

**Brochure**

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**This brochure provides information about the qualifications and business practices of SunAmerica Asset Management, LLC (“SAAMCo”). If you have any questions about the contents of this brochure, please contact us at 201-324-6300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about SAAMCo also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**SAAMCo is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.**

## **Item 2 - Material Changes**

The following is a summary of the material changes made to the Brochure since the annual update to the Brochure dated March 29, 2019.

- The principal risks of the AIG Commodity Strategy Fund and the Commodity Strategy Subsidiary set forth in Appendix 1 have been updated.

*Please consult the full Brochure for additional information regarding the changes described above. Capitalized terms used in this section shall have the meanings assigned to them in the main body of the Brochure.*

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#### **Item 4 - Advisory Business**

SAAMCo was incorporated as a Delaware corporation in 1982 and was converted to a single member Delaware limited liability company effective December 31, 2013. SAAMCo is a wholly-owned subsidiary of American General Life Insurance Company (“AGL”) and an indirect, wholly-owned subsidiary of American International Group, Inc. (“AIG”), a publicly traded company.

SAAMCo offers investment management and advisory services to open-end U.S. registered investment companies (each a “Registered Fund” and collectively, the “Registered Funds”), and to an offshore, wholly-owned subsidiary of a certain Registered Fund (the “Subsidiary”) (the Registered Funds and the Subsidiary are collectively referred to as the “funds”). In certain instances, SAAMCo may enter into subadvisory agreements with other investment advisers with respect to the funds it manages. The types of funds managed and/or advised by SAAMCo encompass a wide range of strategies and asset classes, including the commodity strategy of the respective Subsidiary. The types of Registered Funds (or sleeves within such Registered Funds) for which SAAMCo retains day-to-day portfolio management responsibilities primarily include rules-based equity, index, U.S. government, and asset allocation funds (“funds of funds”). The investment management and advisory services provided by SAAMCo to each fund are governed by the investment advisory agreement entered into between SAAMCo and the fund. SAAMCo provides these services in accordance with such advisory agreements, and in accordance with the investment objectives, policies, techniques and restrictions set forth in each fund’s prospectus, Statement of Additional Information (“SAI”), investment guidelines and/or other offering documents, as applicable. The investment advice provided to the funds is provided on a discretionary basis.

SAAMCo also offers model portfolios in connection with wrap programs, including those known as unified managed account (“UMA”) wrap programs. In a wrap program, the program sponsor enters into a contract with the client (participant) of the sponsor. The wrap program sponsor (or an “overlay manager” appointed by the sponsor) recommends model portfolio providers, such as SAAMCo, to its participants. The wrap program participant receives investment management services directly from the sponsor or overlay manager, rather than from the model portfolio provider. The wrap program sponsor or overlay manager receives the model portfolio and any updates from the model portfolio provider. SAAMCo will construct its model portfolios without regard to the needs or circumstances of any program participant. The wrap program sponsor or overlay manager exercises its discretion as to how best to implement the model portfolio and any updates to the model portfolio. The wrap program sponsor or overlay manager typically will trade for the wrap program participant. SAAMCo maintains no discretionary authority to manage the assets with respect to wrap program participants and will not enter trades, receive trade reports, perform or have access to recordkeeping, performance data or reporting, or any wrap program participant reporting. The wrap program sponsor,

not SAAMCo, is solely responsible for determining whether an individual's participation in the wrap program or the investment of a participant's account using SAAMCo's model portfolios is suitable for that individual.

As described below in response to **Item 5**, the wrap program sponsor will charge its clients wrap fees for all program services. For the model portfolio services provided to the wrap program sponsor, SAAMCo generally will receive a fee constituting a portion of such wrap fees.

Pursuant to Rule 204-3 under the Investment Advisers Act, as amended (the "Advisers Act"), and the Instructions to Form ADV, SAAMCo is not required to prepare or deliver a brochure with respect to its Registered Fund clients as a result of the exceptions to the brochure delivery requirement applicable to clients that are U.S. registered investment companies. Accordingly, while certain of the responses set forth in this Brochure may apply to SAAMCo's advisory business generally, certain responses are tailored to clients that are not excepted from the delivery requirement (*e.g.*, the Subsidiary).

As of February 29, 2020, SAAMCo managed approximately \$66 billion of client assets on a discretionary basis. As of the same date, SAAMCo did not manage any assets on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

As compensation for the investment management and advisory services provided to funds, SAAMCo receives a fee based on a percentage of assets under management, payable in arrears. Fees generally are subject to negotiation based on factors including, but not limited to, each fund's investment strategies and/or investment guidelines, the type of account and the services provided to the fund.

Given that the vast majority of SAAMCo's clients are U.S. registered investment companies rather than other types of accounts, SAAMCo does not maintain standard fee schedules for the investment strategies it employs. Information regarding the advisory or subadvisory fees paid to SAAMCo by the Registered Funds and the Subsidiary is disclosed in the Registered Funds' registration statements and shareholder reports.

The Registered Funds and the Subsidiary will generally incur brokerage and/or other transaction costs in connection with the advisory services provided by SAAMCo or a subadviser, as applicable. Please see the "Brokerage Practices" section of this Brochure for additional information about how SAAMCo selects broker-dealers to execute client transactions for the Registered Funds. In addition, information about the fees and expenses that each Registered Fund will incur, including custodian and transfer agency expenses, is contained in the Registered Fund's prospectus, SAI and shareholder reports. Certain fee and expense information about the Subsidiary can also be found in such documents, as well as in the custody and administrative services agreements the Subsidiary has entered into with certain investment service providers (*e.g.*, custodian, administrator).

As described above in response to **Item 4**, each wrap program sponsor will charge its clients wrap fees for program services. For the model portfolio services provided to the wrap program sponsor, SAAMCo generally will receive a fee constituting a portion of such wrap fees. SAAMCo's fees generally will be subject to negotiation with the sponsor based on factors including, but not limited to, the model portfolio investment strategies. SAAMCo may not know the wrap fee that wrap program participants will pay to sponsors. The fees charged by the wrap program sponsors may be payable either quarterly or monthly and either in advance or in arrears. The fees charged by SAAMCo may be payable either quarterly or monthly and in arrears.

Certain supervised persons of SAAMCo that are also registered representatives of AIG Capital Services, Inc. ("ACS") are compensated by SAAMCo based in part on sales of certain of the Registered Funds. ACS, a registered, limited-purpose broker-dealer, is a subsidiary of SAAMCo and serves as the distributor to a number of the Registered Funds. Certain supervised persons of SAAMCo will also be compensated by SAAMCo based in part on sales with respect to wrap program accounts for which SAAMCo provides model portfolios.

