



PNC Capital Advisors, LLC  
Form ADV Part 2A  
Firm Brochure

March 27, 2020

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This brochure provides information about the qualifications and business practices of PNC Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (410) 237-5309. 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. Investment adviser registration does not imply any certain level of skill or training.

Additional information about PNC Capital Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This brochure dated March 27, 2020 (“Brochure”) reflects the following material change since the firm’s last annual updating amendment dated March 29, 2019:

- The firm exited the business related to three of its investments teams (Select Equity, Structured Equity, and International Equity) through a strategic transaction;
- The firm also transitioned two of its investment teams (Advantage Equity and Municipal Fixed Income) to its affiliate, PNC Bank, N.A.;
- As a result, the firm is focused solely on providing fixed income solutions; and,
- The risk section was updated to include additional risks related to our investment strategies.

**Item 3.**

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## Item 4. Advisory Business

### The Company

PNC Capital Advisors, LLC (“PCA” or the “firm”) is a wholly-owned direct subsidiary of PNC Bank, National Association (“PNC Bank”). PNC Bank is a wholly-owned subsidiary of The PNC Financial Services Group, Inc. (“PNC”), a financial holding company.

### Investment Services

PCA provides taxable fixed income discretionary investment advisory services primarily to institutional accounts.

### Investment Strategies

PCA offers the following strategies:

- Enhanced Cash
- Short Term Income
- Ultra Short
- Short Duration 1-3 Year
- Short Duration 1-5 Year
- Intermediate Aggregate
- Intermediate Government/Credit
- Core
- Core Plus
- High Yield
- Insurance
- Liability Hedging

PCA also provides custom fixed income management capabilities, based upon client specific investment policies, permissible investments, and other portfolio management parameters.

(You can find more information about our investment strategies in Item 8 below).

### Non-Discretionary Advisory Services

While the primary business of PCA is providing continuous, discretionary advisory services, PCA may also provide non-discretionary advisory services to clients, including affiliates. In such cases PCA provides services which may include investment research and recommendations regarding the purchase and sale of individual securities or overall portfolio construction.

### Assets Under Management

As of December 31, 2019, PCA had \$23.9 billion in regulatory assets under management, all of which is discretionary.

## Item 5. Fees & Compensation

The fees that we charge for investment advisory services are specified in the agreements between PCA and each of its advisory clients. Generally, fees are based on a standard fee schedule according to the investment discipline selected (a description of the investment strategies available are set out in Item 8 below). Account fees may be negotiated on a case-by-case basis based on various factors, including, but not limited to, potential growth, account size, and services rendered.

Taxable Fixed Income Strategies		
Strategy	Breakpoints	Fee
Enhanced Cash Short Term Income	All Assets	0.15%
Ultra Short	Initial \$15 million	0.20%
	Balance	0.15%
Short Duration 1-3 Year Short Duration 1-5 Year	Initial \$15 million	0.25%
	Next \$35 million	0.20%
	Balance	0.15%
Core Fixed Income Intermediate Aggregate Fixed Income Intermediate Government/Credit Fixed Income	Initial \$15 million	0.35%
	Next \$35 million	0.30%
	Next \$50 million	0.25%
	Next \$100 million	0.20%
	Balance	0.15%
Insurance Liability Hedging	Initial \$15 million	0.35%
	Next \$35 million	0.30%
	Next \$50 million	0.25%
	Next \$100 million	0.20%
	Balance	0.15%
Core Plus Fixed Income	Initial \$50 million	0.35%
	Next \$50 million	0.25%
	Next \$100 million	0.20%
	Balance	0.15%
High Yield Fixed Income	Initial \$50 million	0.50%
	Next \$50 million	0.40%
	Balance	0.35%

In addition to the investment styles listed above, PCA provides custom management services. Pricing is based upon the nature of such services as determined by each client's specific investment policies, permissible investments, and other portfolio management parameters.

As a result of mergers or acquisitions, PCA also manages certain accounts on pre-existing legacy fee schedules that are different from those described above.

PCA may serve as sub-adviser to affiliates or third-parties. When PCA serves as a sub-adviser, the primary adviser compensates us directly for advisory services in an amount determined according to the agreement between the primary adviser and PCA. Generally, fees paid to the primary adviser by its clients are governed by an agreement between such clients and the primary adviser.

#### Fee Payment Options

Clients of PCA pay for our services by various methods, including:

- **Direct debiting:** If a client chooses this option, for each billing period, the client's custodian will be notified of the amount of the management fee due and payable to PCA based on our fee schedule and contract. The custodian will deduct the fee from the account(s) or, if the client has more than one account, from the account designated to pay our advisory fees. The custodian does not validate or check our fee or its calculation on the assets on which the fee is based.

