counterparty Committee, which reviews counterparties for the BNPP AM business line. BNPP AM USA transacts in fixed income (including derivatives) and foreign currency markets and primarily in the highly liquid portion of these markets. The majority of transactions are executed in cash markets, with the primary exception being transactions in futures contracts, which are executed on recognized futures exchanges, and currency forwards, which are executed over the counter with counterparties who are approved by the Firm's Global Counterparty Committee or individually selected by the Firm's clients. See the FIXED INCOME & EQUITIES sub-section below for an explanation of the Regional Brokerage Committee.

EQUITIES

Use of Soft Dollars to Obtain Research. In the case where more than one broker/dealer is capable of providing the best combination of price and execution with respect to a portfolio transaction, the Firm may select a broker/dealer that furnishes research services. Research may include:

- Furnishing advice concerning the value of securities, the advisability of investing in, buying or selling securities and the availability of securities, purchasers and sellers in the marketplace.
- Furnishing information, reports, analysis and seminars about issuers, industries, securities, trading markets, legislative and political developments, economic factors and trends, portfolio strategy, access to research analysts, corporate management personnel, industry experts and economists, comparative performance evaluation, technical measurement services, quotation services and other products and services including third party publications, reports and analysis, computer and electronic access, information and accessories that deliver, process or otherwise utilize information including the research described above. All of these products and services assist the Firm in carrying out its investment decision-making responsibilities.
- Effecting securities transactions and performing functions incidental thereto such as clearance and settlement.

When the Firm uses client brokerage commissions (or markups/markdowns) to obtain research, the Firm receives a benefit because it does not have to produce or pay for the

research. The Firm has an incentive to select or recommend a broker-dealer based on our interest in receiving the research, rather than on the client's interest in receiving most favorable execution. If the Firm determines in good faith that the commission charged by a broker/dealer is reasonable in relation to the value of research and brokerage services provided by such broker/dealer, the Firm may cause a client to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). These higher commissions would be within a competitive range for full service broker/dealers. The Firm uses soft dollar benefits to service all client accounts, including those accounts that do not generate the soft dollars.

The Firm may enter into agreements with broker/dealers regarding the allocation of a minimum annual amount of brokered transactions to such broker/dealers. In exchange, the Firm receives research and research related software and services as described above. A transaction will be placed with such broker/dealers only if consistent with the best execution policies described above that take into account the provision of research and related services.

Some "mixed-use" products and services can be used by the Firm for both research and non-research purposes such as administration and marketing. If these products or services are obtained using soft dollars, the Firm will allocate the cost between research and non-research uses. The Firm will use its own hard dollars to pay that part of the cost that is not attributable to research.

An oversight group – consisting of members from Trading, Portfolio Management, Compliance, Finance and Operations – has been established to monitor the Firm's brokerage activity including soft dollar usage, trade commissions/related sharing arrangements (see below), brokers, best execution and other brokerage related items. The oversight group also reviews products and services that are paid with soft dollar commissions.

Recent examples of proprietary research reports that were paid with soft dollars include:

- Quantitative Research (UBS)
- Emerging Economic Perspectives (UBS)
- Asia/Global Equity Markets Strategy (Morgan Stanley)
- Global Equity Research (Barclays Capital)
- Gerson Lehrman Group (Expert Network Consultation Services)

Data services used by the Firm are paid with hard dollars, including Bloomberg L.P. and Factset Research Systems Inc.

Commission Sharing Arrangements. The Firm may, as permitted by applicable law, use commissions to obtain research provided by broker-dealers but produced by third parties, through commission sharing arrangements. Thereby, client transactions may be directed to a particular broker-dealer in return for soft dollar benefits that the Firm receives. In a commission sharing arrangement, the Firm enters into an agreement with broker-dealers so that certain commissions from transactions placed by the Firm at that broker-dealer are pooled by the broker-dealer in order to compensate one or more third-party research providers, which research

providers may or may not be a broker-dealer. Research which provides lawful and appropriate assistance to the Firm's investment decision-making process may be paid for with commissions generated by client accounts to the extent such research was used in that process. The Firm would allocate the cost of the research on a basis which it deemed reasonable according to the various uses of the research, and would maintain records documenting the allocation process followed.