In the event a wrap program sponsor has clients who are eligible to invest either according to SAAMCo's model portfolio or in a corresponding Registered Fund that follows the same strategy, differences in the amount of compensation that SAAMCo may receive will give SAAMCo an incentive to recommend the one that pays it a higher fee. However, SAAMCo will have a fiduciary duty to act in the best interest of its client, the wrap program sponsor, and the wrap program sponsor will have a fiduciary duty to act in the best interest of its clients in selecting investments for them.

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

This item is not applicable because neither SAAMCo nor any of its supervised persons accept performance-based fees.

#### **Item 7 - Types of Clients**

As discussed above, SAAMCo offers investment management and advisory services to the Registered Funds and the Subsidiary. SAAMCo also offers model portfolios in connection with wrap programs. Wrap program sponsors may impose minimum investment or minimum account value requirements which may vary among sponsors.

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

##### **The Subsidiary**

In providing investment management and advisory services to the Subsidiary, SAAMCo oversees a subadviser who provides day-to-day portfolio management services to both the Subsidiary and the corresponding Registered Fund. There is currently one Subsidiary

for which SAAMCo provides such investment management and advisory services, the Commodity Strategy Subsidiary, as defined below. The Commodity Strategy Subsidiary seeks to achieve long-term total return by investing in a combination of commodity-linked derivative instruments, including commodity futures, swaps, options and options on futures. These investments provide exposure to the return of real assets that trade in the commodities markets without direct investment in physical commodities. Real assets include, but are not limited to, such things as industrial and precious metals, gas, oil, livestock, agricultural or meat products and other items.

The investments held by the Subsidiary are generally similar to those that are permitted to be held by the corresponding Registered Fund and are subject to the same risks that apply to similar investments if held directly by the Registered Fund. The principal risks related to the Registered Fund and, as applicable, the Subsidiary, are included in the attached Appendix 1. These principal risks, as well as additional information on the investment strategies employed by the Registered Fund and the Subsidiary, are contained in the prospectuses and SAIs of the Registered Fund.

Investing in securities and other instruments involves risk of loss that investors should be prepared to bear.

### **Wrap Program Model Portfolios**

SAAMCo offers model portfolios in connection with wrap programs. The model portfolios described more fully below may include investment strategies that are similar to those utilized by SAAMCo with respect to certain Registered Funds. While SAAMCo seeks to manage model portfolios with the same strategy in a uniform manner, SAAMCo may from time to time agree to accommodate reasonable sponsor-specified guidelines and restrictions and may modify model portfolios for particular sponsors, or may construct and rebalance such model portfolios on different dates. Portfolio holdings, performance and related characteristics among the model portfolios, and corresponding Registered Funds and wrap program participant accounts may differ due to various factors such as investment restrictions, timing of investments, market, economic and other factors, including, but not limited to, the following: (i) differences in the dates of trading, including the annual rebalancing; (ii) differences in the disposition of dividends, including whether dividends are reinvested and, if so, the timing of such reinvestments; (iii) differences in implementation practices, account size, guidelines, restrictions and other requirements imposed by wrap program sponsors, including determinations as to whether, how and when to implement the model portfolios for participant accounts, which are within the sole discretion of each such sponsor; (iv) differences in the timing of investments, contributions, withdrawals and investment restrictions imposed by participants; and (v) differences in fees, expenses, trading costs and taxes on returns.

## **AIG Focused Dividend Strategy Model Portfolio (“AIG Focused Dividend Strategy Model Portfolio”)**

The AIG Focused Dividend Strategy Model Portfolio employs a value-oriented strategy that is generally designed to identify stocks of companies with solid financial strength that have attractive valuations (*e.g.*, as measured by low price earnings ratios) and that may have generally been overlooked by the market. The principal investment technique of the AIG Focused Dividend Strategy Model Portfolio is to employ a “buy and hold” strategy with up to thirty high dividend yielding equity securities selected annually from the Dow Jones Industrial Average and broader market.

The AIG Focused Dividend Strategy Model Portfolio will include up to thirty high dividend yielding common stocks, which will be evaluated and adjusted at the discretion of the SAAMCo on an annual basis. The first ten stocks selected will represent the ten highest yielding stocks within the Dow Jones Industrial Average. The next twenty stocks will be selected from the Russell 1000® Index, although stocks in the financials and utilities sectors will generally be excluded from this twenty stock selection process. Certain stocks in the Russell 1000® Index may also be excluded as a result of liquidity screens or industry-related caps applied during the selection process. The selection criteria used to select stocks for the twenty stock portion of the AIG Focused Dividend Strategy Model Portfolio will generally include dividend yield as well as a combination of factors that relate to profitability and valuation. Selections for the AIG Focused Dividend Strategy Model Portfolio may include securities of foreign issuers, but such securities may not exceed 20% of the Portfolio at the time of the annual rebalancing. While the selection process will take place on an annual basis, SAAMCo may, from time to time, substitute certain securities for those selected or reduce the position size of a portfolio security in between rebalancings, under certain limited circumstances. These circumstances will generally include where a security held by the AIG Focused Dividend Strategy Model Portfolio no longer meets the dividend yielding criteria, when the value of a security becomes a disproportionately large percentage of the Portfolio’s holdings, when the size of the Portfolio’s position in a security has the potential to create market liquidity or other issues in connection with the annual rebalancing or efficient management of the Portfolio, or to maintain an industry-related cap. SAAMCo in its sole discretion will determine whether a circumstance warrants the replacement or reduction in size of a portfolio holding.

The annual consideration of the stocks that meet the selection criteria with respect to the AIG Focused Dividend Strategy Model Portfolio generally will take place on or about October 31. As described more fully below under “Brokerage Arrangements for Wrap Program Participants,” the dates of trading will vary from that of any Registered Fund with a similar strategy and also by and among wrap program sponsors and participants invested in the model. Immediately after the AIG Focused Dividend Strategy Model Portfolio’s annual rebalancing, the model portfolio will include approximately an equal value of each of the thirty stocks.



The AIG Focused Dividend Strategy Model Portfolio generally employs a strategy to hold stocks between its annual rebalancing, even if there are adverse developments concerning a particular stock, an industry, the economy or the stock market generally. Due to changes in the market value of the stocks held by the AIG Focused Dividend Strategy Model Portfolio, it is likely that the weighting of the stocks will fluctuate throughout the course of the year.

The principal risks related to the AIG Focused Dividend Strategy Model Portfolio are included in the attached Appendix 2. Investing in securities involves risk of loss that investors should be prepared to bear.

