



AIG Asset Management (U.S.), LLC

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Form ADV Part 2A: Brochure

This brochure provides information about the qualifications and business practices of AIG Asset Management (U.S.), LLC, a registered investment adviser. If you have any questions about the contents of this brochure, please contact Mai Shiver, Chief Compliance Officer, at (212)770-9044 and/or Mai.Shiver@aig.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AIG Asset Management (U.S.), LLC also is available on the SEC's website at www.adviserinfo.sec.gov. Registration does not imply a certain level of skill or training.



Item 2: Material Changes:

This Brochure dated February 2, 2021 serves as an update to the Brochure dated October 14, 2020.

1. Item 5: Fees and Compensation has been updated for Affiliated Clients and distinguishes fees between Core Investments and Risk Transfer Investments.



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Item 4: Advisory Business

Our Firm

AIG Asset Management (U.S.), LLC ("AMG" or the "Adviser") is a wholly owned, indirect subsidiary of American International Group, Inc. ("AIG"), a company whose common shares are listed on the Tokyo Stock Exchange and the New York Stock Exchange. AIG owns 100% of AIG Capital Corporation, which owns 100% of AIG Global Asset Management Holdings Corp. ("AIGGAMHC"), the direct parent of the Adviser. The Adviser's headquarters are located in New York, NY, with affiliated offices in Wilton, CT, Houston and Dallas, TX, New York, NY, Charlotte, NC, Los Angeles, San Francisco, CA, and Dublin, Ireland.

AMG is dedicated to providing investment advisory and asset management services to AIG, its affiliates, and unaffiliated institutional clients. The Adviser may also manage private investment vehicles ("Funds") of affiliated and unaffiliated investors. AMG also serves as a sub-adviser to domestic and international affiliates, and unaffiliated investment managers, in the management of institutional client accounts and Funds. The Adviser initially registered with the United States Securities and Exchange Commission ("SEC") as an investment adviser on May 13, 2009. The Adviser managed \$332.2 billion discretionary assets for its Clients as of December 31, 2019.

AIG Asset Management (U.S.), LLC, along with its affiliated investment advisers (see Item 10) provide investment advisory and asset management services to unaffiliated clients under the brand name AIG First Principles. These affiliates include investment advisers First Principles Capital Management, LLC ("FPCM") and AIG Credit Management, LLC ("ACM") registered with the SEC and AIG Asset Management (Europe) Limited "AAMEL" authorized and regulated by the Financial Conduct Authority ("FCA"). This ADV 2A Brochure applies to the activities of AIG Asset Management (U.S.), LLC and clients should be cognizant of the entity they're engaging through the investment advisory agreement pertaining to their accounts.

Our Advisory Services

AIG Asset Management (U.S.), LLC provides discretionary investment advice and asset management services over institutional client portfolios pursuant to an investment management agreement between the Adviser and clients. The full scope of advisory services will be described in the investment management agreement and may be changed from time to time as the Adviser and the client may agree, or pursuant to the Client's instructions, as applicable. The Adviser will work with clients to understand their investment objectives and develop investment parameters for their respective strategy or mandate which will be incorporated into the investment management agreement. Clients may also provide the Adviser with their own investment policy, to which the Adviser will manage. In developing investment parameters, clients may provide the Adviser with reasonable investment restrictions. The Adviser may also recommend clients invest in a Fund managed by the Adviser, or an affiliate, which, in turn, invests in securities or other assets.

Asset Types

Generally, AIG Asset Management (U.S.), LLC manages strategies of the following asset classes. As an overlay to AMG's management of these strategies, portfolio managers may also provide derivative services designed to hedge portfolio investments.

Public Fixed Income Asset Class – Includes debt securities issued by the US and foreign governments, foreign governmental agencies and supranational organizations, debt securities issued by US and Non-US corporations, debt securities issued by US municipalities.



Structured Credit Asset Class – Includes residential mortgage backed securities (“RMBS”), commercial mortgage backed securities (“CMBS”), asset backed securities (“ABS”), collateralized loan obligations (“CLOs”), collateralized debt obligations (“CDOs”).

Private Credit Asset Class – Includes US and non-US corporate private placements, middle market corporate loans, US and non-US infrastructure debt, US and non-US structured private placements, and direct originations. This asset class consists primarily of privately offered unregistered securities, which are predominantly Regulation D offerings.

Commercial Mortgage Loans (“CML”) Asset Class - Includes commercial mortgages purchased through whole loans, participations, or structured investments. These investments may be diversified geographically and by property type, including, inter alia, warehouses, office buildings, shopping centers, and apartments depending on the clients’ investment parameters. Whole loans are generally secured by first mortgages and maturities typically range from 5 to 15 years.

Additionally, AMG acts as a mortgage loan servicer for certain commercial mortgage loans that are held by trusts formed for the purpose of securitizing such loans. AMG has been engaged by such trusts as the “master primary servicer” for the commercial loans held by the trusts. Affiliated Clients of AMG and unaffiliated investors hold beneficial interests in the trust certificates issued by the trusts that currently hold such commercial loans.

Residential Mortgage Loans (“RML”) Asset Class – Includes portfolios of US residential mortgage whole loans. These are generally acquired in the secondary market on behalf of AMG’s clients and may be held for investment, securitized, or sold.

