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**Part 2A of Form ADV**

**March 27, 2020**

This Brochure provides information about the qualifications and business practices of Seix Investment Advisors LLC ("Seix"). If you have any questions about the contents of this brochure, please contact us at (201) 391-0300 and/or [www.seixadvisors.com](http://www.seixadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration of an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## Item 2 – Material Changes

The SEC adopted “Amendments to Form ADV” in July 2010. This Brochure, dated March 27, 2020, was prepared according to the SEC’s new requirements and rules. This Item is used to provide a summary of new or updated material information since the last update of our Brochure on March 27, 2019.

We made the following material changes to this Brochure:

### Item 6 Performance-Based Fees and Side-by-Side Management:

- Updated to reflect that certain accounts, including ramping accounts and accounts with inflows (as defined herein), can also have performance-based fees, and to enhance disclosure of conflicts, including that Seix has a potential to receive higher fees (if the account has performance-based fees) and/or additional fees (based on increased assets under management) in allocating investments to such accounts.

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

- Updated the descriptions of the principal risks related to our client portfolios, including adding Market Volatility Risk, which includes, but is not limited to, risks related to the economic impact of the global pandemic known as COVID-19, and adding LIBOR Risk.

### Item 10 Other Financial Industry Activities and Affiliations

- Updated our description of other financial industry activities and affiliates to include additions to, or eliminations of, such activities and affiliates.

### Item 12 Brokerage Practices:

- Enhanced disclosure regarding Seix’s practices with respect to allocation of investment opportunities.

### Item 14 Client Referrals and Other Compensation

- Enhanced disclosure regarding Client Referrals and Other Compensation related to Seix and its affiliates.

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## Item 4 – Advisory Business

### A. General Description of Advisory Firm

Seix Investment Advisors Inc. was founded in July 1992 as a fixed income only boutique. On May 28, 2004, Seix Investment Advisors Inc. was acquired by SunTrust Banks, Inc. (“STI”) through its institutional asset management subsidiary, Trusco Capital Management (“Trusco”) and became Seix Advisors, the predecessor of Seix Investment Advisors LLC (“Seix” or the “Firm”). Effective March 31, 2008, Trusco was renamed and reorganized into a money management holding company, RidgeWorth Capital Management, Inc., comprised of multiple and distinct SEC-registered investment advisory boutiques, including Seix. On May 30, 2014, certain employees of RidgeWorth Capital Management, Inc. and its wholly owned subsidiaries, including Seix, alongside affiliated investment funds of Lightyear Capital LLC and outside investors, acquired RidgeWorth Capital Management, Inc. and its name was changed to RidgeWorth Capital Management LLC (“RidgeWorth”). As part of the acquisition, StableRiver Capital Management LLC, a wholly owned subsidiary of RidgeWorth, was integrated into Seix. On June 1, 2017, RidgeWorth was acquired by Virtus Investment Partners, Inc. (“Virtus”) and changed its name to Virtus Fund Advisers, LLC (“VFA”). Seix was a wholly owned subsidiary of VFA until January 1, 2018 when it became a wholly owned subsidiary of Virtus Partners, Inc (“VPI”) as a result of an internal realignment. VPI is wholly owned by Virtus. Virtus, a publicly traded firm, is singularly committed to the long-term success of individual and institutional investors, offering asset management through its affiliated managers and select subadvisers (see [www.virtus.com](http://www.virtus.com)).

### B. Description of Advisory Services

Seix provides discretionary “investment supervisory services” to high-net worth individuals and to institutional clients such as pension and profit sharing plans, insurance companies, Taft-Hartley plans, public funds, endowments and foundations, supranational entity government sponsored funds or entities, governmental entities, educational and healthcare facilities and other corporate entities; wrap-fee programs (“Wrap” or “Wrap Programs”); and the following investment supervisory services to the following types of commingled funds (collectively, “Funds”):

1. Sub-adviser to investment companies registered under the Investment Company Act of 1940, as amended (“1940 Act”) (“mutual funds”);
2. Collateral manager of privately placed offshore funds investing in loan and debt instruments (“CLO Funds”) and their Delaware co-issuers;
3. Sole member of the General Partner of a privately placed onshore limited partnership that invested in loan and debt instruments (the “MSARF”);
4. Submanager for an open ended collective investment scheme named the Oyster Global High Yield Fund, which is a société d’investissement á capital variable (SICAV) established in the Duchy of Luxembourg (“Oyster Fund”);
5. Sub-Investment Advisor to a Bermuda mutual fund named the Performa High Yield Fund Ltd. (“Performa”); and

6. Sub-adviser to the Virtus GF Select High Yield Fund, a sub-fund of Virtus Global Funds plc, a public limited company with variable capital incorporated in Ireland and authorized by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities (UCITS) (“Virtus GF SHY Fund”).
7. Sub-adviser to the Virtus Seix Senior Loan ETF, a series of Virtus ETF Trust II, an exchange-traded fund listed on the NYSE Arca, Inc. (the “ETF”)

The above-described individuals, institutions, Wrap Programs and various Funds are collectively referred to as “Clients”.

Customized investment management services are based on Client-specific criteria such as:

1. organizational structure;
2. risk assessment;
3. liquidity and cash flow;
4. income needs;
5. other sources of funds to meet obligations;
6. general economic conditions; and
7. social and other preferences relating to the account’s investment guidelines.

Seix also provides non-discretionary investment advisory services. Pursuant to written agreements, Seix may provide asset allocation solutions, investment consulting, investment and investment policy monitoring, and advice relating to current and future investments, along with periodic reports and in-person reviews. Clients retain discretion over all assets under consulting arrangements, and are responsible for implementing or declining to implement any consulting services or advice provided by Seix.

### **C. Availability of Customized Services for Individualized Clients**

Each Client has its own set of investment guidelines that describe what types of investments may be purchased for its account and what types of investments may not be purchased for its account. Clients may impose restrictions on types of investments, such as socially responsible restrictions. Customized investment management services are based on Client-specific criteria such as organizational structure, risk assessment, liquidity and cash flow, other sources of funds to meet obligations and general economic conditions.

### **D. Wrap Fee Programs**

Seix acts as manager for several Wrap Programs. The Wrap accounts are managed in a similar fashion as separately managed Client accounts with certain differences. Due to the smaller size of Wrap accounts and regulatory restrictions, they are not eligible to participate in privately offered securities (Rule 144A bonds) while most of the separately managed accounts are eligible. Further, Wrap accounts cannot participate in the vast majority of newly issued bond offerings due to the underlying wrap sponsor being

in the underwriting syndicate for the newly issued bonds. The issuer weightings for Wrap accounts are different because of their smaller size and their need for liquidity. The bonds in the Wrap accounts need to be more liquid than the bonds in the separately managed accounts due to the smaller size of the bond positions that are traded and the greater frequency in which the bond positions need to be traded. Seix receives a portion of the Wrap fee for its services.

Seix may not be provided with sufficient information by the underlying wrap sponsor to perform an assessment as to the suitability of Seix's services for the client. Seix will rely on the wrap sponsor who, within its fiduciary duty, must determine not only the suitability of Seix's services for the client, but also the suitability of the wrap program for the client.

#### **E. Assets Under Management**

Seix had a total of \$17,287,339,352 of discretionary assets and no non-discretionary assets under management as of December 31, 2019.

### **Item 5 – Fees and Compensation**

#### **A. Advisory Fees and Compensation**

Seix's fees are generally payable quarterly in arrears. Initial fees are calculated based upon the number of days in the quarter Seix started managing the Client's account. Subsequent quarters are billed in full unless the Client terminated the relationship prior to the end of the quarter, in which case the fee is prorated for the number of days prior to the end of the quarter.