Broker of Credits. The Firm may want to pay a research firm for specific research; however such research firm has no trade execution capabilities. Thereby, the research firm establishes a credit relationship with a broker(s) who has trade execution capabilities. The Firm may execute trades with this broker. Subsequently, the executing broker settles the trade and credits the full commission amount to the research firm. The Firm instructs the executing broker which trades should be credited to the appropriate research firm.

Allocation of Initial Public Offerings. In the event that the Firm participates in any initial public offerings and other securities with limited availability (collectively, "IPOs"), the Firm allocates IPOs among client accounts in a fair and equitable manner over time, taking into consideration factors such as account type, client account objectives and preference, investment restrictions, account sizes, cash availability, and current specific needs. The Firm generally allocates IPOs on a pro-rata basis (based on order size) subject to de minimis amounts after the Firm has received its shares of the IPO.

Where the actual allocation of an IPO is significantly lower than that requested, using the original intended pro-rata allocation proportions may result in allocations to portfolios that are not meaningful. In those situations, the Firm may allocate the securities received to significantly fewer portfolios than originally intended and using other allocation processes designed to allocate IPOs in a fair and equitable manner over time, such as a client list rotation process.

FIXED INCOME and EQUITIES

In placing orders and selecting brokers and dealers to execute securities transactions on behalf of clients, the Firm seeks prompt execution of orders at the most favorable prices readily attainable. In selecting brokers and dealers, the Firm considers a number of factors, including, but not limited to the following:

Best Execution. The Firm owes a duty to its clients to seek best execution when executing trades on their behalf. "Best Execution" is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the totality of circumstances. The full range of brokerage services applicable in a particular transaction may be considered when making this judgment, which may include, but is not limited to the:

- ability of the broker/dealer to minimize costs associated with implementing investment decisions;
- adequacy of the broker/dealers capital in relation to other broker/dealers;
- communication links between the broker/dealer and the Firm;
- adequacy of the information provided to the Firm by the broker/dealer;
- broker/dealer commission rates;

- administrative ability;
- the availability, as well as the quality of suitability, of electronic platforms and algorithms;
- provision of information on a particular security or market in which the transaction is to occur;
- reliability and accuracy of communications and settlement processing;
- responsiveness of the broker/dealer;
- financial strength, reputation and stability of the broker/dealer;
- ability of the broker/dealer to handle large transactions;
- knowledge of other buyers and sellers;
- ability of the broker/dealer to handle difficult orders; and
- efficiency of the broker/dealer in executing past transactions.

The specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple broker-dealers.

The Firm is not obligated to choose the broker-dealer offering the lowest available commission rate if, in the Firm's reasonable judgment, there is a material risk that the total cost or proceeds from the transaction might be less favorable than may be obtained elsewhere, or, if a higher commission is justified by the trading provided by the broker-dealer, or if other considerations, such as those set forth above dictate utilizing a different broker-dealer.

In seeking best execution, fixed income traders will generally solicit bids and offers from more than one broker/dealer. The trader has the discretion to determine which broker/dealers will be used. If a single broker/dealer provides the only bid or offer, the portfolio manager or trader will determine from the prices of the similar securities whether the bid or offer is reasonable.

All transactions executed in over-the-counter markets are executed on a net price basis with a dealer acting as principal. All trades are executed with established securities dealers which are approved by BNPP AM USA, selected in a manner consistent with seeking best execution. No concessions on prices are made to any dealer by reason of services performed or offered to be performed, or goods supplied or offered to be supplied.