Global Real Estate (“GRE”) Asset Class – Includes portfolios and private funds of global equity real estate investments for AIG, its subsidiaries, and AMG’s unaffiliated clients. GRE has been actively involved in (i) the acquisition and development of office, industrial, residential, and hospitality properties, facilities management and fund management; and (ii) the sponsorship and management of real estate collective investment funds.

Alternatives, Equity and External Mandates Group (“AEEM”) – Includes portfolios of investments with exposure to various asset classes. Investments may consist of a separately managed accounts of public equity securities, hedge funds and private equity funds managed by unaffiliated, and affiliated, managers, direct private equity investments, and externally managed portfolios of traditional asset classes.

Investment Advisory Solutions

The majority of AIG Asset Management (U.S.), LLC’s clients are AIG affiliate insurance companies. Due to the structure of its advisory business and unique nature of certain asset classes, the Adviser enables unaffiliated clients to participate in the following Solutions (or “Programs”) to access these asset classes. As an overlay to AMG’s management of these strategies, portfolio managers may also provide derivative services designed to hedge portfolio investments. In the Private Credit, Commercial Mortgage Loan, and Commercial Real Estate Equity Solutions, unaffiliated clients may elect to:

- Be considered for any investment opportunity meeting the client’s mandate, regardless of AIG affiliate participation, or
- Only be considered for investment opportunities where AIG affiliates will be participating. With this election, there may be instances in which the Adviser identifies a potential investment opportunity consistent with unaffiliated clients’ objectives, however does not proceed with the opportunity due to lack of participation by AIG affiliate clients.



Public Fixed Income and Structured Credit Solutions

In these Solutions, clients may invest in the Public Fixed Income or Structured Credit asset classes through a separately managed account. The Adviser consults with the client to develop investment parameters aligned to the client's objectives which may include investment duration, rating, geographic exposure, and other considerations.

Private Credit Solution

In this Program, clients may invest in the Private Credit asset class through a separately managed account. The Adviser consults with the client to develop investment parameters aligned to the client's objectives which may include asset type, investment duration, rating, geographic exposure, and other considerations.

Commercial Mortgage Loan Solution

In this Program, clients invest in commercial mortgage loans or commercial mortgage loan participations on loans originated by an affiliated entity of the Adviser. The Adviser consults with a client to develop investment parameters aligned with the client's objectives that define the types of investment opportunities which are appropriate for the client's mandate. Investment parameters may be categorized by geography, property type, loan type, loan-to-value, or other factors detailed in each client's investment management agreement.

Global Real Estate Solution

In this Program, clients invest in commercial real estate equity investments through separately managed accounts which may include direct-equity investments or private funds, sponsored and managed by the Adviser or an affiliated entity. The fund mandates are often specific to geographic locations and property status. While the investment parameters of the separately managed account may be more specific and also include property type, risk-level, and other categories.

Residential Mortgage Loan Solution

In this Program, clients invest in residential mortgage whole loans through participations granted by an affiliated entity of the Adviser. The Adviser administers a program for the acquisition of residential mortgage loans on the secondary market from a national network of licensed originators. Prior to purchase, due diligence is performed on each loan to verify certain characteristics of the loan and its condition with respect to regulatory standards. The Adviser regularly consults with a client to identify the client's current investment appetite given market conditions, and acquires loans with characteristics as defined by the client. In this Program, clients may not always be able to access the market due to the competing appetites of other clients who may be willing to accept less favorable investment terms. See Item 12, Aggregation of Client Investment Advisory Solutions Allocation Policies for additional information.

Alternatives and Equities Solutions

In this Solution, clients invest in alternative investment and equity strategies through separately managed accounts which may include direct-equity investments, hedge funds, private equity funds, or funds-of-funds. Investments in funds may be with unaffiliated managers that have undergone a rigorous due diligence process, or in funds sponsored and managed by the Adviser or an affiliated entity.

Derivatives, Short-Term Investments, and Other Investments Solutions

AMG also provides investment advice and portfolio management through Programs for derivatives, STI, repurchase and reverse repurchase, securities-based lending, and foreign exchange. Through these Programs, AMG advises clients on their investment needs, which may be related to client's externally held assets or liabilities. Such services include; (i) advice and assistance with short-term (less than one year in duration) cash investments of various asset classes; (ii) the execution, negotiation, management, tracking and monitoring of repurchase, reverse repurchase,



securities lending, foreign exchange, and derivatives transactions; (iii) establishment of relationships with acceptable counterparties and collateral thresholds for counterparties; (iv) the execution and settlement of the foregoing transactions; and (v) the ongoing valuation and monitoring of portfolio positions. Derivative transactions may include, without limitation, interest rate, currency, or commodity swaps, options, swaptions, collars, caps, floors, forward rate agreements, futures or other similar transactions, whether over-the-counter or exchange traded, credit derivatives, and derivatives based on securities or other related transactions, and spot currency exchange transactions.

The services provided through these Programs are separate and distinct from the derivatives managed to support hedging within portfolios of other asset classes.