#### *Cyber Security Risk*

As the use of the Internet and other technologies has become more prevalent in the course of business, the Registered Funds, Subsidiary and SAAMCo have become more susceptible to operational and financial risks associated with cyber security. Cyber security incidents can result from deliberate attacks such as gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, or from unintentional events, such as the inadvertent release of confidential information. Cyber security failures or breaches of the Registered Funds, Subsidiary and SAAMCo or other service providers, financial intermediaries, including wrap program sponsors, or companies in which the Registered Funds, Subsidiary or model portfolios invest have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of the Registered Funds, Subsidiary or SAAMCo to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. While measures have been developed that are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective. In addition, SAAMCo generally has no direct control over third party cyber security defenses, including but not limited to those of service providers, financial intermediaries and companies in which the Registered Funds, Subsidiary or model portfolios invest (or that are included in wrap program models).

#### *Operational Risk*

An investment in a Registered Fund or Subsidiary, or the offering, construction or rebalancing of a model portfolio in connection with a wrap program, may be negatively impacted because of the operational risks arising from factors such as processing errors and human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel and errors caused by third-party service providers or trading counterparties. Although SAAMCo, the Registered Funds and the Subsidiary attempt to minimize such failures through controls and oversight, it is not possible to identify all of the operational risks that may affect a Registered Fund, the Subsidiary or a UMA model portfolio or to develop processes and controls that completely eliminate or mitigate the occurrence of such failures. A Registered Fund, Subsidiary and their

shareholders, or a model portfolio and the wrap program through which it is offered, could be negatively impacted as a result.

## **Item 9 - Disciplinary Information**

The following is a description of legal or disciplinary events that SAAMCo believes may be material to a client's or prospective client's evaluation of SAAMCo's advisory business or the integrity of SAAMCo's management.

1) On September 20, 2010 the Vermont Department of Banking, Insurance, Securities and Healthcare Administration ("BISHCA") entered an order (10-076-S) alleging that SunAmerica Annuity and Life Assurance Company ("SALAC") (SALAC merged with and into American General Life Insurance Company ("AGLIC") effective December 31, 2012) violated the Vermont Uniform Securities Act by (1) using a prospectus that was ambiguous in describing its automatic asset rebalancing program feature applicable to certain variable annuities, and (2) not rebalancing certain subaccounts within the annuities to return to allocating given in the account owners' last trade instructions. SALAC, without admitting or denying the statement of facts and conclusions of law contained in the order, consented to the entry of the order. SALAC paid BISHCA a total of \$100,000 as follows: (1) \$40,000 as an administrative penalty; (2) \$40,000 to be applied to the Vermont Securities Investor Education and Training Fund; and (3) \$20,000 for costs incurred by BISHCA as a result of the examination. In addition to the \$100,000 in aggregate payments to BISHCA, within 30 days of SALAC's receipt of release agreements from affected account owners, SALAC was required to reverse the automatic asset rebalancing transactions to 100% of the September 30, 2008 amounts for such accounts who delivered release agreements.

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

### *Broker-Dealer or Registered Representative Registrations*

Certain "management persons" of SAAMCo, as defined in the Instructions to Form ADV, are registered representatives of ACS, a registered broker-dealer.

### *Commodity Pool Operator or Associated Person Registrations*

SAAMCo is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") and is a member of the National Futures Association ("NFA"). In addition, one or more "management persons" of SAAMCo is registered with the NFA as an associated person of SAAMCo.

### *Relationships with Related Persons*

SAAMCo serves as investment adviser and manager to each series (fund) of the following companies (each, a Registered Fund client): Anchor Series Trust, Seasons Series Trust, SunAmerica Equity Funds, SunAmerica Income Funds, SunAmerica Money

Market Funds, Inc., SunAmerica Series, Inc., SunAmerica Series Trust, SunAmerica Specialty Series and SunAmerica Senior Floating Rate Fund, Inc. SAAMCo also serves as investment adviser and manager to the Subsidiary, AIG Commodity Strategy Cayman Fund Ltd. (the “Commodity Strategy Subsidiary”), a wholly-owned subsidiary of AIG Commodity Strategy Fund. The AIG Commodity Strategy Fund is a series of SunAmerica Specialty Series.

SAAMCo is an affiliate of The Variable Annuity Life Insurance Company (“VALIC”), the investment adviser of VALIC Company I and VALIC Company II (the “VALIC Funds”), as both advisers have a common indirect parent company, AIG. SAAMCo serves as the subadviser to several of the VALIC Funds. SAAMCo also serves as administrator to the Registered Funds, as well as to the VALIC Funds. Out of the fees SAAMCo receives from the VALIC Funds, SAAMCo compensates VALIC for certain administrative services.

In connection with each of the Registered Fund investment advisory arrangements described above, the relevant agreement governing such arrangement is subject to approval by the Board of the applicable Registered Fund, including a majority of the Board’s directors/trustees who are not “interested persons,” as defined in section 2(a)(19) of the Investment Company Act of 1940 Act, as amended (the “1940 Act”) (the “Independent Directors”).

SAAMCo is an affiliate of VALIC Financial Advisors, Inc. (“VFA”), an affiliated broker-dealer and investment adviser, that is authorized to sell shares of the Registered Funds. VFA also offers a managed account service (the Managed Investment Program) and one of its portfolio models, the “Managed Investor Account: AIG Funds Portfolio”, is comprised entirely of Registered Funds. Within non-investment advisory accounts, SAAMCo or its affiliates makes payments to VALIC Financial Advisors, Inc. in connection with the sale of shares of the Registered Funds and/or the provision of shareholder services.

For certain retirement accounts (e.g., an IRA Account) (the “Retirement Accounts”) that invest in the Registered Funds, AIG Federal Savings Bank (“AIG Bank”), an affiliate of SAAMCo, functions as the custodian. SAAMCo has an administrative services agreement with AIG Bank, under which SAAMCo performs certain services on behalf of AIG Bank in AIG Bank’s role as custodian for the Retirement Accounts that hold shares of certain of the Registered Funds. The Retirement Accounts pay annual fees (which vary per account) to SAAMCo on behalf of AIG Bank, a percentage of which is distributed to AIG Bank.