If clients choose this method, generally they must provide written authorization to the custodian permitting our management fee to be paid directly from the account(s). Clients should ensure that they are receiving a periodic statement directly from their custodian that shows all transactions, positions and credits/debits into or from their account(s), including the advisory fee paid by the client to us.

- **Client Invoicing:** For each billing period, PCA will send the client an invoice for our services. The invoice will show the amount of the fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated. Clients may pay us by check or wire transfer upon receipt of the invoice.

#### Other Fees or Expenses

Client accounts incur expenses in addition to the fees paid to PCA, such as: transaction fees; custodial fees (including any applicable sub-custodian or depository fees); exchange or similar fees; dealer spreads, mark-ups or other charges by executing broker-dealers; transfer taxes; wire transfer or other transfer fees; and other fees and taxes assessed to brokerage accounts and securities transactions. Clients will bear all such transaction and transfer related fees, taxes, or expenses, which are typically charged directly to the account or reflected in the price paid or received for a particular security.

Mutual funds, exchange traded funds (“ETFs”) and other pooled investment vehicles charge internal management fees and other fees, which are disclosed in a fund’s or other pooled vehicle’s prospectus, offering documents and/or financial filings. Such fees are borne by all investors in the funds or vehicles. We may invest client assets in mutual funds or other pooled investment vehicles including those managed by our affiliates (referred to as an “Affiliated Fund”). When we invest clients’ assets in Affiliated Funds, our affiliate will receive internal fund fees paid by the funds and vehicles, and we may also collect fees to the extent permitted by applicable law and if consistent with the client’s contract.

#### Termination of Advisory Services

Generally, a client may terminate an investment management agreement upon 30 days written notice unless otherwise mutually agreed upon. If an agreement is terminated, fees are prorated based on the date of termination.

#### Additional Compensation

Neither PCA nor its employees accept compensation from third parties, including asset-based sales charges or service fees, for the sale of securities or other investment products.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

PCA does not charge performance-based advisory fees or engage in side-by-side management.

### **Item 7. Types of Clients**

PCA provides investment management services primarily to institutional investors, private investment funds, charitable institutions, foundations, municipalities, endowment funds, corporations, public pension funds, corporate pension and profit-sharing plans and Taft-Hartley plans.

#### Account Minimums

PCA generally requires a minimum account size of at least \$10 million in assets. Short Term Income and Cash Management portfolios generally require a minimum of \$20 million in assets.

PCA may, on a case-by-case basis, negotiate minimum account sizes based on various factors, including but not limited to potential growth, account size, and services rendered. Minimum account sizes vary, depending primarily on the investment style and other factors.

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

PCA believes its disciplined, risk-focused approach helps enable consistent client outcomes while allowing for flexibility across mandates to address client-specific objectives. The three key components of PCA's approach to asset management are: (1) client-centered orientation, (2) risk focus, and an (3) integrated team approach.

### Strategies Offered

- **The Enhanced Cash strategy** seeks liquidity, capital preservation, and current income. The strategy typically invests in obligations issued or guaranteed by the U.S. government or its agencies, cash equivalents, and/or short-term corporate obligations.
- **The Short Term Income strategy** seeks capital preservation, liquidity, and income in excess of money market funds. The strategy typically invests in commercial paper, floating-rate and fixed-rate short-term corporate bonds, as well as AAA-rated asset-backed securities.
- **The Ultra Short Bond strategy** seeks income stability, capital preservation, and liquidity, with a goal of delivering superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, commercial paper, AAA-rated asset-backed securities, and U.S. Treasury bonds.
- **The Short Duration 1-3 Year strategy** seeks income stability, capital preservation, and liquidity, with a goal of delivering superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds.
- **The Short Duration 1-5 Year strategy** seeks income stability, capital preservation, and liquidity, with a goal of delivering superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds.
- **The Core Bond strategy** seeks to provide stable income and deliver superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds.
- **The Intermediate Aggregate strategy** seeks to provide stable income and deliver superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds.



- **The Intermediate Government/Credit strategy** seeks to provide stable income and deliver superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds.
- **The Insurance strategy** seeks to provide stable income and deliver superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds.
- **The Liability Hedging strategy** seeks to minimize the variability between the duration profile of the hedged portfolio and a pension plan's liability. The strategy typically invests in investment-grade corporate bonds and U.S. Treasury bonds.
- **The Core Plus strategy** seeks to provide stable income and deliver superior risk-adjusted returns versus the benchmark. The strategy typically invests in investment-grade corporate bonds, mortgage-backed securities, AAA-rated asset-backed securities, and U.S. Treasury bonds. For additional yield and total return potential, the strategy may invest up to 15% of the portfolio in high-yield securities.
- **The High Yield strategy** seeks to provide higher income and deliver superior risk-adjusted returns versus the benchmark. The strategy typically invests in below investment-grade corporate bonds.