Item 5: Fees and Compensation

AIG Asset Management (U.S.), LLC provides investment advisory services to its parent company AIG, affiliates of AIG, and unaffiliated clients. Due to its relationship with AIG and its affiliates, AMG maintains a separate fee schedule for affiliated clients. In most instances, the agreed rates for AIG and AIG affiliates will be considerably lower than the rates to with unaffiliated clients.

Unaffiliated Clients

Investment Advisory Solutions

Depending on the strategy and asset class, AMG shall receive a monthly, or quarterly, management fee for services provide with respect to the Portfolio. The Management Fee shall equal a per annum fee, expressed in basis points, applied to the net asset value of the investments. The management fee may differ for each client, and is based on the strategy, amount of assets under management, commitment to invest additional assets, and other factors. The management fee may take the form of a flat-fee or tiered fee based on the assets under management. Each client's management fee, the billing frequency, billing practices, other applicable fees and expenses, and other compensation considerations will be described and agreed in the investment management agreement.

In addition to the management fee, clients may experience additional fees and expenses charged by parties other than the adviser, such as; commissions charged for execution of transactions, custodial fees, administrator fees, servicing fees, and other fees. These fees and expenses will be detailed in each client's investment management agreement.

Derivatives, Short-Term Investments, and Other Investments Solutions

The Manager shall apply the applicable rates below to the notional amount of financial contracts and instruments for which it provides the services. The Manager will use the following formula, the sum of:

- (A) the product of:
 - (i) the average aggregate notional amounts of (x) derivatives (other than deliverable spot or deliverable forward foreign exchange transactions) ("Derivatives") and (y) short term investments, repurchase and reverse repurchase transactions and securities lending transactions (collectively, "STI"), in each case, outstanding during the relevant billing period; and
 - (ii) the applicable basis point charge set forth in the table below; and
- (B) the product of:
 - (i) the aggregate notional amount of deliverable spot or deliverable forward foreign exchange transactions ("FX") executed during the relevant billing period; and
 - (ii) one (1.0) basis point.



Product Category	Basis Point Charge (bps on Average Aggregate Notional Amounts)
Derivatives	2.0
Short Term Investments (STI)	4.0

Fees will be billed monthly in arrears, together with a statement of Expenses incurred by the Manager and reimbursable by the Client. Such amounts are due and payable by the Client within 10 Business Days following receipt of each billing invoice.

The Fees for the first monthly billing period will begin on the Effective Date of this Agreement and end on the last day of the month in which the Effective Date falls.

Should the Agreement terminate with respect to one or more Portfolios or Designated Portfolios on a day which is not the last day of a month, the Fees will be pro-rated to the actual number of days in the month up to the date of termination.

Affiliated Clients

Core Investments¹

For the services with respect to the Portfolios, AMG shall receive a monthly management fee equal to the client's pro rata portion of the Adviser's total budgeted operating costs allocable to the relevant billing period, plus any margin reasonably required to comply with applicable laws or regulations (including, without limitation, with respect to transfer pricing or similar requirements). In determining the client's pro rata portion of such costs, the Adviser will establish and follow procedures that are reasonably designed to ensure a fair and equitable allocation of its operating costs across all its affiliated clients, including, among other things, by taking into consideration the relative size of each affiliated client's managed portfolio, and the relative costs associated with delivering investment management and related services to the affiliated clients across the various asset classes managed by the Adviser or any designee. After the close of the fourth quarter of each calendar year, the Adviser will reconcile the fees charged hereunder for the year then-ending against the actual cost to the Adviser of providing services under the investment management agreement. If the amount paid by the client exceeds the actual costs, such excess will be reimbursed by the Adviser to the client. If the amount paid by the client is less than the actual costs, such deficiency will be paid by the client to the Adviser.

The Management Fee is calculated as of the last business day of each month and is payable by the client in arrears within 10 business days following the receipt of the billing invoice, which shall include reasonably detailed documentation of how such Management Fee was calculated.

Should the agreement terminate with respect to one or more portfolios on a day which is not the last day of the month, the management fee will be pro-rated to the actual number of days in the month up to the date of termination and calculated on the basis of fair market value of the assets in the Portfolio on the date of withdrawal.

Risk Transfer Investments²

For services provided with respect to Risk Transfer Investments, AMG shall receive a monthly management fee equal to the net asset value of the Risk Transfer Investments in the Portfolios² and Designated Portfolios² times the fee

¹ As defined in each client's investment management agreement

² As defined in each client's investment management agreement



basis corresponding to the relevant asset class or service type for each such Investment, as set forth in the Schedule of Fees in each client's investment management agreement.

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

AIG Asset Management (U.S.), LLC manages Funds in which it may earn a performance-based fee in the form of carried interest. AMG also manages Funds and accounts in the same or similar asset classes where AMG only earns an asset-based fee and does not earn a performance-based fee. This is a conflict of interest in that AMG has an incentive to favor accounts where it is eligible to receive additional compensation based on the account's performance. AMG mitigates this conflict of interest by having well established allocation policies and procedures to prevent and detect instances of favoritism in the allocation of investment opportunities. See Item 12, Aggregation of Client Orders and Investment Advisory Solutions Allocation Policies for additional information.

Item 7: Types of Clients

AIG Asset Management (U.S.), LLC primarily serves sophisticated institutional clients. There are no minimums to opening an account, however the Adviser may decline to open an account if the proposed economics of the relationship are not acceptable to the Adviser.

