



NN Investment Partners North America LLC

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This Form ADV Part 2A (the "Brochure") provides information about the qualifications and business practices of NN Investment Partners North America LLC ("NNIP NA"). The information in this brochure has not been approved or verified by the United States Securities & Exchange Commission ("SEC") or by any state securities authority.

NN Investment Partners North America LLC is a registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

If you have any questions about the contents of this Brochure, please contact us at (212) 292-3979. Additional information about the Adviser is also available on the SEC's website at www.adviserinfo.sec.gov, under CRD number 165092.

Item 2 – Summary of Material Changes

NNIP NA (“Adviser”) regularly reviews its business processes and updates its policies, procedures, and disclosures to existing and prospective clients accordingly. The Adviser will amend this brochure at least annually or more frequently when necessary.

The following material changes were made to this Brochure since our last update on July 01, 2019:

- Updated Risk Disclosures related to COVID-19 pandemic.
- Removed business update related to Delta Lloyd merger into an existing NN entity.
- Removed NN Investment Partners Luxembourg S.A. from the list of Key Business Relationships.
- Updated risk disclosures and other relevant language related to Emerging Markets Debt strategy previously managed by the Adviser.



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Item 4 - Advisory Business

Our Firm

NN Investment Partners North America LLC (“NNIP NA” or “Adviser”), formerly ING Investment Management International LLC, is a Delaware Limited Liability Corporation formed in 2011. In April 2015, ING Investment Management was rebranded into NN Investment Partners. Effective April 19, 2016, ING Groep N.V. sold its remaining shares in NN Group and is no longer deemed to be affiliated with NN.

Effective June 30, 2016, 100% of the membership interests in NN Investment Partners North America LLC (“LLC”) was transferred from NN Investment Partners Holdings N.V. to NN Investment Partners International Holdings B.V.

NN Investment Partners International Holdings B.V. is a wholly-owned subsidiary of NN Investment Partners Holdings N.V., which in turn is wholly-owned by NN Insurance EurAsia N.V., a wholly-owned subsidiary of NN Group N.V. NN Group N.V. is a publicly-listed company on Euronext Amsterdam and headquartered in The Hague, The Netherlands.

Additional information about affiliates can be found under Item 10 of this brochure.

Our Clients and Services

NNIP NA provides investment advisory services to non-U.S. clients, including insurance companies, pension plans and pooled investment vehicles. These pooled investment vehicles are organized as UCITS or SICAVs under the applicable jurisdiction’s UCITS Laws and are distributed and marketed to non-US persons by our affiliates in Europe and Asia. Currently, the Adviser provides investment management services to clients and certain affiliates, through sub-advisory arrangements with its affiliates. In the future, the Adviser may also provide services directly to unaffiliated entities.

Utilizing global resources through its affiliates in Europe and Asia, NNIP NA currently provides portfolio management services, as well as research recommendation and trade execution services for two main fixed income strategies: U.S. High Yield and U.S. Investment Grade Credit. In addition to certain guidelines governed by the relevant rules and regulations, our clients may impose additional restrictions on how their mandates should be managed. These restrictions are provided to NNIP NA as part of the investment management agreement or other similar client documentation.

Controversial Weapons

Certain of our affiliates based in The Netherlands and Belgium adhere to Dutch and Belgian regulations, which prohibit advisers from investing in securities issued by companies that produce, sell or distribute controversial weapons, such as anti-personnel mines, cluster ammunition, nuclear weapons, or arms trading, for its client accounts, including the U.S. client accounts.

Similarly, our ultimate parent, NN Group, N.V., has developed a Responsible Investment Policy Framework (RI Framework) and Defence Policy. The RI Framework takes into account factors relating to Environmental, Social and Governance (e.g., human rights violations, environmental damages). There may be instances where the Adviser would not invest in certain companies because of their negative record in this area. The Defence Policy further restricts NNIP and its affiliates in the ability to invest in securities issued by companies involved in other aspects of the defense or weapons industry (beside the ones listed above).

Assets Under Management

As of December 31, 2019, the Adviser managed approximately \$1.9 billion in assets on a discretionary basis and approximately \$25 million in assets on a non-discretionary basis. The assets under management include only assets of non-U.S. pooled investment vehicles and mandates of non-U.S. clients managed by the Adviser. The decrease in regulatory assets under management is largely related to the emerging markets debt investment strategy update. Please see the Emerging Markets Debt section for additional details.

Discretionary Authority

Subject to any contractual terms and/or written guidelines provided by individual clients, NNIP NA typically has full discretion and authority with respect to investing on behalf of client assets. NNIP NA, as the client's agent and attorney-in-fact, generally holds a limited power of attorney to act without prior consultation or consent from the client. Accordingly, except as required by law, NNIP NA is generally authorized to perform various functions on client's behalf, without further approval from a client, including: (a) making investment decisions; (b) buying, selling, and otherwise trading in securities; (c) issuing instructions to the custodian for operational matters of the account for such items as corporate actions; and (d) selecting Brokers and Execution Venues (Regulated Markets, Multilateral Trading Facilities (MTF) and Organized Trading Facility (OTF), a Systematic Internaliser (SI), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing) to execute securities transactions.

With respect to certain clients, NNIP NA may recommend entering into a specific transaction (e.g. swap or other derivatives). In that instance, NNIP NA or an affiliate may be required to obtain client approval prior to execution.

In addition to portfolio management, research and trade execution services, certain employees of the Adviser also provide other support for the products primarily serviced by any of the affiliated entities.

Generally, client accounts managed by NNIP NA are also co-managed (under separate sub-advisory agreements) by our affiliated investment advisers in Europe and Asia. Normally, client accounts are not segregated into separate “sleeves” for each investment adviser. Rather, the client accounts are maintained on the same system, hosted by our affiliate in Europe, for activities such as portfolio management, trading, risk management, compliance monitoring, settlement, etc. As a result, our affiliated investment advisers in Europe and Asia may effect transactions and investments in these same portfolios that are permissible under the rules and regulations of each jurisdiction, but may not be permissible or present potential conflicts of interest under SEC rules and regulations.

NNIP NA may enter into outsourcing arrangements for various services, including back-office support, with affiliated and unaffiliated entities. For instance, NNIP NA uses the back-office operations of its affiliates in Europe for trade processing, settlement, accounting, corporate actions, valuation, fee calculation, and calculating and publishing Net Asset Values (“NAV”) for its client accounts. In addition, NNIP NA’s affiliates in Europe may implement and maintain certain portfolio management, trading, risk management, legal, and compliance systems on behalf of the Adviser. Affiliates located in The Hague, The Netherlands provide risk management oversight, such as monitoring of investment guidelines and restrictions and the execution of derivatives, counterparty exposure monitoring, and reviewing and approving broker-dealers to be used for the firm trading. NNIP NA’s affiliates in Europe are also responsible for account opening, anti-money laundering checks, account maintenance, trade support for the Adviser’s accounts and technology platform.

Item 5 - Fees and Compensation

General Fee Structure

Generally, the fees for providing investment management services are based upon a percentage of the market value of assets under management and are typically payable quarterly in arrears based on the quarter-end market value, although clients may request other billing arrangements from time to time. Fees and account minimums may be subject to negotiation. In some cases, certain clients may pay lower fees than others or have other unique arrangements that other clients in the same investment strategy do not have. For example, investors providing large or initial investments in a fund may have specifically tailored arrangements with NNIP NA or an affiliate thereof, with respect to the investment in that fund. These arrangements are entered into only where the Adviser believes the fund will not be harmed and NNIP NA determines that it can continue to meet its fiduciary duties. The Adviser may also receive fees or reimbursements from individuals or financial institutions, including affiliates, for various services it provides.