SAAMCo is affiliated with VALIC, American General Life Insurance Company and The United States Life Insurance Company in the City of New York (the “Affiliated Insurance Companies”), the separate accounts of which invest in certain of the Registered Funds. Pursuant to arrangements between SAAMCo and certain Affiliated Insurance Companies, SAAMCo is paid an administrative services fee with respect to certain of the Registered Funds that are offered through variable annuity contracts issued by the

Affiliated Life Companies. In addition, the Affiliated Insurance Companies receive revenue sharing payments from SAAMCo and certain subadvisers in connection with certain administrative, marketing and other servicing activities, including payments to help offset costs for marketing activities and training to support sales of the Registered Funds, as well as occasional gifts, entertainment or other compensation as incentives. These payments may be derived from investment management fees received by SAAMCo or the subadviser. In addition, the Affiliated Insurance Companies may receive payments from 12b-1 (service) fees that are deducted directly from the assets of the Registered Funds. The Affiliated Insurance Companies will also benefit as a result of their direct ownership of certain Registered Fund shares through the separate accounts, including as a result of certain tax deductions and tax credits, which amounts may be significant. The AIG Commodity Strategy Fund, as well as its Subsidiary, is not currently offered as investment options in the separate accounts of the Affiliated Insurance Companies.

Certain Registered Funds that are offered as investment options in the separate accounts of the Affiliated Insurance Companies seek to manage risks, including risks relative to portfolio volatility (net equity exposure) or relative to a benchmark index, as part of such Funds' investment goals or strategies. Managing these risks for a Registered Fund may serve to reduce the risk to the Affiliated Insurance Companies and facilitate their ability to provide guaranteed benefits associated with certain variable contracts. While the interests of such Registered Fund's shareholders and the Affiliated Insurance Companies providing guaranteed benefits associated with the variable contracts are generally aligned, the Affiliated Insurance Companies (and SAAMCo by virtue of its affiliation with the insurance companies) will face potential conflicts of interest. In particular, certain aspects of the Registered Fund's management have the effect of mitigating the financial risks to which the Affiliated Insurance Companies are subject as a result of providing those guaranteed benefits and the hedging costs associated with providing such benefits. In addition, a Registered Fund's performance may be lower than similar portfolios that do not employ the same risk management constraints. The AIG Commodity Strategy Fund, as well as its Subsidiary, are not currently offered as investment options in the separate accounts of the Affiliated Insurance Companies.

Certain management persons of SAAMCo also serve as officers and/or directors of ACS and/or one or more of the Registered Funds. In addition, certain management persons of SAAMCo also serve as directors of the Subsidiary.

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

### *Code of Ethics*

SAAMCo has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act (the “Code”). The Code sets forth the standard of conduct that SAAMCo requires of its personnel. In particular, the Code requires honest and ethical conduct by its personnel, compliance with applicable laws and governmental rules and regulations, the prompt internal reporting of violations of the Code, and accountability for adherence to the Code.

The Code also sets forth certain restrictions on personal trading by “Access Persons” and “Advisory Persons.” Access Persons generally include SAAMCo’s directors and officers, as well as supervised persons who (i) have access to nonpublic information regarding any client’s purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any Registered Fund or (ii) are involved in making securities recommendations to clients, or have access to such recommendations that are nonpublic. Advisory Persons include any trustee, director, officer or employee or supervised person of a client or SAAMCo who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding, the purchase or sale of a security by a client, or whose functions relate to the making of any recommendations with respect to such purchases or sales. Examples of Advisory Persons are portfolio managers, traders and investment analysts. Certain key provisions of the Code are outlined below.

All Access Persons and Advisory Persons must pre-clear their personal transactions in covered securities prior to execution, except as specifically exempted under the Code. In addition, no Access Person or Advisory Person may profit from short-term trading, which is defined as trades of securities subject to preclearance requirements that are initiated and closed within a 60-day period. Moreover, no Access Person or Advisory Person may acquire securities in a Public Offering or Private Placement (as defined in the Code) without prior approval of the compliance department. All Access/Advisory Persons are required to provide quarterly reports and certifications regarding their securities transactions and annual reports regarding their securities holdings.

In addition, no Advisory Person may (i) purchase a security (or security or instrument the price of which is derived from such security) within 7 calendar days before a purchase or sale in that same security occurs on behalf of a client; (ii) sell a security (or security or instrument the price of which is derived from such security) within 7 calendar days before a sale in that same security occurs on behalf of a client; or (iii) purchase or sell a security (or security or instrument the price of which is derived from such security) within 7 calendar days after a purchase or sale in that same security occurs on behalf of a client.

Exceptions from the prohibitions and restrictions outlined in the Code can be granted only upon determining that the transaction for which an exception is requested would not

violate the spirit of any policy embodied in the Code, and that an exception is appropriate to avoid an injustice to the Access/Advisory Person in the particular factual situation.

Upon discovering a violation of the Code, SAAMCo will impose such sanctions as deemed appropriate, including, among other things, a letter of censure, disgorgement of profits, suspension, or termination of employment of the violator or any other penalty deemed to be appropriate.

SAAMCo has also adopted an Insider Trading and Material Non-Public Information Policy and Procedures (the “Insider Trading Policy”), which is incorporated by reference into the Code. Pursuant to the Insider Trading Policy, SAAMCo prohibits its officers, directors, and other supervised personnel, and members of their immediate family sharing the same household, from engaging in trading, either personally or on behalf of others (including clients managed by SAAMCo), on the basis of material, non-public information (“MNPI”) or communicating such MNPI to others (except as described in the Insider Trading Policy).

SAAMCo will provide copies of the Code to clients or prospective clients of SAAMCo upon request.

#### *Material Interest in Securities Recommended to Clients*

SAAMCo provides investment advisory services to certain index funds (whose investment goals are to provide results that correspond generally to the performance of a particular market index), and to passively-managed portions of certain Registered Funds that are managed to correspond generally to an index. In accordance with applicable SEC guidance, such funds, or portions thereof, may trade in AIG stock to the extent AIG is represented in the target index.

SAAMCo also serves as investment adviser and manager with respect to the funds of funds, which invest in other Registered Funds (the “Underlying Funds”). In managing the funds of funds, SAAMCo will have the authority to allocate and reallocate each fund of fund’s assets among the Underlying Funds. SAAMCo will be subject to potential conflicts of interest in allocating the fund of fund’s assets among the various Underlying Funds because the fees payable to SAAMCo by some of the Underlying Funds are higher than the fees payable by other Underlying Funds and because SAAMCo is also responsible for managing the Underlying Funds. However, SAAMCo has a fiduciary duty to act in the fund of funds’ best interests when selecting the Underlying Funds.

In connection with its model portfolio program, SAAMCo invests its own capital in one or more “tracking” accounts that SAAMCo manages in accordance with the applicable model portfolio investment strategy. The securities purchased, held, and sold for each such account may also be purchased, held or sold by certain Registered Funds and wrap program sponsors on behalf of such sponsors’ clients at the same, or different, times. SAAMCo follows policies and procedures that are reasonably designed to ensure that such Registered Funds and sponsors are treated in a fair and equitable manner.