AIG Affiliates: The Adviser manages accounts of AIG, AIG affiliated entities, and AIG affiliated insurance companies.

Institutional Clients: The Adviser manages accounts of unaffiliated clients which may consist of insurance companies, corporations, foundations, endowments, pensions, family offices, or other sophisticated institutional clients.

Pooled Investment Vehicles: The Adviser sponsors, and manages, pooled investment vehicles. These investments often take the form of private funds consisting of AIG, AIG affiliates, and unaffiliated investors.

Special Purpose Vehicles: The Adviser serves as investment adviser or another similar capacity for special purpose vehicles, custodial pools or trusts created in connection with transactions involving the securitization of assets of AIG, and AIG affiliates, and other structured transactions entered into by AIG, and its affiliates. Due to their structures, these special purpose vehicles may themselves be considered affiliates of the Adviser for certain purposes. The Adviser may also serve as investment adviser to special purpose vehicles of unaffiliated investors.

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

INVESTMENT ANALYSIS PROCESS

AIG Asset Management (U.S.), LLC's investment process begins with an extensive discussion of the client's objectives, needs, and constraints. For AIG and AIG affiliates, this may include business line inputs regarding the individual insurance businesses and projected cash flows. This information is then combined with market projections from the Global Economics Group and feedback from each of the investment teams to construct an annual investment plan.

For unaffiliated institutional clients, once the client's objectives are thoroughly understood, the Adviser may propose written investment parameters and potential options for an initial hypothetical portfolio, along with an explanation of the benefits and drawbacks as it relates to the investment objectives. In determining recommendations, the Adviser evaluates fundamental and technical factors affecting the markets, proprietary models, publicly available



data, and other internal resources. The process results in the creation of written investment guidelines that are incorporated into an investment management agreement and can change as client circumstances, liability, and/or objectives change.

The Adviser's Analytics unit provides support for the process for AIG, AIG affiliates, and certain institutional clients utilizing asset/liability modeling platforms to identify balance sheet economic sensitivities to key risk factors such as interest rates, credit spreads, and inflation. A review of fundamentals, technical, and valuations for each asset class drive the investment parameters and overall asset allocation process.

The Adviser uses a multi-factor approach for research and credit analysis that ensures thorough examination of all materially relevant factors. The Sovereign team and Global Economics Group provide top-down analyses of macro- and industry-sector trends that anchor and complement the bottom-up credit research conducted by corporate analysts. Working with the portfolio managers and traders, the analysts determine whether the investment opportunities will provide a sufficient return given the risk profile, the relative value versus other available investment securities, the structure, relevant covenants, and protections. Traders provide the portfolio managers with insight regarding the availability and pricing of potential investments.

Day-to-day investment decision-making is the responsibility of the individual asset class teams. Their investment process is constructed based on coordinated activity between portfolio managers, traders, and research analysts. The analysts conduct top-down and bottom-up fundamental research based on a thorough understanding of issuers and sectors. They work closely with traders, who provide market technical information including liquidity, trading flows, and pricing. These two functions are in turn linked with portfolio managers, who are charged with portfolio construction, positioning and ultimate relative value determinations, to make the ultimate buy/sell decisions. Portfolio managers consider each portfolio's investment mandates, objectives, and constraints, as well as the availability and pricing of securities.

Portfolio management teams also consider the inherent risk of each portfolio and apply top-down analysis to help limit sector and market risk, while the bottom-up approach helps to limit issuer-specific risk. The security selection process considers an issuer's credit fundamentals as well as relative value within its sector to accurately price risk. In order to help protect principal, once a security is in the portfolio, it is subject to ongoing monitoring. If a security begins to exhibit a fundamental deterioration to its credit outlook, a price decline, or the management begins to execute against its stated business plan to a point where the portfolio manager's thesis becomes challenged, the portfolio manager may choose to manage risk down or eliminate the security from the portfolio.

FOCUS ON CERTAIN INVESTMENT STRATEGIES

AMG employs a number of investment strategies in the management of its investment portfolios. The bulk of these strategies relate to fixed income, which are managed in both total return strategies and are matched to the underlying liabilities of individual clients. Attributes of some strategies are as follows:

INVESTMENT GRADE: Investment grade portfolios, which are comprised of diversified portfolios of primarily corporate, but also sovereign, investment grade issuers, are managed in multiple currencies both on a total return basis and matched to the underlying liabilities of clients. The primary objective of the investment grade team is to obtain a high level of current interest income, combined with the preservation of invested capital, and active management of portfolio assets. This objective is generally achieved through portfolio construction that is diversified by type, ratings, industry/sector, duration, and maturity.



HIGH YIELD: The primary objective of the high yield portfolios is to generate attractive risk-adjusted returns that exceed their designated benchmarks by investing in a diversified portfolio of debt securities of corporate issuers that are rated non-investment grade. AMG consistently monitors the universe of high yield issuers and attempts to construct a portfolio with those it believes offers the most attractive risk-reward ratio. Specific focus is placed on fundamental credit analysis along with tracking error volatility, largest portfolio exposures, higher risk issues, and the size of AMG exposures relative to total outstanding debt.