For its services as a sub-adviser to certain clients, NNIP NA receives sub-advisory fees. Certain clients may elect to authorize an affiliate of the Adviser to directly debit fees from their accounts. The affiliate will then pay a portion of that fee to the Adviser in connection with its provision of investment management services to that client. The fees payable to the Adviser are outlined in the various sub-advisory agreements between NNIP NA and its affiliates. The fees for these sub-advisory services are based on the assets under management by NNIP NA. The current fees for the services provided by NNIP NA for the portfolios sub-delegated by the affiliates are generally as follows:

U.S. High Yield /Investment Grade Credit:

Fees generally range from 0.01% to 0.18%

NNIP NA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Clients may also incur certain charges imposed by custodians, Brokers and Execution Venues, third party investments, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, exchange-traded funds, and other commingled funds will also charge management fees, distribution fees, and other operating expenses, which are disclosed in a fund's prospectus or offering documents. Such charges, fees and commissions are exclusive of and in addition to the advisory fee. Brokerage expenses and related trading costs are discussed more fully in Item 12.

In accordance with the OECD Transfer Pricing Guidelines, NNIP NA's affiliates have established new standards related to the fee structure and the pricing methodology surrounding safeguarding an 'arm's length pricing' principle with regard to controlled transactions involving any of the NNIP NA's affiliates. The arm's length principle under OECD Model Tax Convention³ (and as such the framework for bilateral treaties between OECD countries) implies that a controlled transaction should be carried out under those conditions and circumstances in a similar fashion to a transaction executed between independent parties, to ensure that the controlled transaction is properly executed (i.e. reflecting a market transfer price) covering all the tax risks for the transferor as well as the transferee.

As a result of implementing new guidelines, certain sub-advisory fees received by the Adviser have been reassessed.

Valuation and Pricing

Unless stated otherwise in the investment advisory agreement, standard pricing services and/or methodologies generally are used to determine the market value of the clients' accounts. In this

regard, the Adviser's affiliates will generally use and rely on external vendors for information such as pricing, ratings, type of security (e.g., Rule 144A, Reg S) and other relevant characteristics. While these vendors are generally reliable, from time to time the information they provide may be inaccurate or stale; this may impact the pricing or categorization of an account's holdings. NNIP NA may invest in securities or instruments on behalf of its clients that have no trading market or are otherwise difficult to value, in which case its affiliates will determine a price for such portfolio holding using "fair value" pricing methodologies. In these situations, our affiliates will elicit input from a number of external and/or internal sources (e.g., "matrix pricing" or other pricing services, portfolio managers, finance, etc.) and determine what is believed to be a representative or "fair" price for the holding. For some investments there may be only one Broker or an Execution Venue (Regulated Markets, Multilateral Trading Facilities (MTF) and Organized Trading Facility (OTF), a Systematic Internaliser (SI), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing or a broker-dealer, collectively, "Brokers" or "Brokers and Execution Venues, that can provide a reliable price quotation. For these types of securities, NNIP NA and its affiliates may determine which Broker or Execution Venue it is believed to provide the most reliable price quotations. These determinations may involve a significant amount of judgment and in some cases may differ substantially from prices that are ultimately realized in a transaction. In addition, where mandates or funds are governed by different pricing policies and/or have different custodians, it is possible that the same security or instrument could be assigned different valuations.

Compensation for the Sale of Securities and Investment Products

NNIP NA does not directly solicit clients or engage in sales activity and does not employ sales, marketing or business development staff. Certain investment personnel of the Adviser may be involved in solicitation activity on behalf of NNIP NA's affiliated advisers. No separate compensation is paid for such activity.

Termination of Advisory Agreements

Investment advisory agreements between NNIP NA and its clients may be terminated by either party, pursuant to the respective investment advisory agreement. Typically, the sub-delegation agreements include notice requirements of 60 days or less. Upon the termination of the investment advisory agreement, NNIP NA will generally have no obligation to recommend or take any action with regard to the securities, cash or other investments in the account. NNIP NA is typically entitled to the pro-rata portion of the earned fee at the time an investment advisory agreement has been terminated, generally inclusive of any notice period. Refunds will not apply as fees are generally paid in arrears, based on the size of the account on the last day of the preceding quarter. If a client opts in to pay its management fees in advance and the applicable investment advisory agreement is ultimately terminated prior to the end of the billing period, the management fees will be pro-rated for the portion of the billing period in which the agreement was in effect and NNIP NA will issue the client a refund for any excess fees.

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

NNIP NA does not charge performance-based fees for any of its portfolios.

Item 7 - Types of Clients

NNIP NA provides discretionary and non-discretionary investment management services to non-U.S. institutional clients through sub-advisory arrangements with affiliates. The client portfolios include insurance companies, pension plans and pooled investment vehicles. These pooled investment vehicles are organized as UCITS or SICAVs and are distributed and marketed outside the United States. In the future, the Adviser may also provide services directly to unaffiliated entities.

Generally, the minimum size for opening and maintaining separately managed institutional equity and fixed income portfolios ranges from \$25 million to \$50 million depending upon a specific investment strategy. More complete information regarding minimum size for the funds or mandates are set forth in the funds' prospectus, in the investment management agreement or other applicable offering documents. The Adviser's affiliates, including NNIP Advisors B.V., NNIP Asset Management B.V. and NN Investment Partners B.V., provide advisory services to affiliated and non-affiliated corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, mutual funds, private investment funds, trusts and non-U.S. funds such as UCITS. NNIP NA may enter into sub-advisory agreements with these affiliates to provide services to these types of clients.

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

With an emphasis on active management, NNIP NA's investment objective is to find unrecognized value ahead of consensus. To this end, our portfolio management teams seek original insights on markets and securities and a vision of investment potential that differs from the consensus view. NNIP NA applies proprietary research and analytics, global resources, portfolio diagnostics and risk management to the development of investment products and solutions in pursuit of our clients' objectives.

Fixed Income

NNIP NA and its affiliates believe that a disciplined investment process with macro-theme analysis and data science built into every step will capture market changes and guide NNIP NA to unrecognized value opportunities ahead of consensus. To harness the potential of NNIP NA's global resources, far-reaching and well-integrated information sharing is necessary to fully exploit the market and generate superior returns. The investment process includes a balanced emphasis on

quantitative and qualitative inputs that foster checks and balances and validation for NNIP NA's investment themes. Top-down macro themes shape overall strategy and also provide the context for NNIP NA's bottom up security selection. Proprietary risk management tools and processes help to monitor portfolio risk exposures.

U.S. High Yield

The investment objective of the U.S. High Yield team is to outperform the relevant benchmarks over the market cycles via active management using robust and disciplined investment process. The strategy utilized to achieve outperformance includes a combination of diligent top-down research and bottom-up credit analysis aimed at identifying unrecognized value ahead of consensus. Risk management is embedded at each stage of the investment process and is a key input for each investment decision. After understanding the risk profile, the team assesses long term and short-term attractiveness of each investment opportunity and ranks these to identify the best investment ideas. Diversification, identifying declining credits swiftly and embedded risk management are key to our approach. There is ongoing monitoring of the credit profile and relative value of portfolio holdings, as well as issuers that are not currently in a portfolio.

Emerging Markets Debt

As of November 29, 2019, NNIP NA no longer manages the Emerging Markets Debt strategy. The global investment team is in the process of reevaluating its capabilities and potentially rebuilding the strategy locally.

U.S. Investment Grade

The investment objective of the Investment Grade team is to outperform the relevant benchmark via active management based on proprietary research and the use of multiple alpha sources. The investment process encompasses the top-down macro analysis, as well as bottom-up issuer selection, while focusing on companies' credit fundamentals combined with the overall outlook for the credit market. One of the key elements of our risk-based portfolio construction is a proper analysis before and during the acquisition and the holding period. Various risk measures implemented in the proprietary portfolio risk management system provide for better efficiency in monitoring and mitigating relevant risks, including portfolio duration, sector and issuer exposure, cash flows, income generation forecasts, liquidity, credit quality, issuer seniority, etc.