Seix's basic fee schedules for separately managed accounts are:

##### **Investment Grade Strategies – Long Duration**

0.30% per year on the first \$100 million;  
0.25% per year on the next \$100 million;  
0.20% thereafter  
(minimum account size of \$50 million)

##### **Investment Grade Strategies – Short Duration**

0.175% per year on the first \$100 million;  
0.12% per year on the next \$100 million;  
0.10% thereafter  
(minimum account size of \$50 million)

##### **Tax Exempt Strategies (Average Maturity 3 years or less)**

0.30% per year on the first \$10 million  
0.25% per year on the next \$40 million  
0.18% per year thereafter  
(minimum annual fee is \$10,000 and minimum account size is \$10 million)

##### **Tax Exempt Strategies (Intermediate Total Return)**

0.40% per year on the first \$10 million

0.30% per year on the next \$40 million  
0.18% per year thereafter  
(minimum annual fee is \$10,000 and minimum account size is \$10 million)

**High Yield Strategies (Other than Credit Opportunities Strategy)**

0.50% per year on the first \$100 million;  
0.40% per year thereafter  
(minimum account size of \$50 million for leveraged loans and \$20 million for bonds)

**Multi-Sector Absolute Return Strategies**

0.50% per year on the first \$100 million;  
0.40% per year thereafter  
(minimum account size of \$50 million)

**Credit Opportunities Strategy (COS)**

0.55% per year  
(minimum account size of \$20 million)

Seix's fees are negotiable and may vary based on account type and Client services requested. Seix will consider factors such as number and frequency of reports and Client meetings, individual security investments versus common or collective funds, investment guidelines and restrictions, account size and type of Client entity.

Description of the fees earned by Seix for managing private Funds that Seix manages can be found in the offering memorandum for each of the private Funds. Fees for the mutual funds and of UCITS for which Seix acts as sub-adviser can be found in the UCITS and mutual fund's prospectus.

**B. Payment of Fees**

Seix generally bills Clients for fees incurred on a quarterly basis. Certain Clients calculate Seix's fees and submit the payments to Seix. A Client must request that it calculate and submit payments to Seix and Seix must agree to the arrangement. Seix does not deduct fees from Clients' assets.

**C. Additional Fees and Expenses**

Seix does not have physical custody of any Client assets. Clients are responsible for making arrangements with their custodians and for paying their custodians' fees and expenses. If a Client invests in a mutual fund subadvised by Seix, the Client will be responsible for paying the mutual fund's fees. Clients may incur brokerage and other transaction costs. Please see Item 12 for a further description of Seix's brokerage practices and arrangements.

**D. Prepayment of Fees**

Seix's standard policy is to be paid in arrears. On occasion, a client may pay in the middle of the quarterly billing cycle. If there is an overpayment in a quarter, it is addressed the following quarter. The fees for the Wrap Program Clients may be paid in advance, depending on the billing arrangements with the

applicable Wrap Program sponsor. If a Wrap Client's account is reduced or closed for any reason during a billing period, Seix will return to the Wrap Sponsor a pro-rata portion of the fee it received with respect to the assets in such Client's account for the remaining fee period.

#### **E. Additional Compensation and Conflicts of Interest**

Fees for special investment advisory services are charged only when requested by a Client and agreed to by Seix. Special investment advisory services are available upon request and fees are negotiable. Fees for certain investment advisory services such as asset allocation solutions, investment consulting, investment and investment policy monitoring, and advice relating to current and future investments are negotiable.

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

Seix can, but is not obligated to, enter into a performance-based fee arrangement with separately managed account Clients who request, and are permitted under Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") or Rule 205-3 thereunder, to enter into such arrangements. Seix can also receive performance based fees from the CLO Funds it manages as described in the applicable offering memorandum.

Performance-based fees create conflicts of interest. Managers that earn performance-based fees have the incentive to favor accounts with the opportunity to earn higher fees. Seix organizes its managers and traders based on the assets that they trade, which we believe to be in the Client's best interest, as a result the same team oversees allocation among accounts having different fee arrangements, including those with performance-based fees, ramping accounts and existing accounts with inflows. The team could be incentivized to favor such accounts because of the potential for higher or additional fees. CLO Funds that are ramping are not assessed management fees (including performance based fees) until the CLO Fund closes. Similarly, existing accounts with a large inflow can also be prioritized for trade allocation. This presents a conflict of interest because there is an incentive for the investment management team to favor these accounts in order to increase or accelerate fees. Seix has procedures in place to ensure that trades are allocated fairly among Clients, including monitoring of allocations by the compliance team, as discussed in Item 12. Where an investment opportunity is appropriate for multiple accounts, Seix allocates trades in accordance with the trade allocation policy, as discussed in Item 12. Seix will, in most cases, aggregate transactions on behalf of various accounts and seek to allocate aggregated transactions to all participating eligible Client accounts in a fair and equitable manner over time consistent with its trade allocation policy, fiduciary obligations and each participating Client's investment guidelines and investment management agreement. In addition, the compensation of the investment teams that manage the accounts with performance-based fees is tied to the performance of all of the accounts they manage, not just performance-based fee accounts.



## **Item 7 – Types of Clients**

Seix provides investment management services to high-net worth individuals and to institutional Clients such as pension and profit sharing plans, retirement and benefit plans for unions (Taft-Hartley plans), public funds, endowments, foundations, trusts, government-sponsored entities, governmental entities, captive insurance companies, educational and healthcare facilities such as colleges and hospitals and other types of corporate Clients. Seix also acts as investment manager for Clients in wrap-fee programs. In addition, Seix provides investment management services to commingled funds, including investment companies registered under the Investment Company Act of 1940, as amended (the “1940 Act”) (i.e., mutual funds and the ETF), private funds exempt from registration as a mutual fund pursuant to section 3(c)(7) of the 1940 Act and offshore commingled funds.

The minimum account size is \$50,000,000 for leveraged loan accounts, multi-sector absolute return accounts, and investment grade accounts other than tax exempt accounts. The minimum account size is \$20,000,000 for COS and high yield bond accounts. The minimum account size is \$10,000,000 for tax exempt accounts. Seix may accept or retain Clients whose accounts are below the \$50,000,000, \$20,000,000, or \$10,000,000 minimums in its sole discretion.

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

### **A. Methods of Analysis and Investment Strategies**

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

For investors in Funds subadvised or managed by Seix, please see the applicable offering documents for specific information regarding each Fund’s investment strategies and risks.

Seix’s methods of analysis include the following:

### **Investment Grade Philosophy and Process**

Seix is an active bond manager who believes that the market offers potential opportunities for returns to investors who understand and correctly value Fixed Income securities. We focus our management efforts on the “bottom-up” principle of security selection along with “top-down” strategies for sector allocation and yield curve structure using rigorous fundamental research as well as a series of proprietary and third party tools to identify value. Our diversified portfolios of well-researched companies, value-added security structures and sector rotation seek to provide attractive spreads above the benchmark, regardless of the level or direction of interest rates, at controlled risk levels. We do not expose our Clients to the risks of market timing by maintaining duration close to that of the benchmark.

### **High Yield Bonds and Leveraged Loans Philosophy and Process**

Our investment objective is to maximize the upside which is inherent when investing in the High Yield Bonds and Leveraged Loans markets, but also to be focused on reducing risk by minimizing the downside.

Seix believes that consistently superior High Yield Bonds and Leveraged Loans performance is achieved by focusing on the healthier segment of the High Yield Bonds and Leveraged Loans markets. Therefore, we devote our resources to a targeted universe of High Yield Bonds and Leveraged Loan assets. The anomalies that we seek to capture by pursuing this investment approach are to:

- Maximize portfolio return per unit of risk
- Minimize the potential for permanent capital loss that could occur with a default
- Provide the necessary liquidity to make active sector shifts
- Allow for the effective application of Fixed Income research techniques to the High Yield Bonds and Leveraged Loans markets

## Sources of Information

Sources of information used by Seix include filings with the U.S. Securities and Exchange Commission, prospectuses, meetings with management, annual reports, rating services, research materials prepared by others, inspections of corporate activities, company press releases, subject matter experts and financial newspapers and magazines. In addition to publicly available sources of information, Seix also uses internal research developed by its investment professionals

### **B. Material, Significant or Unusual Risks Relating to Investment Strategies**

The material risks relating to the significant methods of analysis and investment strategies described above are set forth below:

**Credit Risk:** Debt securities are subject to the risk that an issuer will fail to make timely payments of interest or principal, or go bankrupt, or that the value of the securities will decline because of a market perception that the issuer may not make payments on time. The lower the rating of a debt security, the higher its credit risk.