MUNICIPALS: AMG manages portfolios of both taxable and tax-exempt securities on behalf of its clients. Similar to the investment grade portfolios, the primary objective of these municipal bond portfolios is to obtain a high level of current interest income, combined with the preservation of principal and active management of portfolio assets. Municipal portfolios are generally diversified by issuer, quality, sector, duration, and maturity.

EMERGING MARKET DEBT: Emerging market debt portfolios primarily invest in hard currency debt securities of emerging market sovereign, quasi-sovereign, supranational, and corporate issuers. The primary objective of these portfolios is to generate risk-adjusted performance that exceeds their designated benchmarks. AMG performs detailed analysis on sovereign risk, as well as emerging market corporate issuers, focusing on underlying fundamentals. Portfolios are highly diversified by sector, country, issuer, duration, and maturity.

COLLATERALIZED LOAN OBLIGATIONS ("CLOs"): CLO portfolios primarily invest in rated debt tranches of third party and affiliate managed CLOs. These portfolios are generally diversified by manager, vintage, and region. These portfolios may also include collateralized debt obligations ("CDO") debt securities. Due to the nature of the underlying clients, portfolios holdings are generally in the senior portion of the capital structure. The CLO team may utilize a variety of hedging strategies and structuring solutions as part of yield enhancing programs.

PRIVATE PLACEMENTS: These portfolios focus primarily on debt securities of corporate issuers, infrastructure debt, and esoteric asset-backed securities ("ABS"). Transactions are sourced directly from issuers and through intermediaries, most of which are primarily large investment banks. Credit, structure and pricing analyses are conducted by each deal team. Credit work involves independent diligence on the company, industry and economy. Structural analysis is conducted with support from internal and external legal counsel and includes bankruptcy/restructuring considerations. Pricing analysis considers appropriate relative value versus comparable public issues, the risk/return for the credit and yields.

STRUCTURED PRODUCTS: The dedicated and experienced structured product team focuses on analysis and investment into structured instruments, generally issued by unaffiliated third-party issuers, although portfolios may also invest in securities issued by affiliates of the Adviser. Security selection decisions are evaluated based on credit worthiness of the issuer, analysis of the specific instrument and structure, maturity, and other related risks.

REAL ESTATE EQUITY: AMG's real estate equity platform is guided by its disciplined and tailored investment approach. The team is comprised of global research professionals focused on macroeconomics and the global real estate outlook. Property sector research provides trend analysis, market data, and recent transaction metrics. The in-house construction and development team is able to provide unique expertise in undertaking capital intensive projects. Portfolios are generally focused on specific regions (e.g. US, Europe) and types (e.g. core, value-add, new development).

COMMERCIAL MORTGAGE LOANS ("CMLs"): The CML team primarily originates new investments in whole loans backed by commercial real estate in the US and Europe. The investment objective of the team is to produce consistent current income, attractive risk-adjusted returns, and a focus on the preservation of principal. Portfolios



are generally comprised of both fixed rate and floating rate senior secured loans collateralized by stabilized commercial real estate.

FOCUS ON CERTAIN INVESTMENT RISKS

The Adviser's investment platform spans multiple asset classes as exemplified below. The following risks may apply to the asset classes managed by the Adviser:

FIXED-INCOME INVESTMENTS RISK: The value of fixed-income securities will change as the general levels of volatility in the marketplace and interest rates fluctuate. When interest rates decline, the value of fixed rate and fixed-income securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline. Investments in lower rated or unrated fixed-income securities, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk. In addition, the absence of an active and liquid trading market, issuer ratings downgrades, macroeconomic or systemic events, and other factors may negatively impact the value of certain fixed income investments.

HIGH YIELD SECURITIES RISK: The Adviser may invest on behalf of Clients in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are typically subject to greater risk of loss of principal and interest than higher-rated securities and in some cases may be considered speculative with respect to the issuer's capacity to pay interest and repay principal. In addition, because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold.

RESIDENTIAL MORTGAGE BACKED SECURITIES ("RMBS") RISK: RMBS are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real property residential debt, such as mortgages and home equity debt. These securities are subject to particular risks because they have yield and maturity characteristics corresponding to their underlying assets. Unlike traditional debt securities, which may pay a fixed rate of interest until maturity when the entire principal amount comes due, payments on certain RMBS include both interest and a partial payment of principal. This partial payment of principal may be comprised of a scheduled principal payment, as well as an unscheduled payment from the voluntary prepayment, refinancing, or foreclosure of the underlying assets. As a result of these unscheduled payments of principal, or prepayments on the underlying assets, the price and yield of RMBS can be adversely affected. For example, during periods of declining interest rates, prepayments can be expected to accelerate, and the Adviser could be required to reinvest the proceeds at the lower interest rates then available. Prepayments of mortgages that underlie securities purchased at a premium could result in capital losses because the premium may not have been fully amortized at the time the obligation is prepaid. In addition, like other interest-bearing securities, the values of RMBS generally fall when interest rates rise, but when interest rates fall, their potential for capital appreciation is limited due to the existence of the prepayment feature.