We also provide custom fixed income management capabilities, based upon a client's specific investment policies, permissible investments, and other portfolio management parameters.

#### Cash Management Capabilities

PCA will work with clients with cash management needs to customize a separately managed portfolio based specifically on the client's tax structure, liquidity needs and cash flows, investment policy, business strategy and risk tolerance.

## **Risk Management**

Risk is an inevitable component of investments. At the same time, so-called "riskless" investments typically do not garner attractive returns over longer investment horizons so controlling risks is a significant responsibility of any investment manager.

Risk management is a cornerstone of our investment process and is integrated throughout the portfolio management process. Risk profiles are monitored routinely by our portfolio

management team, aided by quantitative portfolio metrics linked to the respective benchmark.

## Coronavirus Outbreak Risks

The recent global outbreak of the 2019 novel coronavirus (“COVID-19”), together with resulting voluntary and governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak could affect PCA’s ability to perform advisory services consistent with normal operations.

## Risks Relating to Investments in Taxable Fixed Income Securities

While risk is an inevitable component of investments, in particular, with regard to fixed income investing, risk is asymmetric. Bond prices normally will not have the potential to double or triple in price, as do stocks, but they can certainly fall in price dramatically. This results in limited upside potential and significant downside risk. Therefore, an integral component of the firm’s fixed income investment philosophy lies in risk management and risk analysis.

The primary risks in taxable fixed income investment strategies are:

**Interest Rate Risk** - Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases.

**Investment Selection Risk** - Judgments about the attractiveness, value and potential appreciation of a particular sector or security may prove to be incorrect and there is no guarantee that individual securities will perform as anticipated.

**Credit Risk** - There is a possibility that the issuer of a security, or counterparty, will not be able to make payments of interest and principal when due. The value of an investment may decline if its issuer or the associated counterparty defaults or if its credit quality deteriorates.

**Government Securities Risk** - Some strategies invest in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as securities issued by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“FNMA”), the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and Federal Home Loan Banks (“FHLBs”)). Unlike GNMA securities, securities issued or guaranteed by U.S. government related organizations such as FNMA, Freddie Mac and FHLBs are not

backed by the full faith and credit of the U.S. government and have no assurance that the U.S. government would provide ongoing or future financial support.

**Prepayment/Extension Risk** - The individual mortgages underlying mortgage-backed securities may be paid off earlier or later than anticipated, which makes it difficult to determine their actual maturity and therefore calculate how they will respond to changes in interest rates. Portfolios may have to reinvest prepaid amounts at lower interest rates. Alternatively, mortgage-backed securities may not pay as quickly as anticipated and therefore may have a longer maturity profile than originally expected. This risk of principal prepayment is an additional risk of mortgage-backed securities.

**Market Risk** - Debt security prices fluctuate with market conditions and prices may fall.

**High Yield Bond Risk** - Debt securities that are rated below investment grade involve a greater risk of default or price declines than investment grade securities. The market for high-yield, lower rated securities may be thinner and less active, causing market price volatility and limited liquidity in the secondary market. This may limit the ability to sell these securities at their fair market values either to meet redemption requests, or in response to changes in the economy or financial markets.

**LIBOR Discontinuation Risk** - The London Inter-Bank Offered Rate (LIBOR) is used as a reference rate for loans and other instruments, which means it is the base on which relevant interest rates are determined. The U.K. Financial Conduct Authority, which regulates the process for setting LIBOR, has announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. While we expect LIBOR to continue to be available in substantially its current form until the end of 2021 or shortly before that, it is possible that LIBOR quotes will become unavailable prior to that point. The elimination of LIBOR may adversely affect the interest rates on and value or liquidity of investments we make on behalf of clients. There are ongoing efforts to establish alternative reference rates to replace LIBOR, however it is unclear if an alternative rate will achieve wide acceptance. At present, the Secured Overnight Financing Rate (SOFR) is considered the most likely alternative reference rate to replace LIBOR for most transactions. SOFR is derived from rates on overnight US Treasury repurchase transactions and does not reflect credit risk as the underlying transactions are secured by U.S. Treasury securities. In contrast, LIBOR is designed to reflect the credit risk of banks. SOFR or another riskless rate may behave differently in various economic, credit, or market conditions compared to LIBOR. The effect of any changes to or discontinuation of LIBOR on a client account will vary depending on (1) to what extent you hold investments that reference LIBOR, (2) the terms for how these existing investments transition to an alternate reference rate, (3) whether, how, and when industry participants develop and widely adopt a new reference rate for both legacy and new securities, and (4) the composition, characteristics, and behavior of newly adopted reference rate.