**Interest Rate Risk:** Debt securities will generally lose value if interest rates increase. U.S. Government securities can exhibit price movements resulting from changes in interest rates. Interest rate risk is generally higher for investments with longer maturities or durations. Treasury Inflation Protected Securities ("TIPS") can also exhibit price movements as a result of changing inflation expectations and seasonal inflation patterns.

**Mortgage and Asset Backed Security Risk:** Mortgage- and asset-backed securities are debt instruments that are secured by interests in pools of mortgage loans or other financial assets. The value of these securities will be influenced by the factors affecting the assets underlying such securities, swings in interest rates, changes in default rates, or deteriorating economic conditions. During periods of declining asset values, mortgage-backed and asset-backed securities may face valuation difficulties, become more volatile and/or illiquid.

**Prepayment and Call Risk:** When mortgages and other obligations are prepaid and when securities are called, the Client may have to reinvest in securities with a lower yield or fail to recover additional amounts paid for securities with higher interest rates, resulting in an unexpected capital loss.

**Foreign and Companies Securities Risk:** Foreign securities and dollar denominated securities of foreign issuers involve special risks such as currency fluctuations, economic or financial instability, lack of timely or reliable financial information, unfavorable political or legal developments and delays in enforcement of rights. These risks are increased for investments in emerging markets.

**Below Investment Grade Securities Risk:** Below investment grade securities (sometimes referred to as “junk bonds”) involve greater risk of default or downgrade and are more volatile than investment grade securities. Below investment grade securities may also be less liquid than higher quality securities.

**Floating Rate Loan Risk:** The risks associated with floating rate loans are similar to the risks of below investment grade securities. The value of the collateral securing a floating rate loan can decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. As a result, a floating rate loan may not be fully collateralized and can decline significantly in value. Floating rate loans generally are subject to contractual restrictions on resale. The liquidity of floating rate loans, including the volume and frequency of secondary market trading in such loans, varies significantly over time and among individual floating rate loans. During periods of infrequent trading, valuing a floating rate loan can be more difficult, and buying and selling a floating rate loan at an acceptable price can also be more difficult and delayed. Difficulty in selling a floating rate loan can result in a loss. In addition, floating rate loans generally are subject to extended settlement periods in excess of seven days, which may impair the Client’s ability to sell or realize the full value of its loans in the event of a need to liquidate such loans. The sale and purchase of a leveraged loan are subject to the requirements of the underlying credit agreement governing such leveraged loan. These requirements may limit the eligible pool of potential leveraged loan holders by placing conditions or restrictions on sales and purchases of leveraged loans.

Leveraged loans are not traded on an exchange and purchasers and sellers of leveraged loans rely on market makers, usually the administrative agent for a particular leveraged loan, to trade leveraged loans. These factors, in addition to overall market volatility, may negatively impact the liquidity of leveraged loans. Difficulty in selling a floating rate loan may result in a loss.

Borrowers may pay back principal before the scheduled due date when interest rates decline, which may require Seix to replace a particular leveraged loan with a lower-yielding asset. The Client may assume the credit risk of the administrative agent in addition to that of the borrower, and investments in leveraged loan assignments may involve the risks of being a lender.

**Leverage Risk:** Certain transactions and the use of derivatives such as foreign currency forward contracts, swaps and futures may create leveraging risk. Leverage may cause the Client’s account to be more volatile than if the Client’s account had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Client’s securities. Only certain Fund clients may incur leverage.

**Derivatives Risk:** Investments in derivatives expose a Client to additional volatility and potential loss. Losses on investments in certain types of derivatives may exceed the initial investment. Only certain Fund Clients invest in derivatives.

**Short Sales Risk:** Short sales expose a Client to substantial risks given their inherent heightened risk of loss. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions are also subject to a “short squeeze” that could lead to accelerating losses for those that are short that particular security.

**Foreign Currency Forward Contracts Risk:** The technique of purchasing foreign currency forward contracts to obtain exposure to currencies or manage currency risk may not be effective. In addition, currency markets generally are not as regulated as securities markets. Only certain Fund Clients invest in foreign currency forward contracts.

**Swap Risk:** Certain Clients may enter into swap agreements, including credit default swaps, for purposes of attempting to gain exposure to a particular asset without actually purchasing that asset, or to hedge a position. Credit default swaps may increase or decrease the Client's exposure to credit risk and could result in losses if Seix does not correctly evaluate the creditworthiness of the entity on which the credit default swap is based. Swap agreements may also subject the Client to the risk that the counterparty to the transaction may not meet its obligations. Only certain Fund Clients invest in swaps.

**Futures Contract Risk:** Certain Clients may enter into futures contracts. The risks associated with futures include Seix's ability to manage these instruments, the potential inability to terminate or sell a position, certain market conditions causing increased volatility, the lack of a liquid secondary market for the Client's position and the risk that the counterparty to the transaction will not meet its obligations. Only certain Clients invest in futures contracts.

**Municipal Securities Risk:** Litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on the issuer's ability to make payments of principal and/or interest or otherwise affect the value of such securities. The value of these securities may decline because of a market perception that the issuer may not make payments on time.

**Potential Concentration Risk:** Client portfolios may have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

## **LIBOR**

The London Interbank Offer Rate ("LIBOR") historically has been and currently is used extensively in the U.S. and globally as a "benchmark" or "reference rate" for various commercial and financial contracts, including corporate and municipal bonds, bank loans, asset-backed and mortgage-related securities, interest rate swaps and other derivatives. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the intention to phase out the use of LIBOR by the end of 2021. Currently, the U.S. and other countries are working to replace LIBOR with alternative reference rates. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement reference rate. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments and existing financial instruments that reference LIBOR.

**Extraordinary Events and Market Volatility Risk:** Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, other public health issues, recessions, terrorism, conflicts and social unrest) will occur that have significant impacts on issuers, industries, governments and other systems, including the global financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Issuers can suffer decreased sales, profits, and production. Clients will be negatively impacted if, as a result of these events, the value of their portfolio holdings decreases as a

result of such events, if liquidity, pricing and market function is impeded or volatility increases, if the adviser is unable to invest a strategy's assets as intended, if these events adversely impact the operations and effectiveness of the adviser or key service providers or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

**Increased Regulations:** Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

**Cybersecurity Risk:** In addition to the risks associated to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to "cybersecurity" risk. A breach in cybersecurity refers to both intentional and unintentional events that may cause an account to lose proprietary information such as misappropriating sensitive information, access to digital systems to obtain client and financial information, corrupting data, or causing operational disruption. Similar adverse consequences could result from cybersecurity incidents affecting counterparties with which we engage in transactions, third-party service providers (e.g. a client account's custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. The Firm has in place risk management systems and business continuity plans which are designed to reduce the risks associated with these attacks, although there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

## **Item 9 – Disciplinary Information**

Seix is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of Seix or the integrity of Seix's management.

Seix has not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

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

### **A. Broker-Dealer Registration Status**

Seix is not registered as a broker-dealer and does not have any pending applications for registration.

## **B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status**

Seix is not registered as a futures commission merchant, commodity pool operator or commodity trading adviser and does not have any pending applications for registration. Seix filed for an exemption from registration as a Commodity Pool Operator under CFTC Rule 4.13(a)(3) in December 2012 and renewed the exemption in March 2019.

## **C. Material Relationships or Arrangements with Industry Participants**

Seix has relationships with its affiliates that you may consider material. These relationships are described below, along with an explanation of how we address what may be considered to be material conflicts of interest. Seix is wholly owned by VPI, whose parent company is Virtus. Certain officers and directors of Virtus serve as officers and/or directors of Seix.

In a variety of instances, Seix utilizes the personnel and/or services of one or more of its affiliates, in the performance of Seix's business, including, without limitation, finance, accounting, human resources, talent management, compliance, legal, technology, platform channel sales and service, marketing, and wholesaling. Such utilization can take a variety of forms including dual employee or delegation arrangements, formal sub-advisory or servicing agreements, or other formal and informal arrangements among Seix and its affiliates. In these circumstances, the registered affiliate with which the client has its investment management agreement remains responsible for the account within the framework of the Advisers Act and/or other applicable regulatory frameworks and the relevant investment management agreement and no additional fees are charged to the client for the affiliates' services except as set forth in the investment management agreement.