Risks

Investing in securities involves a risk of loss that clients should be prepared to bear. Clients should understand that investment decisions made by the Adviser are subject to various market, currency, economic, political and business risks, and that NNIP NA's investment decisions will not always

be profitable. NNIP NA does not guarantee future performance or the success of any investment decision or strategy that NNIP NA may use.

Below is a summary of some of the key risks associated with the investment techniques or instruments that may be used by the Adviser as well as investment strategies and methods of analysis. The information provided below cannot disclose every potential risk associated with a particular investment strategy, or all of the risks applicable to a particular fund or a mandate. Any of the following risks, among others, could affect performance or cause an investment to lose money or to underperform compared to market averages.

Clients should be aware that not all of the risks listed below will pertain to every account as certain risks may only apply to certain strategies. In all cases, a client should review applicable offering documents and/or the applicable investment management agreement, which will address relevant risks.

There remains to be a great deal of uncertainty as to the full impact of the COVID-19 on the global economy, health state of general population, as well as long-term effect on the financial services industry. This is reflected in elevated market volatility, accompanied by meaningful price corrections. The pandemic has been negatively impacting most sectors, specifically those within the U.S. credit space. U.S. Investment Grade and High Yield spread levels have widened, which is expected to be followed by an increase in default rates and ratings downgrades, particularly, with regard to the high yield issuers in the foreseeable future, especially in the more cyclical sectors.

As the Adviser continues to monitor the situation on a local and global level, it keeps re-evaluating the risks associated with the pandemic and its impact on the market and the advisory activities by performing downside scenario analyses in relation to certain portfolio holdings to assess operational challenges and respond to liquidity events.

General Investment Risks

1. **Market Risk.** This is a general risk which affects all types of investment. Price trends for transferable securities are determined mainly by financial market trends and by the economic development of the issuers, who are themselves affected by the overall situation of the global economy and by the economic and political conditions prevailing in each relevant country (market risk).
2. **Credit Risk.** Investors must be fully aware that any such investment may involve credit risks. Bonds and debt securities effectively involve issuer credit risk, which can be calculated using the issuer's solvency rating. Bonds and debt securities issued by entities with a low rating are generally considered to have higher credit risk and issuer default probability than those issued by issuers with a higher rating. If the issuer of bonds or debt



securities runs into financial or economic difficulty, the value of the bonds or debt securities (which may become null and void) may be affected. In parallel to the general trends prevailing on the financial markets, developments particular to each issuer can affect the value of an investment. Even a careful selection of transferable securities cannot, for example, eliminate the risk of losses caused by a decline in the assets of an issuer. The use of OTC credit derivatives, if mentioned in the investment policy of the Sub-Fund, may involve taking credit risk.

3. **Default Risk.** In parallel to the general trends prevailing on the financial markets, developments particular to each issuer can affect the value of an investment. Even a careful selection of transferable securities cannot, for example, eliminate the risk of losses caused by a decline in the assets of the issuer.
4. **Liquidity.** Liquidity risks arise when a particular security is difficult to sell. In principle, securities that can be sold at any time are added to a fund. Similarly, some transferable securities may be difficult to sell at the desired moment during particular periods or on particular segments of the stock exchange. Finally, there is a risk that securities traded in a narrow market segment are subject to high price volatility.
5. **Counterparty.** When OTC contracts are entered into, the Company may find itself exposed to risks arising from the solvency of its counterparts and from their ability to respect the conditions of these contracts. The Company may thus enter into forwards, options and swap contracts, or use other derivative techniques, each of which involves the risk that the counterparty will fail to respect its commitments under the terms of each contract.
6. **Currency.** The value of investments may be affected by exchange rate fluctuations. To the extent that a client's portfolio invests directly in foreign currencies or in securities denominated or that trade in foreign (non-U.S.) currencies, it is subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.
7. **Derivatives Instruments.** Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase volatility and reduce returns. When derivatives are used for hedging, which is designed to reduce or mitigate losses, it can also reduce or eliminate gains. The use of derivatives for non-hedging purposes may be considered more speculative than other types of investments due to its leveraging effects.
8. **Foreign Investments.** Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations,



currency blockage, political changes or diplomatic developments. For some foreign countries, there are additional risks with the settlement of trades.

9. **Regional Focus Risk.** At times, certain portfolios may experience an increased exposure to a particular region or country. Issuers in a particular region or country might be affected by changes in economic conditions or by changes in government regulations, availability of basic resources or supplies, or other events that affect that region or country more than others. If the strategy has a greater emphasis on investments in a particular region or country, it may be subject to greater risks from adverse events than a strategy that is more geographically diversified.
10. **Interest Rate.** Fixed income securities are subject to interest rate risk due to fluctuations in the interest rates of the main currencies of the securities. The prices of fixed income securities and interest rates are inversely correlated, where when interest rates rise, securities' prices fall. When interest rates fall, fixed income security prices rise. Generally, fixed income securities with longer maturities are more sensitive to these price changes. In addition, falling interest rates may cause the income for client accounts to decline.
11. **Private Placements Risk.** Privately issued and negotiated securities are restricted securities for which there may not be public market. Accordingly, investments in such securities involve greater risks related to limited market liquidity. Difficulties in disposing of such securities may result in a loss to a specific mandate, a fund or the overall strategy.
12. **Portfolio Management.** Each client is subject to portfolio management risk. NNIP will apply investment techniques and risk analyses in making investment decisions for a client, but there can be no guarantee that these decisions will produce the desired or expected results.
13. **Securities Lending.** Securities lending involves two primary risks: "investment risk" and "borrower default risk." Investment risk is the risk of loss of the cash collateral received from the borrower. Borrower default risk is the risk that an investment will lose money due to the failure of a borrower to return a borrowed security in a timely manner. Securities lending activities may incur negative tax consequences for a client.
14. **Valuation.** Fixed income securities generally trade on an over-the-counter market, which may be anywhere in the world where the buyer and seller can settle on a price. As a result, the valuation of fixed-income securities may carry more risk than that of common stock. Uncertainties in the conditions of the financial markets, lack of transparency and inconsistencies may lead to inaccurate asset pricing. Additionally, other market participants may value securities differently.

Investment Strategies-Specific Risks

In addition to the risks involved with various instruments and markets noted above, the following risks are specific to the investment strategies currently utilized by the Adviser:

- **Investment Grade Securities.** Investment-grade securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations and may also be subject to price volatility due to interest rate sensitivity, the market, credit and general liquidity risks.
- **High Yield Securities.** High-yield securities are subject to greater levels of credit, liquidity and default risks. High-yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments. These securities pay investors a higher interest rate or yield due to the increased risk of loss of principal. These securities can also be subject to greater price volatility. During adverse market, economic or political conditions, these securities may experience higher default rates.

Other Risks

Other potential risks include the following.

- **Model risk.** Certain products and investment strategies may rely on signals and data from various analytical models or software, which may be property or from third parties. These models and software can be adversely impacted by human or system errors in the mathematical foundations of the model, programming, quality of data and other factors.
- **Technology risk.** Software and hardware malfunctions or problems may impact certain investment strategies and products.
- **Cybersecurity Risk.** Due to increased use of technology in the ordinary course of business, NNIP NA, its vendors and third-party service providers may be susceptible to cybersecurity events, which could result in an inadvertent disclosure of confidential or sensitive data about the Adviser, its clients or employees to unauthorized parties. Additionally, NNIP NA's service providers may be affected by viruses, power outages, or other acts beyond the Adviser's control. Any of our service providers could, without notice, cease doing business, file for bankruptcy, or sell all or a part of its business to another company. Such incidents may have an adverse impact on the business operations of the Adviser and its clients, may cause reputational damage, lead to misappropriation of assets and require additional costs associated with corrective measures. NNIP NA, along with its affiliates, has implemented a number of certain policies and procedures to address the relevant risks, as well as safeguard the confidentiality, integrity and availability of its critical data.