**Inflation-protected Debt Securities Risk.** Inflation-protected debt securities are structured to provide protection against the negative effects of inflation. Inflation is a general rise in the prices of goods and services which can erode an investor's purchasing power. Unlike traditional debt securities whose return is based on the payment of interest on a fixed principal amount, the principal value of inflation-protected debt securities is periodically adjusted according to the rate of inflation and as a result, interest payments will vary. For example, if there is deflation, the amount of interest payable on such security will consequently be reduced. Conversely, if the index measuring the rate of inflation rises, the principal value on such securities will rise and the amount of interest payable will also increase. The value of inflation-protected debt securities is expected to change in response to changes in real interest rates. Generally, the value of an inflation-protected debt security will fall when real interest rates rise and inversely, rise when real interest rates fall.

**Liquidity Risk.** This risk generally relates to the degree to which an investment can be easily sold or converted into cash. There is a risk that a security cannot be sold at the time desired, or cannot be sold without adversely affecting the price. Certain securities may attract less interest and/or fewer buyers and sellers (that is, be less liquid) and their prices may be more volatile than other securities. In addition, the differing securities market structures and various potential administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends, may reduce liquidity and adversely affect the value of some securities.

**Yield Curve Risk.** Yield curve risk refers to the exposure that a security or portfolio may have in the event of changes in the yield differences required by investors between short and long term debt instruments, (i.e. the yield curve) that will affect the return of an investment either positively or negatively.

## **Item 9. Disciplinary History**

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

## **Item 10. Other Financial Industry Activities & Affiliations**

### Broker-Dealer Registrations

PCA is not registered nor does it have an application pending to register as a broker-dealer. Certain PCA personnel are registered representatives of PNC Capital Markets, LLC ("PNC Capital Markets"), an affiliated broker-dealer.

### Arrangements with Affiliates

PCA is part of a financial services organization and is therefore affiliated with other entities engaged in a variety of financial services businesses that may be independently retained by PCA's clients for various services. In some cases, PCA may have certain directors/trustees, officers and supervised persons in common with its affiliates. In some cases, the firm has business arrangements with its affiliates that are material to its advisory business or to its clients. In certain circumstances, PCA may have an incentive to operate in a manner that will benefit the organization as a whole, even potentially, to the detriment of our clients; however, we have adopted procedures that we believe are reasonably designed to mitigate these conflicts.

The following entities are affiliated with PCA through its parent, PNC:

#### *PNC Investments, LLC*

PNC Investments, LLC ("PNC Investments"), a wholly owned subsidiary of PNC Bank, is a registered broker-dealer and investment adviser which provides full service brokerage and wrap fee programs to its clients. PCA does not execute client transactions through PNC Investments or participate as an investment manager in PNC Investments-sponsored wrap fee programs.

#### *PNC Realty Investors, Inc.*

PNC Realty Investors, Inc. ("PRI") an indirect, wholly owned subsidiary of PNC provides investment supervisory services to institutional investors in connection with investments in commercial real estate throughout the United States. PCA and PRI share certain management personnel.

#### *PNC Capital Markets, LLC*

PNC Capital Markets, an indirect, wholly owned subsidiary of PNC, offers loan syndication, public finance underwriting and advisory services, securities underwriting and trading, private placements, asset securitizations and merger and acquisition advisory services. PNC Capital Markets and PCA share certain sales personnel - certain PCA employees maintain their broker-dealer registration with PNC Capital Markets.

If permitted by a client's investment objectives, and subject to compliance with applicable law, regulations and exemptions, PCA may purchase securities for client accounts during an underwriting or other offering of such securities in which PNC Capital Markets acts as a manager, co-manager, underwriter, placement agent, or in another similar capacity. PNC Capital Markets may receive a benefit in the form of management, underwriting or other fees. PNC Capital Markets may also act in other capacities in such offerings and may receive a fee, compensation, or other benefit for such services.

#### *BlackRock Inc.*

BlackRock, Inc. is a publicly traded financial company. At December 31, 2019, PNC held 21.5% of BlackRock's voting common stock and 21.9% of BlackRock's capital stock, which includes outstanding common and non-voting preferred stock.

If permitted by a client's investment objectives, and subject to compliance with applicable law, regulations and exemptions, PCA may purchase securities for client accounts during an underwriting or other offering of such securities in which BlackRock subsidiaries act as a manager, co-manager, underwriter, placement agent, or in another similar capacity. BlackRock subsidiaries may receive a benefit in the form of management, underwriting or other fees. BlackRock subsidiaries may also act in other capacities in such offerings and the affiliate may receive a fee, compensation, or other benefit for such services.