DVP Counterparty Selection. For the BNPP AM USA fixed income business, all counterparties and brokers for delivery versus payment ("DVP") trades must be approved by the North American Regional Broker Committee (the "RBC"), which is comprised of senior representatives from the L&C Group, the Investment Risk team, the investment teams and Operations group. The RBC memorializes its formal approval in order for the approval of a new broker to be official. Upon receipt of a duly executed and signed confidentiality agreement, and the exchange of settlement instructions, the proposed broker will be added to the Firm's approved broker list and programmed into its systems. The Regional Broker Committee generally meets on a quarterly basis (but could meet more or less frequently depending on need) to review the Firm's list of approved brokers and evaluate the need for any modifications. The RBC may review among other things transactions reports broken down by volume and by trading desk, recent FOCUS reports and updated ratings, to assist in its evaluation of particular counterparties. From time to time, the RBC may remove a broker from BNPP AM USA's list of

approved brokers. BNPP AM USA does not take into consideration, either directly or indirectly, counterparties' promotional or sales efforts with respect to mutual funds advised or sub-advised by it. Approved counterparties are programmed into BNPP AM USA's trading system, which ensures that only approved counterparties are utilized.

Affiliated Transactions. As a matter of policy, BNPP AM USA does not engage in principal transactions, transactions with affiliates under common control by BNPP, cross trading or agency cross transactions. Any exceptions to this policy must be approved in advance by BNPP AM USA's Chief Compliance Officer. BNPP AM USA has voluntarily implemented a prohibition on effecting transactions on behalf of client accounts with BNPP or its affiliates. BNPP AM USA does not affect transactions with BNPP as a dealer, unless specifically instructed by the client. Similarly, prior to purchasing newly issued securities in which BNPP participates as a member of the offering syndicate, BNPP AM USA informs its clients in their investment management agreements of its affiliation with BNPP and seeks authorization to purchase new issue securities on its behalf from syndicates in which BNPP is a manager provided that:

- i) such transactions are effected on normal arm's length commercial terms;
- ii) BNPP AM USA has determined the transactions are in the best interests of the client; and
- iii) BNPP AM USA purchases the securities from a syndicate member other than BNPP.

BNPP AM USA acknowledges that, although transactions shall not be executed through BNPP, in the normal course BNPP may receive remuneration as a manager of the syndicate. Any exceptions to this policy must be authorized in writing by BNPP AM USA's clients.

Trade Aggregation and Trade Allocation. As an adviser and a fiduciary to our clients, the Firm places its clients' interests first and foremost. Consistent with this fiduciary duty, the Firm's trading procedures seek to reasonably ensure that all clients are treated fairly and equitably and that no client account is advantaged or disadvantaged over another. In furtherance of this policy, generally, the Firm purchases and sells investments as a block transaction. The aggregation of client transactions enables the Firm to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall execution costs to its clients. In addition, it is the Firm's policy to allocate transactions fairly and equitably across all participating accounts.

In allocating the securities, the principles employed are 1) allocation of each investment decision to each individual account shall be broadly determined with respect to the investment guidelines and investment policy applying to each individual account; 2) dealing for different clients in the same security and at the same time shall be aggregated and traded as a block to the extent possible; and 3) each aggregate allocation shall be allocated at the unit price paid to all participating accounts. Aggregated transactions are allocated fairly and equitably among eligible clients using an automated non-preferential trade execution system that allocates the trades according to each participating portfolio's size and risk profile. The automated allocation system provides that no client account is favored with respect to the selection of securities or timing of purchase or sale of securities over another account.

Directed Brokerage. Generally, the Firm is retained on a discretionary basis and is authorized to determine the amount and type of securities to buy and sell and to direct execution of portfolio transactions without consultation of the client on a transaction-by-transaction basis. The Firm prefers to select the broker/dealers that will execute portfolio transactions and, in most cases, the client leaves that selection to the Firm.

On occasion, a client may direct the use of a particular broker/dealer to execute portfolio transactions. When a client requests or instructs the Firm to participate in their client-directed brokerage programs, the Firm will treat the client direction as a decision by the client to retain, to the extent of the direction, the discretion that BNPP AM USA otherwise would have in selecting broker-dealers. The Firm may, and generally will, trade directed trades after the completion of other fully discretionary clients' trades. In these cases, the Firm is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client as the commission rates have typically been pre-negotiated between the client and the broker and the Firm is unable to supersede the terms of that agreement. As such, the client may pay higher commission costs (where applicable), higher prices and transaction costs than it otherwise would have had it not directed BNPP AM USA to trade through a specific broker.