## **Item 12 - Brokerage Practices**

In placing portfolio transactions with brokerage firms for those SAAMCo clients for which SAAMCo retains day-to-day portfolio investment discretion, it is SAAMCo's policy to seek best execution, which involves a number of factors that may not be quantifiable. Best price, giving effect to commissions and other transactions, is an important factor, but the selection also involves the quality of brokerage and research services, which may include the following: execution capabilities, settlement capabilities, ability to position, willingness to bid on various securities or enter into swap agreements, ability to provide quotes or maintain a market, research services, administrative and underwriting ability, ability to provide information on a particular security or market, capable floor brokers or traders, competent block trading coverage, responsiveness, capital strength and stability and willingness to commit capital, reliable and accurate communications, clearance and settlement processing, use of automation, knowledge of other buyers or sellers, and arbitrage skills. The applicability of the specific criteria will vary depending upon the nature of the transaction, the market in which it is effected, and the extent to which it is possible to select from among multiple broker-dealers capable of effecting the transaction. Transactions will not always be executed at the best available price. The previously mentioned brokerage and research services, among others, may also be considered.

SAAMCo has entered and, from time to time, may enter, into arrangements with various brokers where, in consideration for providing brokerage and research services and subject to Section 28(e) of the Exchange Act, SAAMCo allocates brokerage to those firms, provided that the value of the research and brokerage services is reasonable in relationship to the amount of commission paid and subject to best execution (commonly known as "soft dollar" arrangements). Such research or brokerage services may be the broker's own research or brokerage services, e.g., "paying up" for proprietary research, or research or brokerage services obtained by the broker from a third party, e.g., third-party research. Soft dollar arrangements primarily involve an investment adviser's receipt of products and services, other than the execution of securities transactions, from or through a broker in exchange for the adviser's direction of client brokerage transactions to the broker. SAAMCo does not make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if any informal targets are not met. In connection with the aforementioned soft dollar arrangements, SAAMCo may cause a client to pay higher commissions than the client may otherwise pay for execution by other brokers where research is not received, in recognition of the value of the research provided by such brokers. The extent to which commissions may reflect the value of research services cannot be presently determined.

SAAMCo believes that access to research provided by brokers is an important resource for its research and investment processes and that such research benefits SAAMCo because it does not have to produce or pay for the research. However, receipt of products or services other than brokerage or research is not a factor in allocating brokerage.

Research services received for a particular client's brokerage commissions may be useful to SAAMCo in the management of that client's account, but also may be useful to SAAMCo in its management of other client accounts, including client accounts that do not generate eligible brokerage commissions or generate less than a proportionate share of such eligible commissions to pay for research services; similarly, research services received by SAAMCo for the brokerage commissions of other clients may be useful to SAAMCo in the management of that client's account.

Such research services may disproportionately benefit certain clients relative to others based on the amount of brokerage commissions paid by the client account, and in certain cases may benefit others, such as wrap program participants, that do not generate research services. Certain transactions do not generate brokerage commissions and therefore client accounts that trade in such assets may benefit from, or be "cross-subsidized" by, research services received by SAAMCo through accounts that pay brokerage commissions.

Generally, research services provided by brokers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, proxy research analyses, and risk measurement analysis. Such research services are received primarily in the form of research reports via electronic delivery or print, oral discussions and personal meetings with securities analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives.

Research services furnished by brokers, dealers, or others may be used in servicing any one or all of the clients of the firm. SAAMCo may have an incentive to select or recommend a broker based on its interest in receiving such research, rather than on the clients' interest in receiving the most favorable execution; however, SAAMCo has policies and procedures in place that are designed to ensure that it seeks best execution on behalf of clients.

To the extent that SAAMCo receives both administrative benefits and research and brokerage services from the services provided by brokers, SAAMCo would make a good faith allocation between the administrative benefits and the research and brokerage services and pay for the administrative benefits in cash. From time to time, SAAMCo may independently acquire for uses other than its investment management of client accounts the same services as those provided by a broker. In such instances, SAAMCo will pay cash for those services.

At least semi-annually, SAAMCo reviews and considers the amount, nature and quality of research and research services provided by brokers, as well as the extent to which such services are relied upon, and will determine whether to allocate a portion of the brokerage business of its clients on the basis of that consideration. The actual brokerage business received by a broker may be more or less than the suggested allocation, depending on



whether SAAMCo believes that the broker is providing best execution and most advantageous price in light of all applicable considerations.

Consistent with SAAMCo's obligation to seek best execution and subject to compliance with applicable securities laws and regulations, the Board of a Registered Fund may instruct SAAMCo and/or a subadviser to direct brokerage of the Fund to certain brokers under an agreement whereby these brokers would pay designated Fund expenses. No informal arrangements to direct portfolio securities transactions to a particular broker are permitted. Furthermore, in no event may commissions paid by a Registered Fund be used to pay expenses that would otherwise be borne by any other Fund, or by any other party.

SAAMCo may aggregate orders for clients for which SAAMCo retains day-to-day portfolio investment discretion. SAAMCo believes that generally it can most effectively seek best execution for all of its clients, if it aggregates orders for such clients. SAAMCo will only aggregate client orders, however, if it can fairly and equitably do so, consistent with principles of best price and best execution and the terms of the clients' investment advisory agreements. SAAMCo will not aggregate orders if it believes that aggregation would cause its clients' costs of execution to be increased. SAAMCo believes that in the appropriate circumstances, aggregating client orders for the same security permits all clients in the order to participate equitably in purchases and sales.

As such, in appropriate circumstances, SAAMCo may include transactions of clients who have directed the use of a particular broker in the bunched order. In such cases, the executing broker must agree to transfer the portion of the order attributable to the client who has directed the use of a particular broker to the broker designated by the client ("stepping out" the trade). If the broker does not agree to step out the trade, the order will need to be executed separately through the broker designated by the client, which may affect SAAMCo's ability to obtain best execution and best price for the client for the particular transaction more than if the client's trade had been aggregated with other client orders. Notwithstanding the foregoing, all brokerage transactions are subject to best execution under the circumstances.

In addition, certain of the Registered Funds (or series thereof) advised by SAAMCo are index or other "passively managed" funds (i.e., funds for which the selection of portfolio securities is based on the constitution of an index such as the S&P 500, for example, and not on active stock selection and research) (the "Passively Managed Funds"). The trades for the Passively Managed Funds will be executed separately and will not be aggregated together with the trades for the actively managed Registered Funds.