VP Distributors, LLC ("VPD") is an affiliated broker-dealer. VPD is a limited purpose broker-dealer that serves as principal underwriter and distributor of certain open-end mutual funds and ETFs subadvised by Seix and/or its affiliated investment advisers. Certain Seix personnel whose job responsibilities either require or are appropriate for registering as broker-dealer representatives are registered representatives of VPD.

Certain employees of another affiliate of Seix, Virtus Investment Partners International, Ltd. ("Virtus International"), also promote the services of Seix as well as the products managed by Seix. Virtus International is an indirect wholly owned subsidiary of Virtus headquartered in London, England, and (along with its employees) is an Appointed Representative of Mirabella Advisers LLP (FRN 606792), which is authorized and regulated by the Financial Conduct Authority. When Seix pays a fee to Virtus International for the efforts of Virtus International's employees to promote Seix's services, Virtus International is considered a solicitor for Seix as discussed further in Item 14 below

### **(1) Investment Companies**

Seix has contracted with VFA to sub-advise certain investment portfolios of the Virtus Mutual Funds which are affiliated with Seix, and are distributed by VPD. Broker-dealers play a significant role and receive 12b-1 and other internal and external fees for selling interests in the Virtus Mutual Funds. Service providers

to the Virtus Mutual Funds subadvised by Seix include VPD, the Principal Underwriter and Distributor; Virtus Fund Services, LLC (“VFS”), the Administrator, Fund Accountant and Transfer Agent; and Bank of New York Mellon, Custodian. VFS may engage other firms to provide administrative, fund accounting and transfer agency services to the Virtus Mutual Funds.

Seix sub-advises the ETF which is affiliated with Seix and distributed by VPD. Broker-dealers play a significant role and receive fees for selling the ETF. Service providers to the ETF include VPD, the Principal Underwriter and Distributor; Virtus ETF Solutions LLC as Administrator of the Trust; and Bank of New York Mellon as Accounting Services Administrator, Custodian and Transfer Agent.

Seix is a sub-adviser of the City National Rochdale Fixed Income Opportunities Fund, a series of City National Rochdale Funds, which is a registered investment company.

## **(2) Investment Advisers/Broker-Dealers**

Seix has material business relationships with VFA. Seix has contracted with VFA to sub-advise and provide portfolio management, research and analysis, to specified Client assets of VFA, including certain Virtus Mutual Funds. Seix and VFA have entered into solicitation or referral arrangements. Certain Seix officers and employees are also officers and employees and one or more or all affiliates.

Seix is a wholly owned subsidiary of VPI, which is a wholly owned subsidiary of Virtus. Virtus is a publicly traded company operating a multi-manager asset management business (NASDAQ: VRTS). Certain officers and directors of Virtus serve as officers of Virtus’s indirect, wholly owned affiliates, including Seix.

Seix has a number of affiliates that are registered investment advisers, which are:

- Ceredex Value Advisors LLC;
- Duff & Phelps Investment Management Co.;
- Kayne Anderson Rudnick Investment Management, LLC;
- Newfleet Asset Management, LLC
- Rampart Investment Management Company, LLC;
- Seix CLO Management LLC;
- Silvant Capital Management LLC;
- Sustainable Growth Advisers, LP;
- Virtus Alternative Investment Advisers, Inc. (“VAIA”);
- Virtus ETF Advisers LLC;
- Virtus Fund Advisers, LLC; and
- Virtus Investment Advisers, Inc.

Seix wholly owns the general partner of Seix CLO Management LP. Seix CLO Management LP wholly owns Seix CLO Management LLC, which is a SEC registered investment adviser formed to meet the requirement of the “risk retention” rules promulgated by U.S. federal regulators under the Dodd-Frank Wall Street

Reform and Consumer Protection Act signed into federal law on July 21, 2010 (“Dodd-Frank Act”) and the European Union’s regulations regarding risk retention in securitized assets (“EU Risk Retention Rules”). The Dodd-Frank Act risk retention rules no longer apply to open market CLOs as of May 2018. Seix CLO Management LLC acts as collateral manager for Mountain View CLO 2016-1 Ltd. and Mountain View CLO 2017-1 Ltd. and may act as collateral manager for future CLOs. Certain Seix officers and employees are also either directors or officers of Seix CLO Management LLC.

Virtus serves as a promoter and investment manager of the Vritus Global Funds plc, and Virtus GF SHY Fund which are investment vehicles offered to non-U.S. investors in the form of a UCITS domiciled in Ireland and registered with, and regulated by, the Central Bank of Ireland.

### **(3) Private Partnerships**

Seix may serve as general partner, sole member of the general partner or managing member of any of the various Funds it manages. In particular, Seix serves as the Collateral Manager for CLO Funds and is sole member of Seix CLO Management GP LLC, which is the general partner of Seix CLO Management LP. Seix is the sole member of the General Partner of the MSARF and the Investment Manager of the MSARF. The CLO Funds may be offered to Clients of Seix or its Managing Member/affiliates.

Each private Fund relies on exemptions from registration under of the Securities Act of 1933, as amended, and 1940 Act Section 3(c)(7) and Rule 3a-7. They may offer and sell units only to Accredited Investors as defined in the Securities Act of 1933 and Qualified Purchasers as defined in 1940 Act Section 2(a)(51) or to “knowledgeable employees” as defined in 1940 Act Rule 3c-5 (collectively, “Investors”). Each private Fund is managed only in accordance with its own characteristics and Investors may not impose restrictions on any investments or types of investments that would alter Seix’s investment strategy for the private Funds. In addition, Investors may not direct Seix to purchase or sell portfolio securities through any specific broker or dealer. Investors should consider whether a particular private Fund meets their investment objectives and risk tolerance prior to investing. Information about each private Fund can be found in its offering documents, including any confidential private placement memorandum.

#### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

Seix serves as subadviser to certain of the Virtus Mutual Funds, the ETF and Virtus GF SHY Fund. which offer investors a selection of fixed income and equity mutual funds and other pooled investment vehicles. When appropriate, Seix may recommend investment in these affiliated mutual funds and investment vehicles. To the extent that a Client chooses to invest all or a portion of its account in an affiliated mutual fund and investment vehicles, Seix does not charge an advisory fee on assets invested in affiliated mutual funds and investment vehicles, in addition to the advisory fees embedded in the mutual funds and investment vehicles.

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

### **A. Code of Ethics**

We endeavor to ensure that the investment management and overall business of the firm complies with both our firm and Virtus (parent) policies and applicable U.S. federal and state securities laws and



regulations. We have adopted the Virtus Code of Conduct and the Code of Ethics (the “Codes”) in accordance with Rule 204A-1 of the Investment Advisers Act of 1940, as amended. The Codes have been reasonably designed to prevent and detect possible conflicts of interest with client trades. Compliance with the Codes is a condition of employment. All of our supervised persons must acknowledge terms of the Codes, annually, or as amended. Any employee found to have engaged in improper or unlawful activity faces appropriate disciplinary action. Each employee is responsible for ensuring that they and those they manage, conduct business professionally and comply with our firm’s policies and procedures. Employees must immediately report (to their supervisor, a compliance officer or corporate legal counsel) their knowledge any wrongdoing or improper conduct. Failure to do so may result in disciplinary action being taken against that individual. Our reporting procedures are supported by a telephone number and similar on-line reporting technology available 24-hours/day to any employee to confidentially report, or request assistance concerning possible violations of the Codes and other firm policies. This technology and reporting platform is administered by an independent, third-party.

Our officers and employees are encouraged to invest in shares of investment products that we and/or our affiliates advise. Subject to limitations described herein and set forth by our Codes, our officers and/or associated personnel may buy, hold, or sell the same investments for their own accounts as are held or to be held or sold for a client account and they may engage in the following:

- Recommend that clients buy or sell securities or investment products in which we or a related person have some financial interest; and/or
- Buy or sell securities or investment products that our firm and/or our officers and associated personnel or a related person recommends to our clients.

Our Codes are designed to prevent and detect conflicts of interest in regard to the above.