- **Early Closing Risk.** The risk that unanticipated early closings of securities exchanges and other financial markets may result in our inability to buy or sell securities or other financial instruments on that day and may cause client accounts to incur substantial trading losses.
- **Trading Halt Risk.** If a trading halt occurs, we may temporarily be unable to purchase or sell securities, options or futures contracts. Such a trading halt may prevent us from achieving the investment objective for client accounts.

Item 9 - Disciplinary Information

As part of a large, global financial services company, NNIP NA and its affiliates may be involved in disciplinary, regulatory or other legal matters from time to time, as well as being subject to examinations, investigations and inquiries from governmental and regulatory authorities.

There is no relevant information to be reported.

Item 10 - Other Financial Industry Activities and Affiliations

NNIP NA is part of a large, global financial services company and, as such, has relationships and affiliations with many other entities engaged in the financial services industry. NNIP NA's ownership structure is explained more fully in Item 4. Aside from being registered as an investment adviser with the SEC, NNIP NA may also determine to register in various non-U.S. jurisdictions depending on business needs and regulatory requirements.

Registrations of Management Persons as Broker-Dealers or Registered Representatives of Broker-Dealers

None of the Adviser's employees are currently registered as registered representatives of a broker-dealer.

Registrations of Management Persons as Futures Commission Merchants, Commodity Pool Operators or Commodity Trading Advisors

None of the Adviser's control persons are currently registered, or have a pending application to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of the foregoing entities.

Conflicts of Interest

NNIP NA seeks to act in the best interest of its clients and not to favour the interest of one client over another. Nevertheless, there may be circumstances where conflicts of interests could arise.

To ensure those conflicts are being monitored effectively, the Adviser and its affiliates have adopted relevant policies and procedures (including Trade Aggregation & Allocation Policy, Cross Trade Procedures, Order Execution & Counterparty Selection policy), designed to address these conflicts of interest.

Investment Advisory Relationships with Affiliates

Through its indirect parent, NN Group N.V., NNIP NA is affiliated with a number of investment advisers, sharing officers and other personnel. NNIP NA relies on the infrastructure and significant resources of its affiliates when providing services to its clients, such as research, middle and back office operations and trade reconciliation, client reporting, performance measurement and valuation of accounts, IT networks and support, compliance monitoring, etc. The fees paid to NNIP NA and affiliates are allocated depending on the respective services being provided and in accordance with the relevant sub-advisory or other service level agreements.

NNIP NA entered into sub-advisory agreements with its affiliates, where the Adviser utilizes services of one or more of its employees to provide portfolio management, investment recommendations, research and trade execution services.

Additionally, the Adviser's employees and members of their families may own and transact in securities that are purchased or sold by the Adviser or its affiliates for client portfolios. Additional information related to personal transactions can be found in Item 11 of this brochure.

Affiliated Brokers

One of NNIP NA's affiliates, NNIP Advisors B.V., is licensed in The Netherlands to provide certain brokerage services to its direct affiliates by executing orders on behalf of those affiliated entities.

Other Affiliates

In February 2019, NN Investment Partners opened its new office in Montevideo, Uruguay. The new entity, Tripowy Advisor S.A., is expected to provide services to clients in Latin America and offshore.

Insurance Companies

Currently, the assets of NNIP NA's largest affiliate, NN Insurance, are invested in certain investment vehicles to which NNIP NA may provide investment sub-advisory services.

NN Insurance's Nationale Nederlanden Levensverzekering Maatschappij N.V. and Nationale Nederlanden Services N.V. both act as distributors outside the US for non-U.S. investment vehicles for which NNIP NA provides investment advisory services.

Key Business Relationships

NNIP NA has the key business relationships with the following affiliates:

- **Altis Investment Management (formerly NNIP Asset Management B.V.)** - based in The Hague, The Netherlands and licensed by the Autoriteit Financiële Markten (AFM). This entity provides investment advisory services to institutional clients outside the US.
- **NN Investment Partners B.V.** - based in The Hague, The Netherlands and licensed by the AFM. This entity provides investment advisory services to affiliated Dutch, Luxembourg and Belgium funds, affiliated insurance companies and non-affiliated third party institutional clients. NN Investment Partners B.V. is also the management company responsible for the management and administration of the affiliated Dutch funds. These funds are currently marketed and sold only in The Netherlands. NN Investment Partners B.V. may sub-delegate portfolio management and trading activities for certain of its clients to NNIP.
- **NNIP Advisors B.V. ("NNIPA")** - based in The Hague, The Netherlands and licensed by the AFM. NNIPA is registered as an investment adviser with the SEC and acts as adviser, consultant, or sub-adviser to unaffiliated registered investment companies, UCITS funds and other institutional clients, as well as provides model portfolios to unaffiliated investment advisers. NNIPA may execute transactions on behalf of NNIP. NNIP may also share employees with this investment adviser.
- **NN Investment Partners (Singapore) Ltd. ("NNS")** - based in Singapore, Republic of Singapore and licensed by the Monetary Authority of Singapore. NNS provides investment advisory services to institutional clients and is licensed to deal in securities. The company has submitted a notification to act as an exempt financial adviser. NNIP provides research and trade execution services to NNS for certain of its clients.
- **NN Investment Partners Belgium S.A. ("NNIPB")** - based in Brussels, Belgium and is licensed as a UCITS Management Company in accordance with the Belgian Law of Aug.

3, 2012 on Collective Investment Schemes (the UCITS law). NNIPB is also licensed as an AIF Management Company in accordance with the Belgian Law of Apr. 19, 2014 (the AIFM Law). The company is subject to supervision of the FSMA (Financial Services and Markets Authority).

- **NN Investment Partners (Japan) Co. Ltd** - based in Tokyo, Japan and licensed by the Financial Services Agency of Japan. NN Investment Partners (Japan) Co. Ltd. is engaged in fund management business, including providing services to NN Group-related entities and private clients.

NNIP NA is also affiliated with other legal entities engaged in the business of providing banking and insurance, products and services to customers throughout the world.

Item 11 – Code Of Ethics, Participation Or Interest In Client Transactions And Personal Trading

Code of Ethics

NNIP NA has implemented a Code of Ethics (the "Code"), designed to set forth fiduciary principles and to detect and prevent potential conflicts arising from employees' engagement in personal investment activities.

From time to time, employees of NNIP NA may invest in the same securities that are transacted in or recommended for the clients of the Adviser or affiliates. The Code requires NNIP NA personnel to receive pre-clearance from Compliance before engaging in personal securities transactions. Personnel are required to report securities transactions and holdings and certify annually in writing regarding compliance with the Code. In addition, personnel are required to disclose their personal brokerage accounts upon hire and submit duplicate broker account statements and confirmations or consent to an electronic feed of account information to NNIP NA.

The Code also imposes certain restrictions on the employees' trading activities, including those related to trading while in possession of material, non-public information, short-term trading, investing in shares of initial public offerings and private placements.

The officers and directors of the Adviser who are employed with our non-U.S. affiliates will comply with the Code of Ethics administered by their respective local office. As such, NNIP NA's officers and supervisors who are based outside of the U.S. are generally not required to comply with NNIP NA's preclearance, reporting, and certification requirements.

Any employee who violates the Code is subject to remedial actions. Should employees become aware of any violation of the Code, they are directed to promptly notify Compliance.

A copy of the Adviser's Code is available to existing or prospective clients upon request.

Gifts & Entertainment

Our gifts, entertainment and anti-bribery policy outlines what gifts and entertainment are typically appropriate and permissible. Aside from reporting requirements, employees of the Adviser must request approval from Compliance to offer entertainment.