### **Brokerage Arrangements for Wrap Program Participants**

SAAMCo maintains no discretionary authority to manage the assets with respect to wrap program participants and will not enter trades, receive trade reports, perform or have access to recordkeeping, performance data or reporting, or any wrap program participant reporting. Trades with respect to wrap programs will not be aggregated together with trades for the funds. Wrap program participants generally pay

the program sponsor a single fee, or wrap fee, that is intended to cover most costs, including most trading costs. Participants generally expect that the wrap program sponsor that implements model portfolios generally will execute all wrap trades, using a portion of the wrap fee to pay brokerage commissions. Thus, the decision to participate in a wrap program effectively is a decision to direct brokerage to the sponsor. In accordance with this implied direction by wrap program participants, trades generally would be originated, directed, and executed by the sponsor, rather than by SAAMCo.

Based on SAAMCo's limited information about trade execution in wrap programs, SAAMCo believes that wrap program sponsors (or the brokers designated by the sponsors) usually provide adequate execution of wrap program trades, although the quality of trade executions may vary. SAAMCo does not monitor or evaluate the quality of trade executions or the nature or quality of the services received by participants from the sponsors.

SAAMCo generally will release its model portfolio holdings information, including any changes, to wrap program sponsors on a daily basis. SAAMCo will communicate the information upon the completion of trading of both sale and purchase transactions for the corresponding Registered Funds, including transactions in connection with applicable annual rebalancings. SAAMCo will attempt to ensure that the model portfolio or changes to the model portfolio to wrap program sponsors are communicated in a manner that is fair and equitable manner to such sponsors. SAAMCo will communicate the model portfolio or changes to the model portfolio to all applicable wrap program sponsors using a randomizer to generate a rotation schedule for all such program sponsors. SAAMCo will communicate the model portfolio or changes to the model portfolio to each successive program sponsor upon receipt of notification that the succeeding program sponsor has completed trading. In certain circumstances, including, in the opinion of SAAMCo, long delays in executing a trade or absence of confirmation that a trade or model change has been completed, SAAMCo may communicate the model portfolio or changes to the model portfolio to the next program sponsor in the rotation. The determination as to whether, how and when to implement the model portfolios for such accounts, including the timing of entering trades, is within the sole discretion of each wrap program sponsor. The order of communication to wrap program sponsors and timing of implementation and trading by the sponsors could affect prices paid or received.

### **Item 13 - Review of Accounts**

With respect to the Registered Funds for which SAAMCo retains day-to-day portfolio investment discretion, SAAMCo's Chief Investment Officer reviews all account activity on an ongoing basis and the Portfolio Policy Committee performs analytical reviews of all such portfolios. The Portfolio Policy Committee meets on a regular basis and conducts reviews on each portfolio at least twice per annum. Reviews will also be triggered by other events, including significant changes in market conditions, significant performance issues, and/or changes in portfolio managers and other personnel, among other material considerations. Reviews will track performance relative to appropriate

benchmark indices and/or peer group averages. Reviews will also include analysis of quantitative and qualitative factors, as appropriate, which may include portfolio characteristics and attribution, recent transactions, risk measurement and analysis, portfolio manager outlook and internal and external research needs. The Portfolio Policy Committee is comprised of the Chief Investment Officer and other personnel. Reviewers will be instructed to consider appropriate quantitative and qualitative factors.

With respect to the Registered Funds, and the Subsidiary, for which SAAMCo delegates day-to-day portfolio investment discretion to subadvisers, representatives of SAAMCo who are responsible for oversight of the subadvisers' investment activities will generally perform reviews of such subadvised portfolios at least annually. Reviews will also be triggered by other events, including changes in the portfolio management team, investment approach and style, organization and/or ownership of sub-advisers, among other material considerations. Reviews will track performance relative to appropriate benchmark indices and/or peer group averages. Reviews will include analysis of quantitative and qualitative factors, as appropriate. Reviews will be conducted by investment analysts of varying titles and will be subject to oversight by senior investment personnel. Reviewers will be instructed to consider appropriate quantitative and qualitative factors.

SAAMCo provides Registered Fund clients with written reports at each quarterly Board meeting and more frequently as requested by these clients. Such reports discuss the Registered Funds' performance relative to appropriate benchmark indices and/or peer group averages, and such other factors as appropriate.

The wrap program sponsor will review the participant account with the participant, including any account allocations made pursuant to model portfolios provided by SAAMCo. The frequency of such reviews may vary among wrap program sponsors. Wrap program participants generally will receive account statements from wrap program sponsors on a quarterly basis. SAAMCo will not review individual wrap program participant accounts, but would be reasonably available for consultation with wrap program sponsors.

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

SAAMCo may receive financial support for distribution-related services from subadvisers to whom SAAMCo has delegated day-to-day portfolio investment discretion with respect to certain Registered Fund clients, including support to help offset costs for training to support sales of shares of such Registered Funds.

#### **Item 15 - Custody**

SAAMCo does not act as a custodian for client assets. However, under Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), SAAMCo may be deemed to have custody of client funds or securities with respect to the Subsidiary as a result of the fact that certain officers, directors or supervised persons of SAAMCo also serve as directors of the

Subsidiary and/or authorized persons under the Subsidiary's custody services agreements. In this capacity, such persons may have sufficient authority under the relevant fund documents to be deemed to have custody of the funds or securities of the Subsidiary under the Custody Rule. These persons do not, however, act as qualified custodians of the assets of the Subsidiary. The Subsidiary has entered into custody services agreements with a qualified custodian who acts as custodian of the assets of the Subsidiary, and who sends account statements to certain authorized persons at SAAMCo. The financial statements of the Subsidiary are consolidated into the financial statements of the corresponding Registered Fund and are audited in connection with the audit of the Registered Fund. This audit is performed by an independent registered public accountant.

#### **Item 16 - Investment Discretion**

SAAMCo maintains discretionary authority to manage the assets of the Registered Funds and the Subsidiary. Such discretionary authority is granted through investment management and advisory agreements between SAAMCo and each of these clients.

The Registered Funds and the Subsidiary impose certain investment restrictions and limitations on the management of their assets. These investment restrictions and limitations are evidenced in writing in the prospectus and SAI of each Registered Fund and, with respect to the Subsidiary, in the investment advisory agreement between SAAMCo and the Subsidiary.

As described herein, SAAMCo also offers model portfolios in connection with wrap programs. The wrap program participant receives investment management services directly from the sponsor or overlay manager, rather than from SAAMCo. The wrap program sponsor or overlay manager exercises its discretion as to how best to implement the model portfolio and any updates to the model portfolio and typically will trade for the wrap program participant. SAAMCo maintains no discretionary authority to manage the assets with respect to wrap program participants and will not enter trades, receive trade reports, perform or have access to recordkeeping, performance data or reporting, or any wrap program participant reporting.