None of our officers and Access or Advisory persons may buy or sell any security or any option to buy or sell such security, such that they hold or acquire any direct or indirect beneficial ownership as a result of the transaction, if they know at the time of such transaction that such a security or option is being bought, sold, or considered for purchase or sale for a client account, unless one or more of the following conditions exist:

- They have no influence or control over the transaction from which they will acquire a beneficial interest;
- The transaction is non-volitional on their part or the client’s;
- The transaction is a purchase under an automatic dividend reinvestment plan or pursuant to the exercise of rights issues, pro-rata to them and other holders of the same class of the issuer’s securities; or
- They have obtained, in advance, approval from someone authorized to grant such approval when circumstances indicate no reasonable likelihood of harm to the client or violation of applicable laws and regulations.

### *Code of Conduct*

The following highlights some of the provisions of the Virtus Code of Conduct:

- Compliance with Applicable Laws, Rules and Regulations
- Insider Trading
- Conflicts of Interest
- Corporate Opportunities
- Fair Dealing

- Protection and Proper Use of Company Assets
- Confidentiality
- Recordkeeping
- Interaction with Government Officials and Lobbying
- Contract Review and Execution
- Company Disclosures and Public Communications
- Information Protection Policies
- Human Resource Policies
- Use of Social Media
- Intellectual Property
- Designation of Compliance Officers
- Seeking Guidance About Requirement of the Code
- Reporting Violations
- Waivers, Discipline and Penalties

### *Code of Ethics*

Employees are categorized as either Supervised, Access or Advisory Persons under our Code of Ethics.

All Supervised Persons are required to comply with the following:

- Instruct their brokers to directly provide our Compliance Department with duplicate copies of brokerage statements and trade confirmations or the electronic equivalent.
- Provide Initial Holdings Reports, Quarterly Transaction Reports, and Annual Certification and Holdings Reports, which our Compliance Department reviews for trading activity.
- Conduct their personal transactions consistent with the Code of Ethics and in a manner that avoids any actual or potential conflict of interest.

In addition to the above, those employees classified as Access Persons are further required to comply with the following:

- Pre-clear all non-exempt transactions with respect to which an employee is beneficial owner in order to prevent the employee from buying or selling at the same time as the firm.
- Hold all covered securities no less than 30-days.

Employees classified as Advisory Persons are further prohibited from directly or indirectly acquiring or disposing of a security on the date of, and within seven calendar days before and after the portfolio(s) associated with that person's portfolio management activities.

Any covered employee not in observance of the above may be subject to a variety of disciplinary actions.

### *Other Related Policies and Procedures*

We have adopted the Insider Trading Policy and Procedures designed to mitigate the risks of our firm and its employees misusing and misappropriating any material non-public information that they may become aware of, either on behalf of our clients or for their own benefit. Personnel are not to divulge or act upon any material, non-public information, as defined under relevant securities laws and in our Insider Trading

Policy and Procedures. The policy applies to each of our Supervised, Access and Advisory Persons and extends to activities both within and outside their duties to our firm, including for an employee's personal account.

In addition to the above, our policies set limitations on and require reporting of gifts, entertainment, business meals, sponsorships, business building and charitable donations, whether given or received. Generally, our employees are prohibited from accepting or providing gifts or other gratuities from clients or individuals seeking to conduct business with us in excess of \$100.

Our personnel may, under certain conditions, be granted permission to serve as directors, trustees, or officers of outside organizations. Prior to doing so, approval must be provided by Compliance.

A complete copy of our Code of Conduct and/or our Code of Ethics is available by sending a written request to Seix Investment Advisors LLC Attn: Chief Compliance Officer, One Maynard Drive, Park Ridge, NJ 07656 or by emailing a request to us at: [ddillon@seixadvisors.com](mailto:ddillon@seixadvisors.com).

## **Participation or Interest in Client Transactions**

Seix and its affiliates may act as investment adviser to numerous Client accounts. Seix's employees and Seix's affiliates may invest in securities they also recommend to Clients and may give advice and take action with respect to Client accounts they manage, or for their own accounts, that may differ from action taken by Seix or its affiliates on behalf of other Client accounts. As these situations may represent a potential conflict of interest, Seix and its affiliates have adopted restrictive policies and procedures wherever deemed appropriate to detect and mitigate or prevent potential conflicts of interest. Seix and its employees are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Seix, its affiliates or their respective Access Persons, as defined under the 1940 Act and the Advisers Act, may buy or sell for their own accounts or for the accounts of any other Client. Seix is not obligated to refrain from investing in securities held by Client accounts that it manages except to the extent that such investments violate the Code of Ethics adopted by Seix, and the Virtus Mutual Funds or any other regulatory or Client-imposed restrictions or guidelines. From time to time, Seix, its officers, directors and employees may have interests in securities owned by or recommended to Seix's Clients. These include interests in bonds, mutual funds, and privately offered Funds, domestic or foreign, that may invest directly or indirectly in securities of issuers which Seix may purchase for CLO Funds, Oyster Fund, Performa, the ETF and Virtus GF SHY Fund. As these situations may represent a potential conflict of interest, Seix has adopted procedures relating to personal securities transactions and insider trading that are reasonably designed to prevent perceived or actual conflicts of interest.

In addition, the existence of intercompany arrangements, business relationships and investment practices between Seix, its parent company and affiliates creates the potential for conflicts of interest. Seix has adopted restrictive policies and procedures wherever deemed appropriate to detect and mitigate or prevent potential conflicts of interest. Known conflicts and Seix's handling of such conflicts are disclosed below.

Seix portfolio management and trading personnel may at times simultaneously purchase or sell the same investments for Seix's Clients, as well as for various non-Seix Client relationships. Restrictive policies and

procedures for information protection, Client account access, cross trading and trade allocations have been implemented. Information sharing restrictions and policies and procedures have been implemented to protect Client account information access.

It is the policy of Seix to prohibit purchases and sales of assets between accounts, except in accordance with the provisions of the governing instruments, and where not in violation of applicable law. To the extent that one Client has purchased or sold a security and another Client has conducted the opposite trade, during the normal course of business, the trade will be considered to be “in the market” if the trader has waited at least four hours to execute a trade in the opposite direction or has executed each side of the trade with a different broker. Trades executed in this manner will not be considered cross trades.

For the wrap program trading desks, the trader must wait at least two hours to execute a trade in the opposite direction or execute each side of a trade with a different broker. Should the wrap trading desks and the institutional trading desks happen to be trading the same securities in opposite directions, they will not be considered cross trades because the desks have different traders.

The cross-trading policy excludes treasury and agency trades because the liquidity in these markets is such that only a few minutes is needed to ensure that the trades have been exposed to the market.

Seix has a policy of not purchasing or recommending the purchase of securities issued by its parent company, Virtus. This policy also applies to the voting securities of a publicly held company if a director or senior officer of Virtus or its affiliates sits on the board. Restricted security information is available on request.

Certain “knowledgeable employees” (as such term is defined in Rule 3c-5 promulgated under the 1940 Act) of Seix have invested in Mountain View CLO 2013-1 Ltd. (“MV 2013”) as provided in MV 2013’s offering memorandum, have invested in Mountain View CLO 2014-1 Investor Ltd. (“MV 2014”) as provided in MV 2014’s offering memorandum and/or have invested indirectly in Mountain View CLO IX Ltd. (“MV IX”) through a Delaware limited liability company created for the knowledgeable employees. Investments in MV 2013, MV 2014 and MV IX by Seix knowledgeable employees present inherent conflicts of interest when allocating trades or investment opportunities because MV 2013, MV 2014 and MV IX are managed by certain of the knowledgeable employees side by side with certain mutual funds, the ETF, Virtus GF SHY Fund, the other CLO Funds, the Oyster Fund, Performa, and certain individually managed Client accounts. Seix has procedures in place to ensure that trades are allocated fairly among Clients, including monitoring allocations. In addition, the compensation of the knowledgeable employees who manage MV 2013, MV 2014 and MV IX are tied to the performance of all of the Funds, and individual Client accounts that they manage.

Mutual fund transactions with affiliated broker-dealers, if any, will be executed only pursuant to procedures adopted by the respective Board of Trustees of such mutual funds under the 1940 Act Rules 17e-1 and 10f-3. Cross transactions in mutual funds are executed only in accordance with 1940 Act Rule 17a-7 procedures adopted by each mutual fund’s respective Board of Trustees. Under certain conditions, and upon specific Client requests, purchases of a mutual fund portfolio may be executed through “in-kind” securities purchases in lieu of cash purchases. Each Client request and each portfolio holding is individually evaluated to determine the feasibility and acceptability under the policies and procedures of Seix and the relevant mutual fund.