Pay-to-Play

Rule 206(4)-5 of the Advisers' Act limits political contributions to state and local government officials, candidates and political parties by U.S.-registered investment advisers, firms that solicit business on behalf of the Adviser and its covered associates. Pay-to-Play Rule prohibits NNIP NA and its covered persons from receiving compensation for a period of two years if NNIP NA or its Covered Associates make contributions to a government official who is in a position to influence the selection of NNIP to manage public funds or provide investment advice to a government entity. All employees of the Adviser must request pre-approval from Compliance for any political contributions they're contemplating.

Participation or Interest In Client Transactions

NNIP NA or its affiliates may give advice and take action with respect to proprietary investments which may involve the same or similar investments, or alternatively may differ from the advice, timing or nature of action taken with respect to other clients. NNIP NA is part of a large, global financial services company and, as such, there may be numerous proprietary, employee and employee-related accounts with varying differences and considerations such as liquidity needs, realized and unrealized gains and losses, and other tax consequences and differing assessments of market conditions; thus investment decisions for some proprietary, employee and employee-related accounts may not always be consistent with decisions made for other clients. For the same reasons, investment decisions made on behalf of one client or fund may not always be consistent with investment decisions made on behalf of another client or fund.

Managing Proprietary Capital

In some instances, NNIP NA or certain of its affiliates may be invested in a fund or account managed by one of the affiliated entities in order to build a track record. NNIP NA may withdraw capital from a fund or close its account at any time as long as it complies with applicable laws. NNIP NA manages assets for its insurance affiliates, NN Level and NN Schade, and may also serve as an investment adviser to certain clients where affiliates provide initial investments.

Regulatory Restrictions

The ability of NNIP NA or its affiliates to effect and/or recommend certain transactions may be restricted by applicable regulatory requirements in the U.S. and/or other jurisdictions. In particular, the activities of NNIP NA's affiliates involving investment banking, trade financing, substantial investing by our affiliated insurance companies and other financial activities may impose limitations on the advice or recommendations NNIP NA or its affiliates may give. For instance, our affiliated insurance companies, as advised by affiliated investment advisers, may invest and own more than 10% of the outstanding equity interest or control more than 10% of the voting rights of publicly-traded companies domiciled in Europe. Because of the substantial holdings in such companies by NNIP NA's affiliated insurance companies, NNIP NA could be deemed to be an affiliate of these companies. As a result, NNIP NA may not be able to recommend or invest its clients' assets in these companies due to regulatory or client-mandated restrictions, and/or potential conflicts of interest. Not investing in these companies could result in positive or negative performance impact on client accounts. NNIP NA's affiliates have established policies and procedures to mitigate the potential conflicts of interest (e.g., placing a team "behind the wall," segregating duties and responsibilities, separating board of directors, etc.) to enable NNIP NA to invest its client accounts in these companies as possible.

Additionally, in situations where an affiliate of NNIP NA is involved in an underwriting, selling, or distribution of a company's securities, NNIP NA or its affiliates may be precluded from purchasing or recommending the purchase of certain securities of the company for clients.

Compliance Policies and Procedures

In order to monitor and address potential conflicts of interest, NNIP NA has implemented various processes and procedures, including policies governing trading and allocations. These processes and procedures aim to ensure that funds and accounts are treated fairly, and that allocations of offerings or investment opportunities among funds and accounts are equitable.

Principal Transactions

In general, NNIP NA and its affiliates will not, act as a principal, when buying securities from or selling securities to advisory clients. However, NNIP NA reserves the right to engage in such principal transactions where conducted in accordance with Section 206(3) of the Advisers Act and other applicable legal, regulatory and contractual provisions.

Cross Trades

The Adviser does not execute cross trades on behalf of its clients' accounts. However, affiliated advisers to which NNIP NA acts as sub-adviser may effect cross trades for such client accounts when it is deemed to be in the best interest of clients and permitted by law and in accordance with relevant client documentation. For example, funds and/or accounts following similar investment strategies may need to "rebalance" their portfolios periodically. These "cross trade" transactions will be done only where the portfolio manager can obtain best execution. For more information about potential cross-trades, please see description of "Program Trading for Equity Securities" listed under Item 12 below.

Procedures Governing Material, Non-Public Information

In the course of its business, NNIP NA and its personnel may come into possession of material, non-public information. NNIP NA and its affiliates have adopted written procedures to prevent the misuse of material non-public information for trading and investment decisions and to minimize any conflict of interest which might otherwise result from such circumstances. Such procedures may require that NNIP NA and/or its personnel be restricted from engaging in transactions in certain securities for client accounts and/or their own accounts until such time as NNIP NA is no longer restricted. For legal, regulatory and other reasons, NNIP NA may determine to restrict investments in securities or instruments of companies in which a client or an employee of NNIP NA is an officer or director or with which such person has other material relationships, or where other potential conflicts of interest are present.

Privacy Policy

Other than as required by law (e.g., regulatory audits or requests or audits by external auditors or as deemed necessary by NNIP), NNIP NA will generally not reveal client or former client information to any unaffiliated third party. Client and former client information may be shared with our affiliates and advisers or agents as necessary to administer, service or otherwise maintain accounts and generally as permitted by law. Below are the terms and conditions of our privacy policy.

1. What information may be collected? How could it be used?

NNIP NA generally collects and uses information about clients and customers in order to deliver quality service to them. Information may be obtained through applications, new account or other forms submitted directly to NNIP NA or through unaffiliated third parties, transactions with NNIP NA or its affiliates and meetings between clients and NNIP NA's employees, such as portfolio managers. This information might include a client's name, address, tax ID number, assets, income, credit and investment history or other client-specific information. NNIP NA collects this

information in order to advise clients about its products, services and other opportunities, and to operate its business.

2. Will any of the collected information be disclosed to others?

Other than as required or permitted by law, NNIP NA will not reveal client or former client information to any unaffiliated third parties unless NNIP NA has previously informed the client, provided disclosure to the client or otherwise been authorized by the client. Client and former client information may be shared with our affiliates as necessary to administer, service or otherwise maintain accounts and generally as permitted by law. The types of persons to whom such information may be disclosed include the employees of NNIP NA and its related legal entities, agents, sub-advisers, and authorized representatives.

3. How is the collected information protected?

NNIP NA has several internal controls in place to protect the collected information. NNIP NA considers the information confidential and proprietary, and as such NNIP NA restricts access to such information.

4. Will these terms and conditions change in the future?

The terms and conditions above are current as of the date of this brochure but, as circumstances or legal requirements change, NNIP NA may need to amend these terms and conditions.

Item 12 – Brokerage Practices

Factors in Selecting Brokers and Execution Venues and Executing Orders

NNIP NA and its affiliates have a duty to act honestly, fairly, professionally and in the best interests of its clients. When executing orders, NNIP NA takes all reasonable steps to obtain the best result for its clients. NNIP NA has a duty to ensure that, when executing transactions directly with other parties, such as broker-dealers, Brokers or on Execution Venues, it obtains “best execution”.

In general, to meet the duty of “best execution”, each professional must ensure the execution of transactions is the most favorable under the prevailing circumstances. The concept of best execution is not limited to solely obtaining the best price and lowest transaction costs, the full range of services provided by Brokers and/or on Execution Venues, including among others, price, execution capabilities, speed and likelihood of execution, quality of execution, speed and likelihood of settlement, financial responsibility, administrative resources, proprietary risk criteria, size and nature of the order and responsiveness to enhance the overall value of a client account for both short term and long term, may be considered.

The Broker and Execution Venue selection and evaluation are monitored by the Trading Review Committee and the Enterprise Risk Management Committee (the “Committees”). The Committees are organized and governed by our affiliates in The Hague, The Netherlands and oversee trading practices for NNIP NA and its affiliates on a global basis.

Broker & Execution Venue Selection

Approved Broker & Execution Venue List

Client transactions may be executed only with or through Brokers and Execution Venues that meet the minimum requirements applied by the Adviser. A detailed approval process, as described in the Credit Risk Policy, involves, amongst others, Trading, Credit Risk Management, Compliance and Legal departments.