Directing brokerage to a particular broker/dealer has the potential to cause certain disadvantages to directed brokerage clients including:

- Impairing the Firm's ability to negotiate commission rates and other terms on behalf of directed brokerage clients;
- Denying to directed brokerage clients the benefit of the Firm's experience in selecting broker/dealers who are able to execute difficult trades efficiently;
- Limiting directed brokerage clients' opportunities to obtain more favorable prices and lower transaction costs by aggregating their orders with those of other clients;
- Receiving less favorable prices on securities transactions to the extent that the Firm must place transaction orders for directed brokerage clients after placing aggregated transaction orders for other clients.

Accordingly, clients directing commissions may not generate returns equal to clients that do not direct commissions such that such client accounts may experience performance and other differences from other similarly managed accounts.

Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution. Therefore, in response to a client's request for our opinion on directed brokerage or to comply with the client's directed brokerage request, it is the Firm's policy to advise the client in writing of the potential impact on the Firm's ability to seek best execution on transactions for that client

Balancing the Interests of Multiple Client Accounts. The Firm may manage multiple accounts with similar investment strategies or may manage accounts with different objectives or strategies that may trade in the same securities. Despite the similarities and/or differences, the Firm's portfolio decisions about each client's investments and the performance resulting from those decisions may differ from those of other clients.

The Firm will not necessarily purchase or sell the same securities for client accounts at the same time or in the same proportionate amounts for all eligible clients. When the Firm purchases illiquid securities or oversubscribed offerings, it may not be feasible to allocate a pro rata share to all eligible clients. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

Review of Accounts

BNPP AM USA assigns a portfolio manager with supervisory responsibility for each client portfolio. The selection and trading of positions are generated by the specialist portfolio managers and for each account these ideas and positions are implemented by a portfolio manager who monitors account objectives and guidelines, as well as communicating with each client on a continuous basis.

Compliance personnel provide an independent check of all clients' compliance with their respective investment guidelines.

Client portfolio and transaction records are maintained using computerized accounting systems. Information on all trades is provided to clients upon request. For separate mandates, BNPP AM USA provides clients with a review of account holdings and/or performance results on a quarterly basis, although other schedules may be arranged.

Standard reports may cover the following:

- i) investment returns for the portfolio and its performance benchmark for up to ten years or since inception, whichever is shorter;
- ii) a summary of market developments, portfolio activity and current investment strategy;
- iii) a listing of portfolio assets; and
- iv) a compilation of all transactions.

Client Referrals and Other Compensation

From time to time, BNPP AM USA may enter into arrangements with individuals and organizations pursuant to which each has agreed to introduce BNPP AM USA to certain U.S. and non-U.S. clients who may be interested in BNPP AM USA's investment management services. These individuals and organizations are employed as consultants and advisers to BNPP AM USA in connection with the marketing of BNPP AM USA's investment management services. Compensation may vary for each consultant. In such cases, pursuant to Rule 206 (4)-3 of the SEC Rules under the Investment Advisors Act of 1940, where cash payments are made for solicitation, BNPP AM USA would implement a written agreement binding the solicitor to comply with the 1940 Act and Rules and requiring delivery to the client of (a) the applicable Part 2 of BNPP AM USA's Form ADV and (b) a written fee sharing disclosure statement meeting the requirements of the Rule.

Certain persons employed by BNPP AM USA hold securities licenses with a third party broker-dealer, Funds Distributors LLC, a Delaware limited liability company. These registered

representatives may assist in the distribution of private securities or mutual funds registered under the Investment Company Act of 1940. Any transaction based compensation received from this activity would be paid to the Firm by Funds Distributor LLC.