#### *PNC Bank, National Association*

PNC Bank, a member of the Federal Deposit Insurance Corporation, is a full service bank engaged in traditional lending, cash and/or treasury management and other services. PCA is a wholly owned subsidiary of PNC Bank. In addition to having certain directors/trustees, officers and supervised persons in common, PCA's Chief Investment Officer reports directly to the Chief Investment Officer for PNC Bank.

PNC Bank has retained PCA to provide investment advisory services pursuant to a sub-advisory agreement. PCA has entered into a separate agreement with PNC Bank to provide and receive certain investment research. PCA has retained PNC Bank to provide various middle and back office administrative, support, and operations functions in support of PCA's advisory business.

PCA's clients may retain PNC Bank to serve as a custodian for client assets. In this role, PNC Bank may value securities or assets in client accounts differently than PCA as a result of different valuation techniques or access to different information regarding the value of such assets. There is a conflict of interest in the valuation of securities by an investment adviser because increasing the value of the client accounts will improve the performance record and the fees payable to PCA. PCA addresses this conflict through a policy to value securities fairly, which is supported by data from an independent pricing service and a PCA committee that is responsible for overseeing the fair valuation of client securities.

In addition, PCA's clients may also retain PNC Bank to provide various financial services, including trust and fiduciary services.

#### Investment Decisions; Information Access

PCA is committed to acting in the best interests of our clients, however, in some situations there may be conflict of interest between the firm's interests and a client's interests or there may be conflicts in the interests of multiple clients. Many of these conflicts of interest are inherent in operating an investment advisory business. For example, PCA may have an incentive to resolve a matter in favor of clients that are affiliates of the firm over clients that are not affiliates of the firm. PCA has adopted policies and procedures that it believes are reasonably designed to help mitigate these conflicts of interest.

Affiliates of PCA may provide advice to their clients with respect to investment strategies that are similar to or the same as strategies offered by PCA. These affiliates may purchase on behalf of their clients the same securities that PCA may purchase for our clients. As a result, the interests of PCA's clients may conflict with the interests of the clients of these affiliates. For example, if an affiliate implements a portfolio management decision for its

client ahead of, or contemporaneously with, a decision PCA makes for its client(s), the market impact of the decision made by the affiliate could result in one or more of PCA's clients receiving less favorable trading results than they otherwise would. PCA's trade allocation and trade aggregation procedures do not apply to portfolio management decisions and trading executed by affiliates on behalf of such affiliates' clients that are not clients of PCA.

Furthermore, certain bank and other regulatory requirements, applicable to PCA, PNC Bank and certain of its affiliates, including BlackRock, may impact its investment process and parameters, potentially including restrictions on investment in certain securities.

As part of a financial services organization with affiliates engaged in a variety of financial services businesses, PCA's affiliates will have access to information that is confidential, sensitive, or otherwise may be useful to PCA in performing its investment management services, potentially including material, non-public information ("MNPI"), and which may create conflicts of interest. PCA generally will not have access to any such information and will not manage client accounts with the benefit of information held by its affiliates. PCA has policies it believes are reasonably designed to prevent the misuse of MNPI that it may obtain, protect client information, and mitigate conflicts of interest that may arise.

#### Mutual Funds

Mutual funds, ETFs and other pooled investment vehicles charge internal management fees and other fees, which are disclosed in a fund's or other pooled vehicle's prospectus, offering documents and/or financial filings. Such fees are borne by all investors in the funds or vehicles. We may invest client assets in mutual funds, ETFs or other pooled investment vehicles. When we invest clients' assets in Affiliated Funds, our affiliate will receive internal fund fees paid by the funds and vehicles, and we may also collect our account-level advisory fees to the extent permitted by applicable law and if consistent with the client's contract.

#### Other Financial Industry Affiliations

PCA, its ultimate parent PNC, and several of its affiliates may from time to time enter into significant financial and business relationships with unaffiliated financial institutions because these financial institutions purchase products and/or services from the firm and/or its affiliates. When a financial institution is a client, it could be perceived as presenting a conflict of interest for the firm. However, in reality, whether a financial institution is a client is not a factor considered in determining whether or not to recommend that financial institution's advisory service and/or investment products to clients, or to invest in securities issued, sponsored or underwritten by that financial institution. Note that PCA provides its discretionary investment advisory services consistent with applicable law, and the firm follows procedures that we believe are reasonably designed to treat clients fairly.

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

### Code of Ethics & Personal Trading

PCA has adopted a Code of Ethics which consists of certain general principles, including: (i) advisory personnel must place client interests before their own, (ii) the personal securities transactions of personnel must avoid even the appearance of a conflict with client interests and (iii) personnel must avoid actions or activities that allow, or appear to allow, them to profit or benefit from their position with respect to clients, or that would otherwise bring into question their independence or judgment. In addition, the Code of Ethics includes provisions relating to the reporting of personal securities holdings and trading activity. All personnel must acknowledge the terms of the Code of Ethics annually. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

PCA personnel are also subject to PNC's Employee Conduct Policies which cover matters including compliance with law, conflicts of interest, insider trading, outside activities, and safeguarding confidential information.