COMMERCIAL MORTGAGE BACKED SECURITIES ("CMBS") RISK: CMBS are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real property having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. CMBS are issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. CMBS generally lack standardized terms, tend to have shorter maturities than RMBS and may provide for the repayment



of all or substantially all of the principal only at maturity. All of these factors increase the risk involved with commercial real estate lending. Commercial properties tend to be unique and can be more difficult to value than single-family residential properties. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential lending since it typically involves larger loans to a single borrower than residential lending on smaller properties.

RESIDENTIAL MORTGAGE LOANS RISK: Adviser has entered into an agreement with an affiliated mortgage advisory company to source and provide the Adviser with individual residential mortgage loans for direct investment opportunities. Such loans are underwritten by unaffiliated mortgage originators. Investing in such loans carries with it the possible risk of default by the mortgage holder. As with any interest rate sensitive investment, residential mortgage loans are subject to interest rate movements which may lower investor returns when compared to current market rate returns. For example, during periods of declining interest rates, mortgages can be expected to re-finance at a lower interest rate, and the Client may lose future income streams from these investments. . Residential mortgage loans are generally less liquid than investments in comparable fixed income securities.

COMMERCIAL MORTGAGE LOANS RISK: Adviser, through an affiliated California state licensed mortgage underwriter, invests Client money in commercial mortgage loans. As with any interest rate sensitive investment, commercial mortgage loans are subject to interest rate movements which may lower investor returns when compared to current market rate returns. For example, during periods of declining interest rates, commercial mortgages can be expected to re-finance at a lower interest rate, and the Client may lose future income streams from these investments. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential lending since it typically involves larger loans to a single borrower than residential lending on smaller properties.

SOVEREIGN DEBT RISK: Investments in sovereign debt securities involve special risks. The governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due, depending on factors such as the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, or the government debtor's policy towards the supranational organizations and the political constraints to which a government debtor may be subject.

If an issuer of sovereign debt defaults on payments of principal and/or interest, the Adviser may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, and a debt holder's ability to obtain recourse may be limited.

MUNICIPAL SECURITIES RISK: Municipal bonds are debt issued by a state or local government entity to finance its capital expenditures. It is anticipated that most of the Adviser's municipal securities investments will consist of general obligations for which the taxing power of the issuer is the source of repayment and pre-refunded municipal obligations and certain essential purpose obligation bonds. Revenue or special purpose obligation bonds are not direct obligations of any government and the payment of such obligations is generally dependent on the collection of anticipated revenues from a particular facility or special excise tax. In the event that special revenues backing such obligations are not received, the Adviser will have no recourse against the issuer or any other party for repayment of such obligations. In the case of general obligations, there is the risk that an issuer of such obligations could become insolvent and default on the obligations. In such case, the Adviser would be a creditor of the issuer and would likely not receive full payment of principal and interest on the obligations. The municipal securities



markets are fragmented to a significantly greater degree than markets for taxable securities. This fragmentation can lead to aberrational pricing as well as periods of illiquidity and affect the value and yield of municipal securities.

HEDGE FUNDS AND PRIVATE EQUITY FUNDS RISKS: Adviser has the discretion to invest Client assets in Alternative Investments such as Hedge Funds, Private Equity Funds, and structured products, (e.g., collateralized mortgage obligations, credit default swaps). Investments in these assets and products may carry a high degree of risk, including lack of liquidity, price volatility and entire loss of principal.

No Control over Funds and Limited Control over Investment Managers: The Adviser will be relying on the investment managers to make all investments for the underlying investment funds and will have little or no control over the investments made by such funds, the selection of counterparties with which, or the exchanges on which, such funds trade, or the leverage utilized or the risks assumed by such fund. In addition, a fund may impose certain limitations on the Adviser's ability to redeem its investment with such fund. This may in turn adversely affect the ability of the Adviser to meet requests for withdrawal of assets by Clients. The Adviser has limited control over the investment managers. Because the investment managers typically maintain investment discretion, subject to certain limitations in the funds' governing documents, their results depend largely upon the investment managers' abilities and efforts. The Adviser will not have the ability to terminate or reverse non-conforming trades made by the investment managers.

Risk of Theft or Fraud by Investment Managers: Although the Adviser will endeavor to verify the integrity of the investment managers with whom it invests Client assets, there is a risk that an investment manager could mishandle or convert investments that are under its control and cause losses to Clients. In addition, although the Adviser will attempt to monitor the performance of each investment manager, it must ultimately rely on each investment manager to operate in accordance with its disclosed investment objectives, restrictions and strategy and with applicable laws and regulations. If an investment manager does not operate in accordance with its disclosures and applicable laws and regulations, or otherwise commits fraud or other illegal acts, Clients may sustain losses with respect to their investments despite The Adviser's efforts to monitor the investment.

REAL ESTATE FUNDS RISK: Investment in the GRE Funds entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks, including the risk of total loss of capital. An investment in the GRE Funds requires a long-term commitment, with no certainty of return. The GRE Funds' targeted returns are merely a goal and there can be no assurance that the targeted returns can be achieved. Interests in the GRE Funds (the "Interests") are subject to restrictions on transfer. The Interests have not been and will not be registered under the United States Securities Act of 1933 ("Securities Act"), the securities laws of any state or the securities laws of any other jurisdiction. It is anticipated that the offering and sale of the Interests will be exempt from registration in the United States pursuant to Regulation D promulgated under the Securities Act. Following the offering, there will be no public market for the Interests and none is expected to develop. The investments by the GRE Funds will be subject to, directly or indirectly, the risks inherent in the ownership and operation of real estate and real estate-related assets. Complete risk disclosures for each real estate fund are contained in each fund's offering documents. Copies of the offering documents are provided to eligible investors prior to investing in the fund.