#### **Item 17 - Voting Client Securities**

SAAMCo has adopted policies and procedures (collectively, the "Proxy Policy") that are used to vote proxies relating to portfolio securities held by the Registered Funds and the Subsidiary. The Proxy Policy provides for the establishment of a Proxy Voting Committee, whose purpose is to administer the voting of proxies in accordance with the Proxy Policy. The Proxy Voting Committee will consist of a member of the SAAMCo's Investment Department, at least one member of the Legal and Compliance Department, and at least one person who oversees subadvisers. The Proxy Voting Committee has established proxy voting guidelines according to recommendations from SAAMCo and VALIC, and from an independent proxy voting agent (the "Guidelines"). The Proxy Voting Committee utilizes the independent proxy voting agent to assist in issue analysis

and vote recommendation for proxy proposals. In particular, the Guidelines identify certain vote items to be determined on a case-by-case basis. In these circumstances and in proposals not specifically addressed by the Proxy Policy, the Proxy Voting Committee generally will rely on the guidance or a recommendation from the independent proxy voting agent, but may also rely on any of the subadvisers of the Registered Funds or the Subsidiary, or other sources. Except as noted below in connection with conflicts of interest, clients (i.e., the Registered Funds and the Subsidiary) do not direct proxy votes in proxy solicitations.

Members of the Proxy Voting Committee will resolve conflicts of interest presented by a proxy vote. In practice, application of the Guidelines will in most cases adequately address any possible conflicts of interest, as votes generally are effected according to guidance or recommendations of the independent proxy voting agent. If, however, a situation arises where a vote presents a conflict between the interests of a client and SAAMCo, and the conflict is known to the Proxy Voting Committee, the Committee will consult with at least one Independent Director of the applicable Registered Fund(s), time permitting, before casting the vote to ensure that the vote is in the best interests of the client.

The Proxy Policy is described more fully in the Registered Funds' SAIs.

A copy of the Proxy Policy and information on how a client's securities were voted will be provided to a client upon request. In addition, information on how each Registered Fund's securities were voted during the most recent twelve month period ended June 30 is contained in Form N-PX, which is filed with the SEC and can be obtained, upon request by calling (800) 858-8850, or on the SEC's website at <http://www.sec.gov>.

SAAMCo has no authority to vote securities held in wrap program participant accounts.

#### **Item 18 - Financial Information**

SAAMCo has no information to disclose in response to the questions posed.

## Appendix 1

### **Principal Risks of the AIG Commodity Strategy Fund (the “Fund”) and the Commodity Strategy Subsidiary (the “Subsidiary”)**

**Commodity Exposure Risks.** Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

**Commodity-Linked Derivatives Risk.** The commodity-linked derivative instruments in which the Fund invests have substantial risks, including risk of loss of a significant portion of their principal value. Commodity-linked derivative instruments may be more volatile and less liquid than the underlying instruments and their value will be affected by the performance of the commodity markets, as well as economic and other regulatory or political developments, overall market movements and other factors. Typically, the return of the commodity-linked swaps will be based on some multiple of the performance of an index. The multiple (or leverage) will magnify the positive and negative return the Fund earns from these notes and/or swaps as compared to the index.

**Futures Contracts Risks.** The risks associated with the Fund's use of futures contracts include: (i) although the Fund will generally only purchase exchange-traded futures, due to market conditions, there may not always be a liquid secondary market for a futures contract and, as a result, the Fund may be unable to close out its futures contracts at a time which is advantageous; (ii) the risk that losses caused by sudden, unanticipated market movements may be potentially unlimited; (iii) changes in the price of a futures contract may not always track the changes in market value of the underlying reference asset; (iv) trading restrictions or limitations may be imposed by an exchange, and government regulations may restrict trading in futures contracts; and (v) if the Fund has insufficient cash to meet margin requirements, the Fund may need to sell other investments, including at disadvantageous times.

**Risks of Commodity-Linked Derivatives.** The commodity-linked derivative instruments in which the Fund invests have substantial risks, including risk of loss of a significant portion of their principal value. Commodity-linked derivative instruments may be more volatile and less liquid than the underlying instruments and their value will be affected by the performance of the commodity markets, as well as economic and other regulatory or political developments, overall market movements and other factors. Typically, the return of the commodity-linked swaps will be based on some multiple of the performance of an index. The multiple (or leverage) will magnify the positive and negative return the Fund earns from these swaps as compared to the index.

**Subsidiary Risk.** By investing in the Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary's investments. The derivatives and other investments

held by the Subsidiary are generally similar to those that are permitted to be held by the Fund and are subject to the same risks that apply to similar investments if held directly by the Fund. There can be no assurance that the investment objective of the Subsidiary will be achieved.

The Subsidiary is not registered under 1940 Act, and, unless otherwise noted, is not subject to all the investor protections of the 1940 Act. However, the Fund wholly owns and controls the Subsidiary, and the Fund and the Subsidiary are managed by SunAmerica and advised by Wellington Management, making it unlikely that the Subsidiary will take actions contrary to the interests of the Fund or its shareholders. In addition, changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or the Subsidiary to operate as intended and could adversely affect the Fund.

**Risks of Derivative Instruments.** There are special risks associated with futures or other derivative instruments and hedging strategies the Fund might use. If the Fund's adviser uses a future or other derivative instrument at the wrong time or judges market conditions incorrectly, use of a future or other derivative instrument may result in a significant loss to the Fund and reduce the Fund's return. The Fund could also experience losses if the prices of its futures or other derivative instruments were not properly correlated with its other investments.

**Exchange-Traded Funds ("ETF") Risk.** Most ETFs are investment companies whose shares are purchased and sold on a securities exchange. An ETF typically represents a portfolio of securities designed to track a particular market segment or index. An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (*i.e.*, one that is not exchange-traded) that has the same investment objectives, strategies and policies. However, ETFs are subject to the following risks that do not apply to conventional mutual funds: (i) the market price of an ETF's shares may trade at a premium or a discount to its net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged. In addition, an ETF may fail to accurately track the market segment or index that underlies its investment objective. The price of an ETF can fluctuate, and the Fund could lose money investing in an ETF. To the extent that the Fund invests in an ETF, the Fund will indirectly bear its proportionate share of the management and other expenses that are charged by the ETF in addition to the expenses paid by the Fund.

**Failure to Match Index Performance Risk.** A portion of the Fund's assets will be managed pursuant to an index strategy (the "Index Sleeve"). The ability of the Index Sleeve to match the performance of the Index may be affected by, among other things, changes in securities markets, the way performance of the Index is calculated, changes in the composition of the Index, the amount and timing of cash flows into and out of the Fund, commissions, and portfolio expenses. When the Fund employs an "optimization" strategy, the Index Sleeve is subject to an increased risk of tracking error, in that the

securities selected in the aggregate for the Index Sleeve may perform differently than the Index.