For accounts where Seix may be delegated discretion pursuant to an agreement with SunTrust Bank, transactions with affiliated broker-dealers will be executed only as allowed in conformance with Section 23B of the Federal Reserve Act and other applicable laws or regulations.

To the best of its abilities, Seix reviews and monitors each individual situation to ensure that all Clients are adequately protected against conflicts of interest. With respect to voting proxies for any such companies, Seix follows the conflicts provisions described in its Proxy Voting Policy designed to eliminate or minimize any such conflict. For more information, see the Summary of Seix Investment Advisor LLC's Proxy Voting Policy below.

Seix shall maintain records under the conditions described in Rule 31a-2 under the 1940 Act and Rule 204-2 of the Advisers Act that shall be available for examination by representatives of the SEC.

## **Item 12 – Brokerage Practices**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

#### **Investment or Brokerage Discretion**

Seix generally has discretionary authority to determine, without obtaining specific Client consent, the securities and the amounts thereof to be bought or sold. Seix must adhere to Client investment guidelines, even though such guidelines may adversely affect the Client's investment returns. At a Client's request, Seix may provide non-discretionary investment management services. See Item 10, above, for a discussion of limitations on Seix's authority to buy or sell securities that may involve any related persons.

#### **Selection Criteria for Brokers and Dealers**

Seix's objective in selecting brokers and dealers and in effecting portfolio transactions is to obtain the best combination of price and execution with respect to transactions in its Clients' accounts. Loans are generally purchased and sold directly between loan counterparties in dealer markets and debt securities are also generally purchased and sold in dealer markets where there are no agency commissions. Therefore, a number of other judgmental factors must be considered, along with the best price.

Seix uses Electronic Communications Networks ("ECNs"), through which multiple brokers compete for trading opportunities, for certain types of securities. This usually results in equal or more favorable overall executions for the transactions.

Seix's Brokerage Committee meets periodically, but no less than quarterly, to review and assess all current broker-dealer relationships. In selecting among broker-dealers to execute a given transaction under Seix's discretionary authority, Seix considers, among other things, the following:

1. the broker's expertise and ability to execute the transaction at the most favorable price of the security for the Client;
2. the ability of the broker to handle large blocks/thin markets and other special trading situations;

3. the price of the security for the Client;
4. the financial strength and stability of the brokerage firm;
5. the investment research services provided by the broker; and
6. the operational abilities of the broker.

Seix evaluates the performance of the brokerage firms using the criteria specified above and other input as deemed appropriate. Performance is also reviewed relative to trading volume to help determine if best execution is being obtained. Brokers that have not been approved are blocked from Seix's trade allocation system in order to prevent trading with unauthorized brokers.

### **Trade Aggregation Policy**

Where consistent with Seix's duty to seek best execution, and subject to Client specific investment guidelines, restrictions and requirements, Seix will aggregate contemporaneous transactions for multiple clients to seek more favorable execution quality or terms, including where possible, negotiating more favorable pricing. Seix will allocate an aggregated transaction among participating Client accounts according to Seix's written trade allocation policy, which is reasonably designed to treat Clients fairly and equitably over time.

Due to market conditions, aggregated orders will not always be completely filled at one price or in total. Where an order is filled at varying prices, participating accounts will receive the average price and will be treated the same with respect to transaction costs such as assignment fees for bank loans so that all accounts receive a fair price and are otherwise treated fairly and equitably over time. Where an order is not completely filled, except as otherwise set forth below, the transaction will be allocated *pro rata* to each account's initial order, subject (in each case) to rounding or other adjustments necessary to avoid odd lots or *de minimis* holding sizes that are below required minimums or which would, in Seix's view, otherwise disadvantage a Client.

Dedicated investment disciplines and portfolios may receive all or a larger percentage of a partially filled transaction if the asset is generally the primary investment type for the account to provide all accounts a fair opportunity over time to appropriately pursue their investment mandate. For example, an account that primarily invests in bank loans ("bank loan account") could receive a relatively greater allocation of a partially filled bank loan transaction than an account that primarily invests in bonds ("bond account"). Conversely, when allocating a bond trade between a bond account and a bank loan account, the bond account could receive a relatively greater allocation of a partially filled bond transaction. Seix believes that this treatment should result in each account receiving fair and equitable opportunities to best pursue its particular investment objectives over time.

In the course of determining whether a trade should be allocated *pro rata*, Seix considers the characteristics of each potentially eligible account, including the size of the accounts and whether a trade is appropriate for relatively larger or smaller accounts, in accordance with the trade allocation policy. For example, Clients with smaller accounts, limited available cash or investment guidelines or restrictions that impact the size of an investment that can be held will, in some cases, not be able to receive allocations. This could cause the performance of smaller accounts to diverge from that of a larger account invested in the same primary strategy. In addition, as discussed below, Seix's trade allocation policy includes provisions specific to the allocation of certain type of trades, which are designed to promote fair and

equitable treatment of Clients over time in light of particular considerations associated with those opportunities and trades.

## *Bank Loans*

### *Primary Market*

Seix engages in trades to acquire bank loans in the primary (new issue) market. Seix seeks to allocate primary market purchases of bank loans among eligible clients fairly and equitably over time. Seix seeks to allocate bank loans purchased in the primary market *pro rata* in accordance with eligible Clients' account market values, subject to individual Client guidelines and restrictions (e.g., ratings or maturity limitations) and available cash. Notwithstanding the foregoing, in order to facilitate timely investment of new Client accounts and to accommodate investment of inflows for existing clients in accordance with their investment objectives, Seix can prioritize accounts that are ramping (i.e., investing a large amount of cash in a new account within certain time frames) and or have received a large cash inflow (i.e., five percent (5%) or more of account value based on current market value) in the allocation of a bank loan purchased in the primary market.

### *Secondary Market*

Bank loans can also be purchased in the secondary market. Seix's goal is to allocate secondary-market bank loans on a *pro rata* basis among eligible clients subject to specific Client account needs based upon investment guidelines and restrictions such as ratings, maturity, allowable asset types and available cash. This can result in allocations that are not *pro rata* in some cases.

### *Opportunistic Market Loan Trades*

Opportunistic market loan trades seek to profit from inefficiencies in the loan marketplace, through purchasing a loan position from a third party and selling that position to another third party over a short-term horizon including intra-day. Due to the risk level, short-term nature, relatively small size of such trades, potential multiple assignment fees and minimum dollar amount requirements under the applicable credit agreements, opportunistic market loan trades are appropriate only for a limited number of clients whose primary strategy is to invest in loans, where the eligible clients are periodically reevaluated based on the account type, investment guidelines and size of clients that primarily invest in bank loans. As a result, opportunistic market loan trades are not allocated *pro rata* among all Clients, instead allocations are to pre-identified eligible accounts and based on pre-defined trade thresholds by trade size. Opportunistic market loan trades are allocated among certain Client accounts considered eligible to receive such trades, including those Clients whose primary investment strategy is loans, according to the size of the opportunistic market loan trades; in light of the characteristics of this particular trade type, Seix believes the participation of the eligible accounts is appropriate.

## *Sales*

In all accounts, an asset may be sold if necessary or appropriate to maintain conformity with the account's investment guidelines or restrictions including portfolio tests. Sales in assets will occur if the Client withdraws cash or terminates their account. For Investment Grade accounts, Seix establishes an upside spread target and downside spread threshold for each bond, where a bond is typically sold when the spread target is achieved or the downside threshold is breached. For High Yield accounts, a position will typically be sold if Seix determines that the issuer's fundamentals have changed or if the asset reached its

predetermined performance target. Further, if the price of an asset falls 10% relative to its peers, Seix will perform a formal re-underwriting of the asset, which may result in the asset being sold.