### Participation in Client Transactions

While PCA will generally not purchase securities from, or sell securities to, its affiliates on behalf of client accounts, if PCA were to purchase securities from, or sell securities to, its affiliates, the affiliated broker-dealer would receive compensation for such transactions where permitted by applicable law. PCA may participate in transactions where an affiliate is part of an underwriting syndicate.

Generally, PCA does not act as principal or broker with respect to transactions effected on behalf of its clients. PCA may, however, engage in cross transactions for its clients' accounts. In such transactions, PCA (not acting as a broker) trades securities between client accounts as permitted by the Investment Advisers Act of 1940 ("Advisers Act").

PCA may, when appropriate, invest or recommend that clients invest in shares of Affiliated Funds.

PCA, its personnel and its affiliates may buy or sell securities that PCA recommends to its clients. PCA has adopted a Code of Ethics and procedures regarding personal securities trading for its personnel, each of which are reasonably designed to avoid conflicts that may arise in that context. Those personnel identified as "access persons" under the Code of Ethics are required to receive approval before trading in certain securities. In order to prevent access persons from personally benefiting from investment recommendations that are under consideration for, or which have been made for PCA's clients, approval will generally not be granted to trade if the security is then being or has been recently traded by PCA, subject to certain exceptions as provided in the Code of Ethics. To help enforce the preclearance requirement, personnel are generally required to hold securities accounts with approved broker-dealers that provide electronic transmission of securities transactions and holdings.



## **Item 12. Brokerage Practices**

### **Broker Selection & Best Execution**

In executing portfolio transactions and selecting brokers or dealers, PCA seeks the best overall terms available on behalf of a client's account. In assessing the best overall terms available for any transaction, PCA considers the full range and quality of a broker's services including execution capability, trading expertise, accuracy of execution, research, reputation and integrity, fairness in resolving disputes, financial responsibility and responsiveness. The firm utilizes analytic software to analyze transaction costs. The software enables the firm to assess a variety of factors such as liquidity, bid ask spread, volatility, and market impact.

As part of its internal governance structure, PCA has a committee responsible for overseeing and approving the selection of brokers and dealers and to assist with the monitoring of best execution.

### **Directed Brokerage, Aggregated Trades & Trade Rotation**

While the firm has no directed brokerage arrangements in place, clients may request PCA to direct all trades, or a predetermined percentage of trades, in their advisory accounts to particular broker-dealers. PCA reserves the right to not accept accounts requiring directed brokerage arrangements. In the event that we do accommodate a request to direct brokerage for a percentage of trades in a client's account, our standard operating procedure is to place the requested percentage of directed trades with an executing broker on our approved broker list with instructions to complete such trades through the client-directed broker.

When a client has given us full investment discretion, PCA generally has authority to select brokers for the client's accounts. Trades in discretionary accounts are aggregated together to the extent practical. Conversely, for directed brokerage accounts, because PCA does not have authority to freely direct trades, we may not be able to aggregate orders, or may only be able to aggregate a portion of a particular order, for such accounts. In some circumstances, the non-aggregated portion of a trade for a directed brokerage account may take place after other accounts that do not require a trade to be directed to a particular broker. Directed brokerage clients may pay higher brokerage commissions to (or may otherwise receive less favorable execution from) their selected broker-dealer than clients with non-directed accounts.

Our investment team seeks to purchase securities in quantities sufficient to fill target allocations for each account of a particular investment style based on each account's needs. If the quantity needed is unavailable to fill the target, the investment team may select other securities that have the same or substantially similar risk and return characteristics, such as rating, sector, credit quality, duration and maturity, to fulfill the target allocations.

PCA may from time to time choose to alter, or choose not to engage in the above described arrangements to varying degrees, without notice to clients, to the extent permitted by applicable law and the applicable client agreement.

### Trade Errors

It is the policy of PCA that trade errors be identified and resolved promptly, and resolved in a manner consistent with PCA's fiduciary duty to its clients. As such, the primary goal in trade error resolution is to seek to place the client in the same net position that the client would have been in had the error not occurred.