The following risks may also apply to the Adviser's investments on behalf of Clients:

ASSET ALLOCATION STRATEGY RISK: Asset allocation strategies do not assure profit or diversification and do not protect against loss.



ASSET CLASS RISK: Securities in a portfolio may underperform in comparison to the general securities markets, a particular securities market, or other asset classes.

BORROWING RISK: Borrowing may exaggerate changes in the net assets and returns of a portfolio. Borrowing will cost the portfolio interest expense and other fees and may reduce a portfolio's return. A portfolio may need to liquidate positions when it may not be advantageous to do so to satisfy its borrowing obligations. Borrowing arrangements may be used to meet short-term investment and liquidity needs or to employ forms of leverage. The use of leverage entails risks, including the potential for higher volatility and greater declines of a portfolio's value, and fluctuations of dividends and other distribution payments.

COMMODITY RISK: Negative changes in a commodity market could have an inverse impact on the value of commodity-linked investments including companies that are susceptible to fluctuations in commodity markets. The value of commodity-linked investments may be affected by changes in overall market movements, taxation, terrorism, nationalization or expropriation, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as weather (e.g. drought, flooding), livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of sector commodities (e.g. energy, metals, agriculture and livestock) may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies.

CONCENTRATION RISK: Concentrating investments in an issuer or issuers, in a particular country, group of countries, region, market, industry, group of industries, sector or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that issuer or issuers, particular country, group of countries, region, market, industry, group of industries, sector or asset class than a more diversified mix of investments.

CONVERSION OF EQUITY INVESTMENTS: After its purchase, a non-equity investment directly or indirectly held by a portfolio (such as a convertible debt obligation) may convert to an equity security (converted investment). Alternatively, a portfolio may directly or indirectly acquire equity securities in connection with a restructuring even related to one or more of its non-equity investments. The portfolio may be unable to liquidate the converted investment at an advantageous time, impacting the performance of the portfolio.

COUNTERPARTY RISK: Transactions, including certain derivative transactions, entered into directly with a counterparty is subject to the risk that the counterparty will fail to perform its obligations in accordance with the agreed terms and conditions of the transaction. A counterparty may become bankrupt or otherwise fail to perform its obligations due to financial difficulties, resulting in significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding or no recovery in such circumstances.

CREDIT/DEFAULT RISK: Debt issuers and other counterparties of fixed income securities or instruments may default on their obligation to pay interest, repay principal or make a margin payment, or default on any other obligation. Additionally, the credit quality of securities or instruments may deteriorate (e.g. be downgraded by ratings agencies), which may impair a security's or instrument's liquidity and decrease its value.

CURRENCY RISK: Currencies may be purchased or sold for a portfolio through the use of forward contracts or other instruments. A portfolio that seeks to trade in foreign currencies may have limited access to certain currency markets due to a variety of factors including government regulations, adverse tax treatment, exchange controls, and currency convertibility issues. A portfolio may hold investments denominated in currencies other than the currency in which the portfolio is denominated. Currency exchange rates can be volatile, particularly during times of political



or economic unrest or as a result of actions taken by central banks. A change in the exchange rates may produce significant losses to a portfolio.

CYBERSECURITY RISK: With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

DERIVATIVE RISK: Investments in derivatives or similar instruments, including but not limited to options, futures, options on futures, forwards, participatory notes, swaps, structured securities, tender-option bonds and derivatives relating to foreign currency transactions, which can be used to hedge a portfolio's investments or to seek to enhance returns, entail specific risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Losses in a portfolio from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to fulfill its contractual obligations, the portfolio receiving cash collateral under the transactions and some or all of that collateral being invested in the market, or the risks arising from margin posting requirements and related leverage factors associated with such transactions. In addition, many jurisdictions globally have proposed or adopted new regulations for derivatives transactions (e.g. U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010). Any new regulations may make derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the value or performance of derivatives.

DEVELOPED COUNTRIES RISK: Investments in developed countries may subject a portfolio to regulatory, political, currency, security, demographic, and economic risks specific to developed countries. Developed countries may be impacted by changes to the economic health of certain key trading partners, regulatory burdens, debt burdens and the price or availability of certain commodities. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some other countries or regions.

DISTRESSED SECURITIES: Investments in companies that are in poor financial condition, lack sufficient capital, or are involved in bankruptcy or reorganization proceedings face the unique risks of lack of information with respect to the issuer, the effects of bankruptcy laws and regulations and greater market volatility than is typically found in other securities markets. As a result, investments in securities of distressed companies involve significant risks that could result in a portfolio incurring losses with respect to such investments.