#### *Conflicts Associated with Allocations; Monitoring*

It is Seix's goal, to the extent practical, to allocate investment opportunities to Client accounts on a fair and equitable basis over time. Allocation decisions present inherent conflicts of interest and, due to the nature of the assets Seix manages, with respect to any one trade, certain Client accounts could appear to be disadvantaged. As discussed in Item 6 above, to the extent that any accounts have performance-based fees, such as CLO Funds, Seix is incentivized to allocate trades to these accounts and Seix has policies and procedures in place to manage such conflicts, including ongoing documentation related to and monitoring of non-*pro rata* primary bank loan and bond trades; these conflicts are also discussed in Item 6. In addition, Seix will not disproportionately allocate trades in a manner inconsistent with the manager's ability to effectively and efficiently maintain or sell the position (i.e., "odd lots" or less than standard incremental amounts). The trader will, however, ensure that all accounts are treated fairly based on all distribution criteria (i.e., no Client will disproportionately receive rounded-up allocations) and that the affiliated accounts do not otherwise benefit from the inability to adequately allocate odd lots to Clients.

Seix documents the non-*pro rata* allocation determinations made with respect to primary-market bank loans and primary-market corporate bonds. Compliance will regularly monitor allocations of primary-market bonds and bank loans for consistency with the trade allocation policy.

#### *Trade Error Policy*

Seix will reimburse Clients for any direct loss resulting from the correction of a guideline breach or trade error where such is the result of an action taken by Seix. The account will keep any gains associated with corrective action. For the most part, there is no netting of multiple transactions – i.e., gains on some trades cannot be netted with losses in order to reimburse a Client for a loss. Exceptions consist of instances such as wash sale programs, Wrap Programs and the like. The gain or loss will be determined based on net proceeds paid vs. net proceeds received. It is not Seix's policy to reimburse Clients for passive breaches of investment guidelines, which are those that occur, not because of actions taken or not taken by Seix, but rather due to changes to the issuer of a security, such as delisting from an exchange or a downgrade by a rating agency, or those due to changes in market conditions, where values of securities held by a Client increase or decrease.

### **Client-Directed Brokerage Transactions**

Seix usually has discretion to select executing broker-dealers. However, Clients occasionally restrict Seix from using a particular broker or request that Seix use a specified broker or dealer to effect transactions in an account as compensation for services provided directly or indirectly by the broker to the Client.

Specifying or restricting broker-dealers may be inconsistent with obtaining best overall execution for a Client transaction. Where a Client directs or restricts the use of a particular broker-dealer, or broker-dealers, Seix may not be in a position where it can negotiate spreads or obtain volume discounts, and therefore, best price may not be achieved, which may negatively affect that Client's account performance.



In addition, Clients who direct Seix to use a particular broker-dealer or restrict Seix from using a particular broker-dealer may be prevented from participating in allocations of certain limited-availability securities and from obtaining a portion of the allocation of new offerings through any such broker-dealers who are members of the offering underwriting syndicate.

Upon written Client direction, Seix may execute trades through specified broker-dealers, but only on the Client's understanding that separating such transactions from block orders could materially and adversely affect the Client's returns. Trades from Client-directed brokerage arrangements are executed on a best efforts basis. To the extent that Seix would otherwise have included the Client's transaction in a block order, directed orders will be placed after block trades. Seix reserves the right not to use a directed broker-dealer if the Brokerage Committee deems it in the best interests of the Client. Moreover, Seix is not obligated to execute any brokerage transactions through a directed broker-dealer that is not on its authorized broker list.

Seix participates in several Wrap Programs as identified in Item 1, above. In the typical Wrap Program, the Sponsor will provide the Client trade execution, along with investment advice, accounting, investment performance measurement and administrative services, for a comprehensive fee. Notwithstanding, the fixed income Wrap Programs managed by Seix permit Seix to trade with brokers of its choice, which may be a broker affiliated with a Wrap Sponsor. However, Seix does not place trades on behalf of a Wrap Sponsor's Clients with a broker or brokers affiliated with such Wrap Sponsor. When placing trades on behalf of a Wrap Sponsor's Clients, Seix will use the broker that provides the best price and execution for such trades as long as the broker is not affiliated with the applicable Wrap Sponsor. In addition, if any Wrap Clients are subject to ERISA, trading with the Wrap Sponsor may create a potential party-in-interest transaction prohibited under ERISA. Not all Wrap Sponsors require Clients to direct brokerage.

Further, for asset-based Wrap fees which cover trades executed by a broker affiliated with the Wrap Sponsor, Wrap Clients may be charged both fees on trades executed by other non-affiliated broker-dealers, and "mark-ups" and "mark-downs" on trades executed by the broker affiliated with the Wrap Sponsor or another broker-dealer as principal, as well as odd-lot differentials, transfer taxes, handling charges, exchange fees, offering concessions and related fees for purchases of unit investment trusts, mutual funds and other public offerings of securities, and other charges imposed by law with regard to transactions in Wrap Clients accounts. Since asset-based fees may be classified by the Internal Revenue Service as an investment expense rather than a transaction charge, Clients should consult with their professional tax advisors regarding the potential impact of such classification.

Pursuant to the Wrap Program agreement, the Sponsor pays Seix an investment advisory fee, which is included in the Client's comprehensive fee. The Sponsor is generally responsible for the majority of Client communication and administrative services. Depending on the contractual relationship, Seix may or may not retain proxy-voting rights on behalf of a Wrap Program.

Seix's role in a Wrap Program is solely to provide investment management services. Trades for Wrap Clients are bunched together and sent out as an omnibus block trade to several broker-dealers in order to receive best price and execution. In order to avoid potential party-in-interest transactions for Wrap Clients who may be subject to ERISA, generally all purchases of corporate bonds for Wrap accounts are done in the morning, while Wrap accounts' sales of corporate bonds are done in the afternoon, or, if possible, done on different days.

## **“Soft Dollar” or Research/Execution Policy**

Brokerage activity is not used to pay for the costs of any third party services received including, but not limited to, investment strategies, research, news, and quotation equipment. Any and all such services are paid with “hard dollars”. Seix does receive unsolicited research from certain of the broker-dealers it trades with during the normal course of business.

## **Item 13 – Review of Accounts**

### **A. Frequency and Nature of Review of Client Accounts or Financial Plans**

#### **Account Reviews**

Accounts are assigned to Senior Client Service Professionals (“SCSPs”) based on a number of factors including location of Client, investment strategy, Client type and, special needs. The SCSP directs the relationship by organizing the resources of the client service staff to ensure that all Client relationships and portfolios are properly serviced, monitored and supervised. SCSPs are well-acquainted with the Client’s organization, philosophy, investment guidelines and objectives. CLO Funds are not subject to the account review process because they are monitored by a dedicated analyst on a regular basis.

Specific Client guidelines and restrictions are coded into compliance guideline systems upon account opening and reviewed as part of Seix’s biennial account review process (the “Review”). The Review consists of a detailed review of each Client by members of Client Service and Compliance to confirm that Seix has complete and current records and documentation for the Client’s account, including investment guidelines, investment policy statement (if applicable), investment restrictions, authorized signers’ list, etc. Accounts are reviewed continuously with the aid of the automated guideline compliance system by the SCSP at Seix to ensure that account guidelines and objectives are being followed with regard to asset allocation, individual securities owned and other Client-specific factors. In addition, external events may trigger an account review or action by the SCSP. These include, but are not limited to:

1. a change in the fundamentals or performance expectations of a security held in an account;
2. a change in investment strategy;
3. a change in the Client’s risk tolerance, income and cash needs, tax status, or any other change in the Client’s profile;
4. additions to or withdrawals from an account;
5. a meeting with a Client where its needs are reviewed and/or changed; and
6. a material market or economic change.

#### **Account Reports**

Seix’s policy is to provide quarterly reports to separately managed account Clients. Seix’s typical quarterly report includes a discussion of a topic that is pertinent to the management of the Client’s portfolio and performance commentary. In addition, there is a quarterly report booklet that includes portfolio sector

allocations, portfolio characteristics, a portfolio valuation and performance for the account, both for cumulative and calendar periods. Special reports are prepared when requested. Further, Seix will accommodate specific daily, weekly, monthly or quarterly reporting requirements requested by Clients. Investors in the MSARF, CLO Funds, Oyster Fund, Performa, and the issuers of same will receive such reports as are provided for in the respective offering memoranda/documents.