BNPP AM USA may pay third parties to coordinate investment events for institutional investors (which include executives from pension funds, endowments, public funds, foundations, etc.). BNPP AM USA personnel may also participate as panelists or pay to sponsor industry conferences where BNPP AM USA products may be offered to potential clients. BNPP AM USA may pay either a sponsorship fee or an attendance fee in order to participate at these conferences. The purpose and content of these conferences varies; some focus on new products, marketing techniques; some discuss the regulatory aspects of the advisory business, and some focus on new strategies. Typical attendees are sponsors, advisers, consultants, service providers (such as IT vendors, lawyers, and compliance consultants) and potential clients.

Custody

Custody is defined as any legal or actual ability by BNPP AM USA to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, BNPP AM USA does not take physical possession nor does it have the authority to take possession of client assets. However, under the current SEC rules, BNPP AM USA is deemed to have custody of certain client assets solely by virtue of the fact that the qualified custodian is a member of the larger BNPP group. We urge all of our clients to carefully review and compare their quarterly reviews of account holdings and/or performance results received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

BNPP AM USA has implemented policies and procedures to govern those instances where the custodian of a client is a related person of BNPP AM USA (i.e. a person directly or indirectly controlling or controlled by BNPP AM USA or a person under common control with BNPP AM USA). In accordance with those policies and procedures, BNPP AM USA maintains a copy of the internal control report (SSAE16 audit or equivalent document) of the related person and prepares an internal memorandum to evidence that the related person is operationally independent of BNPP AM USA. The related person is operationally independent of BNPP AM USA if the following four criteria are satisfied and no other circumstances can reasonably be expected to compromise the operational independence of the related person:

- i) client assets in the custody of the related person may not be subject to the claims of BNPP AM USA's creditors;
- ii) BNPP AM USA's personnel may not have custody, possession, or access to client assets, or the power to dispose of client assets to third parties for the benefit of BNPP AM USA or the related person, or otherwise have the opportunity to misappropriate client assets;
- iii) BNPP AM USA's personnel and personnel of the related person who have access to advisory client assets are not under common supervision; and
- iv) BNPP AM USA's personnel may not hold any position with the related person or share premises with the related person.

Investment Discretion

BNPP AM USA typically manages client accounts on a discretionary basis, subject to the restrictions that have been provided by clients. These investment guidelines are established with each of BNPP AM USA's clients, stipulating various limits governing the management of each portfolio, including eligible securities and maximum commitments. All investment guidelines and restrictions for separately managed accounts must be provided in writing. Within the guidelines, BNPP AM USA may execute trades without further authority. Trades are executed with those dealers or other financial institutions which, in BNPP AM USA's judgment, offer the most favorable terms for its clients. Fixed-income securities are traded predominantly with dealers at net prices without commissions. When BNPP AM USA utilizes brokerage services, such as for exchange-traded futures contracts, the reasonableness of the commission paid to brokers is evaluated on basis of the amount of commissions in relation to the execution services rendered. Clients of BNPP AM USA may specify a subset of dealers or financial intermediaries in its guidelines which may be utilized for its portfolio, or similarly provide a minimum credit rating to which BNPP AM USA must adhere in selecting a dealer or financial intermediary.

Voting Client Securities

BNPP AM USA will exercise discretionary voting authority over proxies issued on securities held in client accounts unless voting authority has been reserved explicitly by the client or assigned to another party by the governing account documents. BNPP AM USA's Proxy Voting Guidelines govern its proxy voting activities. This includes the operation of a global Proxy Voting Committee that oversees its global proxy voting activities and the activities of the central proxy voting team who monitors proxies for BNPP Paribas Asset Management globally. The Proxy Voting team has hired Institutional Shareholder Services ("ISS") as its proxy voting provider. This team has provided ISS with its Governance and Voting Principles. While the proxy voting provider is used to assist the central proxy voting team, this team will take each voting decision for every general meeting internally with no outsourcing to serve its clients' best interests. Voting decisions are based on the following considerations:

- For: The proposed resolution reflects good practice and is in the stakeholders' long-term interest
- Abstain: The proposal raises issues of concern for shareholders or lacks sufficient information
- Against: The proposal is not acceptable and is not in the shareholders' long-term

BNPP AM USA's policy is to follow the recommendations of the global Proxy Voting Guidelines. There may be instances where BNPP AM USA or its personnel are subject to conflicts of interest in the voting of proxies. Conflicts of interest may exist, for example, due to personal or familial relationships of personnel or when BNPP AM USA or an affiliate has a business relationship with, or is soliciting business from, the issuing company (or an employee group of a company) or a third party that is a proponent of a particular outcome on a proxy issue.

BNPP AM USA has implemented several mechanisms, including the following, to minimize and/or prevent conflicts of interest:

- BNPP AM USA Voting Guidelines stresses that voting rights are exercised “in the best interests of clients in order to protect and enhance the long-term value of their shareholdings”.
- Employees are required to follow the gifts and entertainment guidelines within the Code of Ethics and to declare any outside business activities to Compliance.
- Information barriers between BNPP AM USA and the other entities within the BNP Paribas Group to ensure that BNPP AM USA remains independent and neutral in their proxy voting responsibilities.

In cases where it believes there may be an actual or perceived conflict of interest, additional review and steps may be taken including obtaining the prior approval of the Proxy Voting Committee, deferring to the voting recommendation of a third party, voting pursuant to client direction (following disclosure of the conflict), or taking such other action as necessary to protect the interests of clients. Regardless of the review process, the Compliance team will be notified and involved in any conflicts identified by a portfolio manager or the central proxy voting team.

In many non-U.S. markets, shareholders may be prevented from selling shares within a certain period of time prior to the meeting date (commonly referred to as share blocking). In such cases BNPP AM USA compares the benefits to its clients expected to be derived from the voting of blocked shares versus the ability to sell the blocked shares and as a result may choose not to vote the shares. BNPP AM USA may also choose not to vote non-US proxies when the actual costs of voting the shares outweigh the perceived client benefit, such as cases where traveling to the country to vote the shares in person is required. Additionally, where clients have implemented securities lending programs, BNPP AM USA will be unable to vote proxies for securities on loan unless it issues instructions to the client custodian to retrieve the securities prior to record date. BNPP AM USA may choose to refrain from calling back such securities when the voting of the proxy is not deemed to be material or the benefits of voting do not outweigh the cost of terminating the particular lending arrangement.

Although BNPP AM USA generally votes consistently on the same issue when securities are held in multiple client accounts, certain circumstances may cause BNPP AM USA to vote differently for different client accounts.

Typically, clients do not direct BNPP AM USA to vote for a particular solicitation as they authorize the Firm to vote on their behalf within their investment management agreement. Clients may, however, contact the Firm if they request a specific voting decision be made.

For corporate governance notices relating to fixed income accounts, BNPP AM USA’s policy is to act upon any corporate governance notices received in accordance with any specific client instructions that may be in place. Notwithstanding this policy, where BNPP AM USA acts as a proxy on behalf of its clients in responding to such notices, our policy is to exercise any corporate action notice in the best interests of the client taking into consideration all relevant factors including, without limitation, acting in a manner that BNPP AM USA believes will i) maximize the economic benefits to the client (taking into consideration potential risk, reward and the client’s investment objectives) and ii) promote sound corporate governance by the issuer.

In the unlikely event that BNPP AM USA believes that there is a potential conflict of interest between the interest of the client and the Firm in connection with a corporate action notice that it is exercising on behalf of a client, BNPP AM USA's Chief Investment Officer or its Chief Compliance Officer will review the matter to ensure that the client's interests are placed ahead of any interest that BNPP AM USA may have in connection with the corporate action.

Clients may obtain information on how the Firm has voted its proxies, including corporate actions, and/or a copy of the Firm's complete proxy voting policies and procedures by contacting the Firm's Compliance Department.

Financial Information

BNPP AM USA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.