PCA considers trade errors to include: (i) purchasing securities in an account where such securities are not permitted by investment guidelines or otherwise; (ii) purchasing or selling the wrong securities for a client account; (iii) purchasing or selling securities for the wrong client account; (iv) allocating the wrong number of securities to a client account; (v) failing to purchase or sell securities as intended for a particular client account; or, (vi) unreasonably delaying the investment of client assets. The following types of errors shall not constitute a trade error: (i) a good faith error in judgment in making an investment decision on behalf of a client; (ii) an error that is caught and corrected before execution; or, (iii) a ticket rewrite or similar mistake that incorrectly describes a properly executed trade. These examples are not an exhaustive list of what does, or does not, constitute a trade error.

There is no single method of calculating gains, losses or compensation due as a result of a trade error. The determination of which method is most appropriate is highly dependent on the facts and circumstances of an error. PCA will determine the most appropriate calculation methodology on a case-by-case basis in light of the specific facts and circumstances of each trade error. Compensation due may include: (i) payment for losses on positions; (ii) payment of interest for loss of use of funds; (iii) payment for transaction costs incurred as a result of a trade error; or (iv) any other amount that PCA believes puts the client in the same position that the client would have been had the trade error not occurred. PCA will not, however, seek to reimburse clients in connection with a trade error where the amount of the error results in a de minimis impact to the client's (\$25 or less). PCA seeks to avoid the reimbursement of a de minimis error in order to avoid the unintended consequence of having a client incurring a net loss after reimbursement due to fees associated with such reimbursement (e.g., bank fees).

PCA will notify clients of trade errors only if PCA concludes that the error warrants client notification unless the client has requested PCA to notify the client of all trade errors.

### **Item 13. Review of Accounts**

We review our client accounts on an ongoing basis. The process generally includes a review of specific securities held, the asset mix of the portfolio, the availability of cash for investment, the performance of the portfolio, and major market and economic developments and their effect on the portfolio. Portfolios are reviewed for compliance with client imposed restrictions and investment guidelines as well as strategy guidelines. Portfolio managers and their research teams meet regularly to discuss market developments and economic outlooks, and review individual securities and credit ratings, if applicable. PCA regularly reviews the performance of client portfolios to determine whether accounts are being managed consistently within each investment strategy.

Our Client Service team meets with our clients at least quarterly and provides them with written reviews of their accounts.

As part of its internal governance structure, PCA has a committee responsible for overseeing the review of client accounts.

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

While the firm has no solicitation agreements in place, PCA may enter into written agreements with affiliated and third party solicitors to refer potential clients to PCA as permitted by applicable laws. A potential client referred to PCA by a solicitor who becomes a client of PCA will not pay higher investment management fees as a result of the referral.

## **Item 15. Custody**

PCA does not maintain physical custody or any client assets or provide custodial services to its clients. However, PCA may be deemed to have custody in certain circumstances pursuant to Advisers Act Rule 206(4)-2 such as when PNC Bank has custody of client funds or securities or when PCA has the authority to instruct the custodian to deduct PCA's advisory fees from the account. Client funds and securities are held with banks or registered broker-dealers that are "qualified custodians". These may include PNC Bank, other affiliates of PCA, or unaffiliated third parties. PCA undergoes an annual surprise examination by an independent public accountant for any accounts where PCA or an affiliate is deemed to have custody of client assets.

Clients should receive at least quarterly statements sent by the qualified custodians directly to the clients. We urge you to carefully review those statements and compare the custodial records to the reports that we may provide you. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

## **Item 16. Investment Discretion**

PCA usually receives full discretionary authority from the client at the outset of an advisory relationship. The firm's authority is set out in the investment advisory agreement. In all cases, we seek to observe investment limitations and restrictions that are set out in the investment management agreement.

## **Item 17. Voting Client Securities**

### Proxy Voting

As a fixed income investment manager, PCA generally does not have the opportunity to vote proxies. In the limited circumstances where we have such an opportunity, PCA will

vote proxies for client accounts if designated by written agreement. The general principle of the firm is to vote securities prudently in the best economic interest of its clients considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

PCA has a committee that is responsible for overseeing the voting of proxies for which the firm has authority to vote. PCA has engaged Institutional Shareholder Services (“ISS”), an independent third party, to assist with the voting, research and record-keeping associated with the firm’s proxy voting responsibilities and has adopted general guidelines for voting proxies. Although these guidelines are to be followed as a general policy for routine matters, in all cases each proxy will be considered based on the relevant facts and circumstances.

The committee also monitors for material conflicts of interest that may arise when voting a proxy between the interest of clients and the interests of PCA and its affiliates. If the committee believes a material conflict of interest exists, the committee may vote in accordance with the guidelines on routine matters, defer to the recommendations of ISS on non-routine matters, or take other action to protect the interests of the firm’s clients.

A copy of the Proxy Voting Policy will be provided to any client or prospective client upon request.