If a portfolio manager or trader views that, given specific circumstances, it is in clients’ best interest to use a certain Broker/Execution Venue not listed in the policy, or to have it added to the approved list, following internal review and approval procedure, a new Broker or an Execution Venue may be added to the list, provided they meet certain requirements.

Broker and Execution Venue Selection Criteria

Trading generally allocates trades only to Brokers or Execution Venues that are included on the approved broker list. In selecting a Broker or an Execution Venue, the Trading team, and certain portfolio managers, to the extent that they are authorized to execute trades, consider a number of factors when selecting a Broker or an Execution Venue.

For each transaction, a Broker or an Execution Venue is selected on the basis of the above-mentioned factors. In addition, when selecting a Broker or an Execution Venue for execution, the following criteria would be taken into account: price and costs, speed and likelihood of execution and settlement of the trade, the size and nature of the order, impact on the market and proprietary risk criteria, etc.

Price will generally have a high relative importance in obtaining the best possible result in terms of execution. However, NNIP NA may decide not to execute a trade through a specific Broker or an Execution Venue, if certain factors outweigh the transaction costs or price considerations.

Broker & Execution Venue Evaluation

The Brokers and Execution Venues will be formally reviewed on a semi-annual basis. In this review, any of the criteria below can be rated:

- 1) General execution capabilities of Brokers and Execution Venues:



- a. the quality and effectiveness of a Broker's or Execution Venue's execution policy, in order for a Broker or Execution Venue to reach the best possible result for NN IP's client including breadth and depth of market access, connectivity to platforms and or access to specific markets.
- b. the Broker's or Execution Venue's evaluation capabilities (pre and post trade) and the timely and accurate provision of execution reports.
- c. the Broker's or Execution Venue's ability to adhere to the waivers and deferrals as further defined by relevant regulators.
- d. the Broker's or Execution Venue's regulatory regime and status.

2) Trade analysis such as Transaction Cost Analysis (TCA):

- a. the Broker's or Execution Venue's ability to provide the best price and/or competitiveness of all expenses incurred for the transaction, such as commission rates.
- b. the Broker's or Execution Venue's ability to commit adequate capital when necessary.
- c. the Broker's or Execution Venue's ability to search for and obtain liquidity to minimize market impact and accommodate unusual market conditions and Execution Venue's ability to maintain the confidentiality of an order and prevent information leakage.
- d. quality, offering, speed of electronic execution methods and program trading (ability to execute multiple trans-actions).
- e. efficiency and accuracy of the Broker's or Execution Venue's clearance and settlement process, including splits across clients.
- f. the level of efforts exercised by the Broker or Execution Venue, to satisfy trading needs in a consistent manner and a proven track-record of the Broker or Execution Venue.

3) Qualitative:

- a. flexibility: is the Broker or Execution Venue able to execute unique trading strategies/execute and settle difficult trades as well as unusual trading volumes.
- b. the level to which the Broker or Execution Venue is responsive to comments or to complaints from NN IP.
- c. the Broker's or Execution Venue's ability to engage in after-hours and cross-border trading.
- d. availability and quality of Execution Venue's Traders and sales-Traders etc..
- e. Brokers or Execution Venues are expected to behave in an ethical and professional manner to promote the fairness and integrity of the markets they are active in, supported by acceptance of codes of conduct when relevant.
- f. response time and adequate lines of communication with Broker's or Execution Venue's staff and NN IP.
- g. a Brokers or Execution Venue's ability to anticipate on, adopt and have access to alternative trading options with a view on achieving higher quality execution.

- h. Risk management: limit observation and Execution Venue diversification considerations.

Other factor(s) NN IP deems relevant in selection of a Broker or Execution Venue.

The Trading Review Committee conducts periodic reviews, where the evaluation process and outcome are documented and retained by the Adviser.

Order Execution

In general, the Broker or Execution venue selection process is largely driven by specific characteristics of the type of financial instruments, their intrinsic characteristics and specific markets. In addition, specific financial instruments (as explained under fixed income and non-listed derivatives paragraphs) may have limited price transparency. As a result, some trades are effected OTC through bilateral negotiations and not through regulated markets or MTF's.

When selecting a Broker or Execution Venue and choosing the method of trading for executing an order, the most important factors are price, speed, explicit cost and liquidity. The relative importance of these factors will alter for each trade depending on market circumstances, instrument specific considerations, portfolio objectives, traders' and portfolio managers' assessment of the market, size and nature of the order, the risk appetite of Execution Venues and availability of inventory.

For certain transactions it may not always be possible or appropriate to request comparable price information from Execution Venues. Approaching multiple venues or Execution Venues for a competing quote is likely to have a negative effect on a transaction because of possible information leakage. Execution Venues can be specialised in the specific instrument, specific market, have inventory or have special abilities in these products or markets. On a daily basis there is intensive contact between the Execution Venues and NNIP Advisors about market developments, flows or special demand or offers in the different markets.

Listed Derivatives

All listed derivatives (i.e. options and futures) are traded using an executing broker who may have a give up agreement with the clearing broker, one of NNIP NA's affiliates or specific clients.

Fixed Income

A relatively large part of the fixed income instruments that are traded by NNIP NA have limited price transparency and availability in the market. Fixed income instruments are executed in the primary and secondary market. These instruments are generally traded over the counter and on a principal basis.

Small to average size orders in bonds are executed via electronic trading, chat or telephone and can be traded in competition. Larger size bond orders and orders in illiquid bonds or illiquid markets are typically executed through bilateral negotiations with one broker. This is done in order not to disturb the market and obtain a discrete and quick execution. These brokers or specific venues can specialize in these bonds, bond markets or have unique abilities in these products or markets. There is an ongoing dialog between the brokers or execution venues and NNIP NA regarding market developments, flows or special demand or offers in the markets.

OTC Derivatives and Foreign Exchange (Instruments)

Should NNIP NA wish to engage in any derivatives transactions, including foreign exchange transactions, in seeking to obtain best execution, NNIP NA will take into consideration numerous factors, such as quality of execution, quality of the legal documentation and agreements with the brokers including any risk criteria and current exposure to other brokers, etc. Transactions in these instruments are expected to be handled by Trading.

Depending on the transparency of pricing and the perceived liquidity of the instruments the orders can be placed in competition. The number of brokers used depends on a number of factors (e.g. size, complexity of the trade, discreteness). Pricing tools and levels quoted by counterparties of NNIP NA's affiliates (via Trading) on trading systems are also used as a reference.

Brokerage and Research Services

Consistent with its fiduciary duty, the Adviser seeks to obtain best execution for portfolio transactions. While soft dollars are not currently utilized for any of its sub-advised client portfolios, NNIP NA does receive proprietary research from certain broker-dealers. In general, proprietary research furnished by broker-dealers through which we trade are used for the benefit of our clients as a group and not solely or necessarily in all cases for the benefit of a single portfolio.

The research provided is anticipated to improve investment management capabilities and may include a wide variety of analyses, reviews, tables, data bases, and reports on such matters as economic and political strategy. Such services may also include research reports on companies, industries, securities, economics and politics; economic and financial data; portfolio and performance analyses; specialized publications and news sources; earnings forecasts; computer databases; quotation services; trading-related services and software; and research-oriented computer software and other services.

Effective January 3, 2018, EU Markets in Financial Instruments Directive ('MiFID II') introduced a new requirement for full "unbundling" of investment research received from brokers from dealing commission, requiring separate payment for investment research.

As a result, the cost of investment research received by our affiliated entities in EU was unbundled from execution costs. To comply with the new directive, NNIP NA's affiliates made a decision to pay for investment research from their own budget and negotiated research packages and pricing with a selection of research providers. While most research providers utilized by the Adviser have full-service agreements effective in EU and outside the region, there may be instances where NNIP NA uses research provided to the Adviser at no additional costs. In those instances, that type of research is not shared with the Adviser's affiliates until an agreement has been put in place.