**Risks of Leverage.** Certain derivatives the Fund buys involve a degree of leverage. Leverage occurs when an investor has the right to a return on an investment that exceeds the return that the investor would be expected to receive based on the amount contributed to the investment. The Fund's use of certain economically leveraged futures and other derivatives can result in a loss substantially greater than the amount invested in the futures or other derivative itself. Certain futures and other derivatives have the potential for unlimited loss, regardless of the size of the initial investment. When the Fund uses futures and other derivatives for leverage, a shareholder's investment in the Fund will tend to be more volatile, resulting in larger gains or losses in response to the fluctuating prices of the Fund's investments.

**Credit Risk.** The commodity-linked swaps, "over-the-counter" options, and fixed income securities the Fund buys are subject to credit risk. Credit risk is the risk that the issuer might not pay interest when due or repay principal at maturity of the obligation. If the issuer fails to pay interest, the Fund's income might be reduced. If the issuer fails to pay principal, the Fund can lose money on the investment, and its share price may fall.

**Counterparty Risk.** The Fund will be exposed to the credit of the counterparties to derivative contracts and their ability to satisfy the terms of the agreements, which exposes the Fund to the risk that the counterparties may default on their obligations to perform under the agreements. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the positions and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realize any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

**Interest Rate Risk.** Fixed income securities and currency and fixed income futures are subject to changes in their value when prevailing interest rates change. When interest rates fall, the values of already-issued debt securities generally rise. When prevailing interest rates rise, the values of already-issued debt securities generally fall. The magnitude of these fluctuations is generally greater for debt securities with longer maturities. The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates and the effect of potential government fiscal policy initiatives and resulting market reaction to those initiatives. The value of the Fund's currency and fixed income futures will fluctuate in varying directions and amounts based on the specific types of futures held by the Fund. The Fund's share price can go up or down when interest rates change because of the effect of the change in the value of the Fund's portfolio of fixed income securities and currency and fixed income futures.

**Illiquidity Risk.** Certain investments may be difficult or impossible to sell at the time and the price that the Fund would like. In addition, while not necessarily illiquid securities, certain derivatives in which the Fund invests are generally not listed on any



exchange and the secondary market for those derivatives has less liquidity relative to markets for other securities. Obtaining valuations for those derivatives may be more difficult than obtaining valuations for actively-traded securities. Thus, the value upon disposition on any given derivative may differ from its current valuation.

**U.S. Government Securities Risk.** Securities issued or guaranteed by federal agencies or authorities and U.S. government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. government. For example, securities issued by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and the Federal Home Loan Bank are neither insured nor guaranteed by the U.S. government. These securities may be supported only by the credit of the issuing agency, authority, instrumentality or enterprise or by the ability to borrow from the U.S. Treasury and, as a result, are subject to greater credit risk than securities issued or guaranteed by the U.S. Treasury.

**Financial Services Risk.** Companies in the financial services sector may serve as counterparties to other derivative transactions in which the Fund engages. As a result, events affecting issuers in the financial services sector may cause the Fund's share value to fluctuate and may impact a company's creditworthiness or ability to perform under its agreement with the Fund, as described in more detail under "Credit Risk" and "Counterparty Risk."

**Regulatory Risk.** Based on the Fund's and its Subsidiary's current investment strategies, the Fund and the Subsidiary are each deemed a "commodity pool" and SAAMCo is considered a commodity pool operator ("CPO") with respect to the Fund and the Subsidiary under the Commodity Exchange Act (the "CEA"). In addition, Wellington Management, as subadviser to the Fund and the Subsidiary, is considered a commodity trading adviser ("CTA") with respect to the Fund and the Subsidiary. SAAMCo is currently registered with the National Futures Association as a CPO and Wellington Management is registered as a CTA, and each acts as such with respect to the operation of the Fund and the Subsidiary. In addition, the CFTC or the Securities and Exchange Commission (the "SEC") could at any time alter the regulatory requirements governing the use of commodity futures (which include futures on broad-based securities indexes and interest rate futures) or options on commodity futures or swaps transactions by investment companies, which could result in the inability of the Fund to achieve its investment goal through its current strategy.

## Appendix 2

### **Principal Risks of the AIG Focused Dividend Strategy Model Portfolio**

Investing in equity securities and in the investment strategy employed by the Focused Dividend Model involves the risk of loss, and UMA wrap platform sponsors and their clients (participants) who use this model as part of their investment program should be prepared to bear that risk. As described in **Item 4**, SAAMCo will construct this model portfolio without regard to the needs or circumstances of any program participant and the wrap program sponsor or overlay manager will exercise its discretion as to how best to implement the model portfolio and any updates to the model portfolio. SAAMCo does not guarantee that the performance of the model will meet a particular level of performance or perform comparably with any Registered Fund or model with a similar strategy.

**Stock Market Volatility and Securities Selection.** The AIG Focused Dividend Strategy Model Portfolio invests primarily in equity securities. As with any investments in equity securities, the value of an investment in the AIG Focused Dividend Strategy Model Portfolio may fluctuate in response to stock market movements. The performance of “value” stocks may rise or decline under varying market conditions—for example, “growth” stocks may perform well under circumstances in which value stocks in general have fallen. When investing in value stocks which are believed to be undervalued in the market, there is a risk that the market may not recognize a security’s intrinsic value for a long period of time, or that a security judged to be undervalued may actually be appropriately priced. In addition, individual securities selected for the AIG Focused Dividend Strategy Model Portfolio may underperform the market generally.

**Disciplined Strategy.** The AIG Focused Dividend Strategy Model Portfolio will not deviate from its strategy, which entails buying and holding stocks selected through the selection criteria described in the investment guidelines provided to the sponsor (except to the extent necessary to comply with applicable laws). In connection with the AIG Focused Dividend Strategy Model Portfolio, SAAMCo generally will not propose the sale or purchase of stocks included in the model except during the model portfolio’s annual rebalancing or as otherwise set forth herein or in the investment guidelines, even if there are adverse developments concerning a particular stock, company or industry. Because the AIG Focused Dividend Strategy Model Portfolio generally will not use certain techniques (*e.g.*, derivatives), the AIG Focused Dividend Strategy Model Portfolio may be more susceptible to general market declines than other investments or strategies.

**Focused Strategy.** The performance of the AIG Focused Dividend Strategy Model Portfolio may be subject to greater fluctuation since its strategy involves holding a limited number of securities. This type of strategy may increase the model portfolio’s risk since the performance of a particular stock may have a larger impact, positively or negatively, on the model portfolio’s performance.