#### Litigation, Class Actions and Bankruptcies

As an investment manager, we may be asked to decide whether to participate in litigation, including by filing claims in class actions, or bankruptcy proceedings for assets held in a client’s account. It is the client’s responsibility to monitor and analyze its portfolio and consult with its own advisers about whether it may have claims that it should consider pursuing. As a general matter, PCA cannot, without client written authorization, exercise any rights a client may have in participating in, commencing or defending suits or legal proceedings such as class actions for assets held or previously held in a client’s account. In the case of separate accounts, upon express written agreement of PCA and the client as well as receipt of a Power of Attorney, we may assist such clients or their custodian in assembling transaction information to file a litigation claim (such as a class action or bankruptcy claim). Generally, a separate account’s custodian should receive all documents for these matters and the separate account client should direct its custodian as to the manner in which such matters should be handled.

## **Item 18. Financial Information**

In certain circumstances, registered investment advisers are required in this Item to provide you with financial information or disclosures about their financial condition. PCA has no financial condition that impairs, or is reasonably likely to impair, its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.

## Privacy Policy

FACTS	WHAT DOES PNC DO WITH YOUR PERSONAL INFORMATION?
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>• Social Security number and income</li> <li>• Account balances and account transactions</li> <li>• Credit scores and payment history</li> </ul>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information, the reasons PNC chooses to share, and whether you can limit this sharing.

Reasons we can share your personal information	Does PNC share?	Can you limit this sharing?
<b>For our everyday business purposes —</b> such as to process your transactions, maintain your account(s), conduct portfolio analysis, respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes —</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	Yes
<b>For our affiliates' everyday business purposes —</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes —</b> information about your creditworthiness	Yes	Yes
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For non-affiliates to market to you</b>	No	We don't share

<b>To limit our sharing</b>	<ul style="list-style-type: none"> <li>• Call 1-800-762-2118 — our menu will prompt you through your choice(s)</li> <li>• Visit us online: <a href="http://www.PNC.com/privacy">www.PNC.com/privacy</a> (Online Banking customers only)</li> </ul> <p><b>Please note:</b> If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
<b>Questions?</b>	Call 1-800-762-2118

Who we are	
<b>Who is providing this notice?</b>	PNC Bank, National Association; PNC Investments, LLC; PNC Capital Advisors, LLC; PNC Capital Markets, LLC; Harris Williams, LLC; PNC Delaware Trust Company; PNC Ohio Trust Company
What we do	
<b>How does PNC protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.  Additionally, PNC requires and trains its employees to comply with its privacy standards and policies, which are designed to protect customer information.
<b>How does PNC collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• open an account or deposit money</li> <li>• pay your bills or apply for a loan</li> <li>• use your credit or debit card</li> </ul> We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes — information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for non-affiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
<b>What happens when I limit sharing for an account I hold jointly with someone else?</b>	Your choices will apply to everyone on your account.
Definitions	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>Our affiliates include companies with the PNC name, and financial companies such as Harris Williams, LLC.</i></li> </ul>
<b>Non-affiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>• <i>PNC does not share with non-affiliates so they can market to you.</i></li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>Our joint marketing partners include mortgage and lending companies, insurance companies, and other companies that provide financial products and services.</i></li> </ul>
Other important information	
<p><b>All statements to Federal Law mentioned above reference U.S. Federal Law.</b></p> <p><b>California and Vermont:</b> If your account has a California or Vermont billing address, we will automatically limit sharing your information with affiliates and non-affiliates or for joint marketing with other financial companies. <b>Nevada Residents Only:</b> This notice is provided to you pursuant to state law. To stop marketing calls from us follow the directions in the section "To limit our sharing" to be placed on the PNC do not call list. Nevada law requires that we also provide you with the following contact information: Office of the Nevada Attorney General, Grant Sawyer Building, 555 E. Washington Ave., Ste 3900, Las Vegas, NV 89101; telephone: 1-888-434-9989; email: <a href="mailto:aginfo@ag.nv.gov">aginfo@ag.nv.gov</a>. PNC Information Sharing Options, P.O. Box 96066, Pittsburgh, PA 15226; telephone: 1-888-762-2265; email: <a href="mailto:service1@pnc.com">service1@pnc.com</a>.</p> <p><b>Important information about phone calls, texts, prerecorded and email messages:</b> If, at any time, you provide to PNC Bank, its affiliates or designees (PNC) contact numbers that are wireless telephone number(s) including, but not limited to, cell or VoIP numbers, you are consenting to PNC using an automated dialing system to call or text you, or to send prerecorded messages to you, in order to service, and collect on, any PNC personal account(s) and business account(s) (for which you are an authorized signer, guarantor or designated contact person) but not to market to you. For any type of phone calls with PNC, you consent that the call may be monitored or recorded for quality control and training purposes. By providing your email address, you consent to receive electronic mail from PNC.</p>	