Aggregation and Allocation

General Rules

Trading places trades for client accounts in reliance upon Trade Aggregation and Allocation Policy. The following three stages identified under the Trade Aggregation and Allocation Policy could contain potential conflicts of interest:

- Pre-allocation
- Aggregation of orders
- Allocation of transactions

Pre-allocation

When an order is placed in the relevant portfolio management system, the system will record the target quantities per client based on factors including, but not limited to, the following:

- Individual client's investment objectives
- The appropriateness of the investment to the portfolio's performance, time horizon, risk objectives and mandate restrictions
- The level of investment risk in relation to the aggregate holdings of the intended investment and similar investments in the portfolio
- Cash availability
- Minimum trading size, round lots, account size and relevant benchmark.

Aggregation of Orders

In general, orders for the same security with the same trading parameters (e.g. same price limits or other limiting instructions) on behalf of multiple clients are aggregated into a block transaction.

Subsequent orders for the same security that are entered during the same trading day may be aggregated with any unfilled portions of orders that may be outstanding at that time. The part of the original order that is already filled (partial fill) will generally be allocated separately from

subsequent orders subject to the following criteria: market circumstance, price movement, liquidity, expected price movements, percentage already filled.

Factors Hindering the Aggregation of Orders

Circumstances in which orders may not be aggregated include but are not limited to:

- When a client account could reasonably be expected to be materially disadvantaged;
- When mandate or regulatory restrictions prevent aggregation of orders (e.g. counterparty restriction, specified cut off time or an order approval requirement);
- When the orders for the same security have different parameters (e.g. limiting instructions);
- When orders include third party and proprietary portfolios (see below for more detail).
- When local regulatory market restrictions do not permit or hamper aggregation of orders

If orders are not aggregated, client accounts will not receive an average execution price or an average of the transaction costs paid for all similar orders. Instead, transactions may be executed separately and priced accordingly.

Aggregation of Third Party and Proprietary Orders

Generally, orders initiated by or on behalf of proprietary portfolios are not aggregated with orders for third party portfolios. Orders for third party portfolios will generally receive priority over orders for proprietary portfolios.

Allocation of transactions

In general, fully or partially executed orders for multiple clients are allocated on a pro rata basis, based on the target quantity or based on a pro-rata algorithm applied by the Trade Order Management System.

Exceptions to the Trade Aggregation and Allocation Policy

Generally, Trading does not act on the basis of specific client instructions to place trades through a specific broker or through a particular type of broker. However, to the extent that NNIP NA acts on the basis of clients' specific brokerage instructions, such specific instructions may prevent Trading and NNIP NA from taking the steps set out in the Trade Aggregation and Allocation Policy.

Where a client directs NNIP NA to execute transactions for its account through designated Brokers, the client is responsible for ensuring that (1) all services or rebated commissions provided by the designated Brokers will inure solely to the benefit of the client's account and any beneficiaries of the account, are proper and permissible expenses of the account, and may properly be provided in consideration for brokerage commissions or other remuneration paid to the designated broker-



dealers, (2) using the designated Brokers in the manner directed is in the best interests of the client's account and any beneficiaries of the account, taking into consideration the services provided by the designated Brokers, (3) its directions will not conflict with any obligations that persons acting for the client's account may have to the account, its beneficiaries or any third parties, and (4) persons acting for the client's account have the requisite power and authority to provide the directions on behalf of the account and have obtained all consents, approvals or authorizations that may be required under applicable law or instruments governing the account.

In addition, the Trade Aggregation and Allocation Policy will generally not apply to transactions with respect to highly customized financial products, which are tailored to circumstances specific for a client and its account or if a transaction, regards a financial instrument relating to one particular execution venue only.

Other exceptions to the Trade Aggregation and Allocation Policy apply in the case of partially filled orders. In those cases, one of the following methods may be used to allocate the order, provided none of the clients would be negatively impacted in a material way:

- Random Trade Allocation - trades may be randomly allocated among accounts in an allocation by using a trading program which randomly allocates among the participating accounts.
- Rotation – all accounts of a similar type may be placed on a list and a partially filled order is allocated starting from the top of the list. On the next order for a different security, the order is filled beginning with the next in line on the list.
- Non-pro rata allocation may be allowed for the following reasons:
 - Potential investment needs of the clients (e.g. weight in issuer, region, industry, etc. is above/below the average of clients with similar mandates, participating in the same order, or cash level is above/below the average of clients with similar mandates, participating in the same order);
 - Security trading / market rules (e.g. round lot requirements, minimum order size requirements, incremental amounts, or unobtainable order sizes);
 - Appropriateness of the investment to the client(s) portfolio, based on the benchmark, risk objectives, etc.

Allocation of Third Party and Proprietary Orders

Aggregated orders for both third party and proprietary portfolios which are partially filled will generally be allocated to third party portfolio first. In such cases, pro rata allocation is generally only permitted if the third-party portfolio's order could not have been executed or would not have received the same favourable conditions had the order not been aggregated (e.g. some new issues).

Initial Public Offerings

Trading treats initial public offerings (“IPOs”) in accordance with the Trade Aggregation and Allocation Policy. In general, allocations of IPOs and other public offerings are made on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate and suitable. Where the portfolio managers determine that the security will likely not be sold in the near term, portfolio managers of accounts receiving IPO’s may determine to sell the securities on the secondary market (thereby realizing gains) and subsequently purchase them for a broader universe of accounts or, where and when permitted, “cross” them with other managed accounts. IPO’s may be restricted to certain funds or accounts based on their investment objectives, investment restrictions or trading strategies. Portfolio managers may also determine that based upon their understanding of the clients’ investment parameters, certain transactions in IPO’s may be inappropriate for their clients. Funds or accounts which are not prohibited from purchasing and/or selling IPO’s may participate in such transactions if to do so would be consistent with their historical or expected trading patterns. Subject to investment restrictions, IPO’s will generally be allocated on a pro-rata basis to all eligible, participating funds or accounts based on the asset size of each participating fund or account unless quantities available are too small to be allocated pro-rata. As a result, certain client accounts of NNIP NA and its affiliates may have greater opportunities than others to invest in IPOs. Funds or accounts with an investment policy or style that emphasizes investment in a specific category of securities may be given priority over other clients in allocating such securities. In addition, portfolio managers’ relationships with the underwriters, brokerage commissions generated, and analysis and commitment to the security may also be factors in allocation decisions.

NNIP NA and its affiliates may sell an IPO or a new issue immediately after purchase to realize a gain for client accounts. Generally, the decision to sell rests with the portfolio manager, who determines that it is in the best financial interest of the account. However, such sales may cause the portfolio turnover rate for client accounts to increase significantly and may incur tax consequences for the client.

Trading by Affiliates

Trading activities for NNIP NA may be conducted by an affiliated investment adviser located outside the U.S. Likewise, NNIP NA may place trades on behalf of affiliated investment advisers. Depending upon the intended strategy and market conditions, allocations and investment decisions may be made across multiple trading desks in a manner deemed most favourable by the portfolio managers or traders at that location. For instance, a trader working for an affiliated investment adviser in Europe may aggregate several trade orders that could include orders for clients of the Adviser as well as clients of the affiliated investment adviser. As a result, a block trade may include trades for accounts that are not managed by NNIP NA. The purpose for the Adviser and its affiliated investment advisers is to use affiliated trading desks and personnel to leverage expertise and skills. Location to the relevant market is also a critical factor.

Error Correction Procedures

On occasion, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the Adviser will generally seek to rectify the error by placing the account in a similar position as it would have been had there been no error. Depending on the circumstances and subject to applicable legal and contractual requirements, various corrective steps may be taken, including, among others, cancelling the trade, correcting an allocation or reimbursing the account for realized or actual losses. Generally, NNIP NA and its affiliates will not reimburse clients for opportunity, indirect, or hypothetical losses. Unless directed by clients to do otherwise, NNIP NA and its affiliates will not reimburse for a loss of less than approximately \$500 (or equivalent to €500) per client account.