Seix may, to the best of its ability, assist Clients with corporate action filings involving class action lawsuits. Assistance is limited to mailing Clients any documentation for class action suits involving assets currently or formerly managed by Seix. Seix will forward to the Client any material received, but will not complete or file class action claims or other related class action documentation on behalf of the Client. Seix will not prepare or file proofs of claim or ballots in a bankruptcy proceeding on behalf of its Clients except in limited circumstances.

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

##### **A. Economic Benefits for Providing Services to Clients**

Not applicable

##### **B. Compensation to Non-Supervised Persons for Client Referrals**

Seix may on occasion enter into solicitation agreements with individuals, financial intermediaries or others who may or may not be affiliated with Seix. All solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act and any other law as applicable. Seix currently has solicitation arrangements with VFA and Virtus International, but currently does not have such arrangements with unaffiliated third parties. These solicitation arrangements, where applicable, require an affiliated solicitor to disclose such affiliation, and would require a third party solicitor to provide each prospective Client with a copy of Seix's Form ADV Part 2 and to disclose to the prospective Client the nature of the arrangement between the solicitor and Seix. Payment to the solicitor by Seix will not increase the general fees paid by the prospective Client.

While Seix currently does not compensate any unaffiliated third parties for client referrals, Seix may have relationship with certain consulting firms and other intermediaries. For example, Seix may, from time to time, purchase products or services, such as investment management performance data, from consulting firms. Seix may, from time to time, pay a fee for inclusion of information about the firm in databases maintained by certain unaffiliated third party data providers that in turn make such information available to their investment consultant clients. The payments and benefits described in this paragraph could give the firms receiving them and their personnel an incentive to favor Seix's investment advisory services over those of firms that do not provide the same payments and benefits.

Seix or an affiliate may from time to time pay event attendance or participation fees, underwrite charitable or industry events or provide gifts of value to, or at the request of, an organization or individual that offers or includes products or services of Seix or an affiliate in a particular program or refers or has referred a Client to Seix. All such activities will be done in compliance with applicable law and Seix's Gifts and Entertainment policy. In addition, certain third party institutions provide financial support on a

voluntary basis for educational meetings. The amount of any such support may be substantial and may vary among payors.

In addition, Seix or any of its affiliates may enter into arrangements with, and/or make payments from their own assets to, certain intermediaries to enable access to Virtus Funds on platforms made available by such intermediaries or to assist such intermediaries to upgrade existing technology systems or implement new technology systems or programs in order to improve the methods through which the intermediary provides services to Seix and its affiliates and/or their clients. Such arrangements or payments may establish contractual obligations on the part of such intermediary to provide Seix's or an affiliate's fund clients with certain exclusive or preferred access to the use of the subject technology or programs or preferable placement on platforms operated by such intermediary. The services, arrangements and payments described in this paragraph present conflicts of interest because they provide incentives for intermediaries, customers or clients of intermediaries, or such customers' or clients' service providers to recommend, or otherwise make available, Seix's or its affiliates' strategies or Virtus Funds to their clients in order to receive or continue to benefit from these arrangements from Seix or its affiliates. The provision of these services, arrangements and payments described above by Seix or its affiliates is only to the extent permitted by applicable law and guidance and is not dependent on the amount of Virtus Funds or strategies sold or recommended by such intermediaries, customers or clients of intermediaries, or such customers' or clients' service providers.

## **Item 15 – Custody**

Seix does not have physical custody of either Client funds or securities. Clients receive account statements directly from their broker-dealers or custodians. Clients should carefully review the accounts statements from their broker-dealers or custodians. Clients should compare the account reports they receive from Seix with the account statements from their broker-dealers or custodians.

Though Seix does not provide custodial services to Clients, under the SEC's Custody Rule, Seix is deemed to have custody due to the fact that Seix can inform the custodian to remit investment advisory fees directly to Seix.

Seix may also be deemed to have custody of the assets and securities of the MSARF because Seix is the sole member of the general partner of the MSARF, which is a limited partnership. Seix does not have physical custody of the assets of the MSARF and the MSARF's assets are held by an unaffiliated third party custodian.

## **Item 16 – Investment Discretion**

Seix accepts discretionary authority from the Client at the outset of an advisory relationship to manage assets in the Client's account. In all cases, however, such discretion is exercised observing investment limitations and restrictions that are outlined in each Client's investment advisory agreement or

investment policy guidelines. A Client can place reasonable restrictions on Seix's investment discretion. The most common restrictions are social restrictions or those that prohibit us from buying specific companies. Investment guidelines and restrictions must be provided to Seix in writing. Such restrictions may impact performance.

For registered investment companies, Seix's authority to trade securities may also be limited by certain federal securities and tax laws.

See Item 4 for additional information about discretionary and non-discretionary services.

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

Seix will accept proxy voting responsibility at the request of a Client. Once Seix accepts proxy voting responsibility, generally a Client will be allowed to request to vote its proxies on a particular solicitation and Seix will (if operationally possible) attempt to comply with the request. Where Seix is responsible to vote proxies for a Client, Seix has a Proxy Committee ("Proxy Committee") and is responsible for establishing policies and procedures designed to enable Seix to ethically and effectively discharge its fiduciary obligation to vote all applicable proxies on behalf of all discretionary Client accounts and funds. Annually (or more often as needed), the Proxy Committee will review, reaffirm and/or amend guidelines, strategies and proxy policies for all domestic and international Client accounts, Funds and product lines.

Seix's policy is to vote all shares per the Seix Proxy Policy unless the Client chooses a custom policy. In the case that a ballot item is not covered under the policy or is coded as case-by-case in the Firm's policy, a research analyst or portfolio manager will review the available information and along with his/her knowledge of the company, will make a vote recommendation to the Proxy Committee. The Proxy Committee members consider the information and recommendation and vote on that ballot item. As reflected in the Seix Proxy Policy, the Proxy Committee will affirmatively vote proxies for proposals that it interprets are deemed to be in the best economic interest of its Clients as shareholders and beneficiaries to those actions.

Due to its diversified Client base, numerous product lines and affiliations, the Proxy Committee may determine a potential conflict exists in connection with a proxy vote based on the SEC guidelines. In such instances, the Proxy Committee will review the potential conflict to determine if it is material.

Examples of material conflicts of interest which may arise could include those where the shares to be voted involve:

1. An issuer having substantial and numerous banking, investment, or other financial relationships with Seix; and
2. A senior officer of Seix serving on the board of a publicly held company.

Although the Firm utilizes a pre-determined proxy voting policy, occasions may arise in which a conflict of interest could be deemed to be material. In this case, the Proxy Committee will determine the most fair and reasonable procedure to be followed in order to properly address all conflict concerns. The Proxy Committee may retain an independent fiduciary to vote the securities.

Although the Firm does its best to alleviate or diffuse known conflicts, there is no guarantee that all situations have been or will be mitigated through Proxy Policy incorporation.

The Firm utilizes the services of Institutional Shareholder Services, as its agent to provide certain administrative, clerical functional recordkeeping and support services related to the Firm's proxy voting processes/procedures, which include, but are not limited to:

1. The collection and coordination of proxy material from each custodian for each Seix Client's account(s);
2. The facilitation of the mechanical act of proxy voting, reconciliation, and disclosure for each Seix Client's accounts(s), in accordance with Seix's Proxy Policies and the Proxy Committee's direction; and
3. Required recordkeeping and voting record retention of all Seix proxy voting on behalf of Seix Clients.

Clients may view the Seix Proxy Policy at <http://www.seixadvisors.com/legal-privacy-policy#proxy-voting-policies>

To obtain a copy of the complete proxy voting policies and procedures, or information about how Seix voted your proxies, please contact: the Chief Compliance Officer at Seix Investment Advisors LLC, One Maynard Drive, Suite 3200, Park Ridge, NJ 07656; or via telephone at (201) 391-0300 for further information, questions and/or concerns regarding Seix's Proxy Policy; or to receive a complete copy of the Policy.

#### **Virtus Mutual Funds shareholders:**

Although another investment advisor may sub-advise some or all of these funds, all proxy votes are conducted by the Funds' Adviser, VFA. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ending June 30 will be available free of charge by calling, toll-free, 888-784-3863, or on the SEC's Web site at [www.sec.gov](http://www.sec.gov).

#### **Litigation, Class Actions and Bankruptcies**

None

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

Seix has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.