The error account may be utilized in the instances when trade errors are detected before they have settled. The error account may include positive (financial gain for the error account) or negative (financial loss for the error account) trade errors and NNIP NA and its affiliates will bear the financial impact (positive or negative). Once the trade has settled in an account, other corrective steps would be evaluated on a case-by-case basis. Should the client account experience a gain from a trade error that has settled, the client will typically keep the gain.

Passive Breaches

In the event that investment limits and constraints are exceeded as a result of market appreciation, which are commonly referred to as “passive breaches,” depending on contractual obligations and client’s request, the Adviser will make an effort to bring portfolio back into compliance, taking into account the liquidity of the market and any financial impact. All guidelines and restrictions are being monitored on an ongoing basis by a designated group within Risk.

Errors Caused by Third Parties

NNIP NA will not be responsible for errors and/or losses to client accounts caused by third parties. For example, NNIP NA is not responsible for trades incorrectly executed by any clearing firm, broker-dealers, custodians, mutual fund, or insurance company when an order has been properly submitted by NNIP NA. The Adviser is not generally responsible for errors as a result of market data purchased from third parties.

Item 13 – Review of accounts

General

The lead portfolio manager is responsible for establishing and implementing the over-all investment strategy that the other members of the group will effect. The number of accounts assigned to each portfolio manager will vary according to the size and complexity of the accounts. Portfolio managers are responsible for evaluating appropriateness of the investments pursuant to the account's investment objectives, guidelines and restrictions. To the extent possible, an account's investment restrictions and/or all applicable regulatory restrictions are entered in the relevant portfolio management system. In general, portfolios are reviewed by the traders, investment teams and/or lead portfolio managers. The number of accounts reviewed by each reviewer will vary depending upon the nature and size of the accounts under management.

Fixed Income

The lead portfolio managers report to the global head portfolio managers of the boutiques and the Chief Investment Officer. The global investment teams consist of other portfolio managers, traders, and analysts who could be based in the US, Europe, or Asia. A portfolio manager (or analyst upon the direction of a portfolio manager) enters an order and another member of the team must approve it before the trade can be executed by Trading. The portfolio manager also runs a pre-trade compliance check in the relevant portfolio management system to ensure that no investment restrictions will be breached as a result of the transaction. Additionally, the portfolio manager (or trader) and back office department reconcile executed trades with counterparties on a daily basis utilizing portfolio management system.

Client Reports

Affiliates of NNIP NA generally furnish quarterly reports to clients regarding their portfolio assets, positions, expenses, valuation, performance and transactions. Such reports often include commentary about the investments, market and economic conditions. Clients may also receive monthly statements and confirmations of transactions from the custodian bank for the clients' accounts. With respect to registered investment companies and other regulated investment vehicles, investors are provided with reports as required by applicable law.

Item 14 – Client Referrals and Other Compensation

Additional Compensation

NNIP NA may enter into referral or solicitation arrangements with affiliated entities from which the Adviser may receive or to which NNIP NA may pay compensation for the referral of business. NNIP NA may also enter into referral or solicitation arrangements with non-affiliated persons or entities. Any such arrangements are pursuant to agreements consistent with Rule 206(4)-3 under the Advisers Act as applicable. These arrangements may raise potential conflicts of interest insofar as the person providing the referral or solicitation is being compensated to promote the services provided by the Adviser. Disclosures of the arrangement or affiliation are made to the client as required and the client does not bear the cost of referral fees or solicitation fees which may vary on a case-by-case basis.

Further, NNIP NA and its affiliates may participate in conferences and other functions sponsored by consultants and may purchase research or other services from such consultants. From time to time, these consultants may recommend NNIP NA and/or its affiliates to their clients. These recommendations are not based on, or related to, the purchase of research or services, or the participation in conferences or other functions.

Item 15 – Custody

NNIP NA does not typically have custody of its clients' assets. However, certain clients may permit the Adviser or its affiliates to deduct management fees directly from their custodian accounts, which may cause NNIP NA to be deemed to have custody over the client assets for purposes of the SEC's custody rule.

Due to the changes to the board composition for a series of pooled investment vehicles under the management of affiliated entities within the NN organisation, such entities are no longer deemed to have custody or constructive custody of those European regulated pooled investment vehicles, for which NNIP NA serves as a sub-adviser.

Item 16 – Investment Discretion

The Adviser typically receives complete discretionary authority from the client at the outset of an advisory relationship through an investment management agreement or other documents to select the identity and amount of securities to be bought and sold, select brokers or execution venues and other service providers that will service and support the operation of the account, execute trades on behalf of the client and generally engage in all activities that are essential or incidental to the investment management services the Adviser may provide. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account or fund. While the NN Investment Partners North America generally does not select

other advisers for clients, it may select funds or investment vehicles that are advised or sub-advised by other entities. Generally, these consist of money market funds or exchange traded funds (ETFs). These investment companies will have their own fees and expenses that are in addition to NNIP NA advisory fees. Our clients will bear the cost associated with investing in these investment companies.

In managing its clients' accounts, NNIP NA follows the investment policies, limitations and restrictions of the clients for which it advises. In the event that the investment limits and constraints are exceeded as a result of market appreciation, NNIP NA shall make the necessary adjustments, taking into account the liquidity of the market and the financial impact on the account, to bring the account in compliance with relevant guidelines and restrictions. NNIP NA's authority to manage the accounts may also be limited by securities, tax and other applicable laws. Investment guidelines and restrictions must be provided to the Adviser in writing.

For those clients who so desire and entirely at their discretion and choice, NNIP's ultimate parent entity—NN Group, N.V. – has developed the NN Defence policy which restricts investments in certain firms involved in certain aspects of the defence or weapons industry. Likewise, NN Group, N.V. also has developed other investment policies that take Environment, Social and Governance (“ESG”) factors into account; as with the NN Defence policy, these policies are entirely at a client's discretion. Additional information about these policies can be obtained upon request.

Item 17 – Voting Client Securities

General

NNIP NA currently does not vote proxies for its clients. However, as part of the investment management services that NNIP NA may provide to non-U.S. clients, the Adviser may be asked to provide recommendation on proposed corporate actions for securities in which the non-US portfolios have beneficial ownership. The management companies of these non-US portfolios hold the proxy voting authority for these funds, but may seek advice from NNIP NA's portfolio managers regarding the proxy votes. NNIP NA is committed to managing our clients' assets in their best interests. Accordingly, in advising on such corporate actions, NNIP NA considers the potential impact on the portfolio and makes recommendations in a manner which, in its opinion, will add economic value to the clients' investments. Our affiliates have established a committee to oversee its proxy voting for its Benelux-based mutual funds and have been utilizing Institutional Shareholder Services (ISS) for proxy voting recommendations.

Corporate Actions and Related Issues

From time to time, NNIP NA may need to make decisions with respect to participation in various types of corporate actions (e.g., tender offers, restructurings, waivers of covenants, etc.) on behalf

of client accounts. These situations are often issue-specific and can occur in any types of fixed income portfolio.

Class Actions and Litigation

As a general matter, a fund's or account's custodian, rather than NNIP NA, is responsible for filing class action claims and NNIP NA generally does not commence or pursue litigation on behalf of clients. With respect to certain portfolios, NNIP NA may determine to initiate and/or pursue litigation in order to maximize recoveries for the fund or account, including "work-out" situations. Likewise, NNIP NA may in certain cases assist clients in these proceedings. Recoveries achieved from these activities generally inure to the benefit of, and expenses incurred in these efforts are generally borne by, those accounts or funds holding the investments.

Item 18 – Financial Information

This item requires disclosure of any material financial condition that could likely adversely impact the Adviser's ability to meet contractual obligations to our clients. At present, to the best of our knowledge, there is no such financial condition that could adversely impact our ability to meet obligations to our clients in providing investment management services.