EMERGING MARKETS RISK: Investments in emerging markets may be subject to a greater risk of loss than investments in more developed markets, as they are more likely to experience inflation risk, political turmoil and rapid changes in economic conditions. Investing in the securities of emerging markets involves certain considerations not typically associated with investing in more developed markets, including but not limited to, the small size of such securities markets and the low volume of trading (possibly resulting in potential lack of liquidity and in price volatility), political risks of emerging markets which may include unstable governments, government intervention in securities or currency markets, nationalization, restrictions on foreign ownership and investments, laws preventing repatriation of assets and legal systems that do not adequately protect property rights. Further, emerging markets may be adversely affected by changes to the economic health of certain key trading partners,



such as the U.S., regional and global conflicts and terrorism and war. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

EQUITY SECURITIES RISK: Equity securities are subject to changes in value and their values may be more volatile than other asset classes. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and the industry in which the issuer securities are subject to stock risk. Historically, U.S. and non-U.S. stock markets have experienced periods of substantial price volatility and may do so again in the future.

FRONTIER MARKETS RISK: Investments in frontier markets may be subject to a greater risk of loss than investments in more developed and traditional emerging markets. Frontier markets are more likely to experience inflation, currency and liquidity risks, political turmoil, and rapid changes in economic conditions than more developed and traditional emerging markets. Frontier markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

HEDGING RISK: Hedging techniques could involve a variety of derivatives, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions. A transaction used as a hedge to reduce or eliminate losses associated with a portfolio holding or particular market where a portfolio has exposure, including currency exposure, can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the hedging transaction and its reference portfolio holding or market (correlation risk), and there can be no assurance that a portfolio's hedging transaction will be effective. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the positions of the portfolio. Increased volatility will generally reduce the effectiveness of the portfolio's currency hedging strategy. Hedging transactions, to the extent they are implemented, may not be completely effective in insulating portfolios from currency or other risks.

INCOME RISK: A portfolio's income may decline when interest rates decrease. During periods of falling interest rates, an issuer may be able to repay principal prior to the security's maturity ("prepayment"), causing the portfolio to have to reinvest in securities with lower yield, resulting in a decline in the portfolio's income.

INDEX-RELATED RISK: Index strategies are passively managed and do not take defensive positions in declining markets. There is no guarantee that a portfolio managed to an index strategy ("index portfolio") will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio's ability to adjust its exposure to the required levels in order to track its underlying index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on a portfolio managed to the index. The index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect to their indices, and does not guarantee that the index will be in line with its described index methodology. Errors and rebalances carried out by the index provider to the underlying index may increase the costs and market exposure risk of a portfolio.

INTEREST RATE RISK: When interest rates increase, fixed income securities or instruments will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed income securities or instruments.



ISSUER RISK: A portfolio's performance depends on the performance of individual securities to which the portfolio has exposure. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or become worthless.

INVESTMENT STYLE RISK: Different investment styles tend to shift in and out of favor depending on market and economic conditions and investor sentiment. Portfolios may outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

LEVERAGE RISK: A portfolio utilizing leverage will be subject to heightened risk. Leverage may involve the use of various financial instruments or borrowed capital in an attempt to increase the return on an investment and may be intrinsic to certain derivative instruments. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including but not limited to, forward contracts, futures contracts, repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings and other instruments and transactions that are inherently leveraged. Any such leverage, including instruments and transactions that are inherently leveraged, may result in the portfolio's market value exposure being in excess of the net asset value of the portfolio. A portfolio may need to liquidate positions when it may not be advantageous to do so to satisfy its borrowing obligations. The use of leverage entails risks, including the potential for higher volatility and greater declines of a portfolio's value, and fluctuations of dividends and other distribution payments.

LIQUIDITY RISKS: Liquidity risk exists when particular investments are difficult to purchase or sell (e.g. not publicly traded and/or no market is currently available or may become less liquid in response to market developments). This can reduce a portfolio's returns because the portfolio may be unable to transact at advantageous times or prices. Investments that are illiquid or that trade in lower volumes may be more difficult to value.

LONG/SHORT STRATEGY RISK: There is no guarantee that returns on a portfolio's long or short positions will produce high, or even positive, returns and the portfolio could lose money if either or both the portfolio's long and short positions produce negative returns.

MANAGEMENT RISK: A portfolio is subject to management risk, which is the risk that the investment process, techniques, and analyses applied will not produce the desired results, and those securities or other financial instruments selected for a portfolio may result in returns that are inconsistent with the portfolio's investment objective. Portfolios advised by AMG may become subject to threshold limitations on aggregate ownership interests in certain companies arising from statutory regulatory or self-regulatory organization requirements or company ownership restrictions (e.g. poison pills or other restrictions in organizational documents). In addition, legislative, regulatory or tax developments may affect the investment techniques or opportunities available in connection with managing the portfolio and may also adversely affect the ability of the portfolio to achieve its investment objective (e.g. where aggregate ownership thresholds or limitations must be observed, a portfolio may become subject to investment limitations in certain companies arising from statutory regulatory or self-regulatory organization requirements or company ownership restrictions).

MARKET RISK: The market value of the instruments in which a portfolio invests may go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets.



MICRO-CAP COMPANIES RISK: Stock prices of microcap companies are significantly more volatile and more vulnerable to adverse business and economic developments than those of larger companies. Microcap stocks may also be thinly traded, making it difficult for a portfolio to buy and sell them.

MUNICIPAL SECURITIES RISK: Municipal securities can be significantly affected by political or economic changes, as well as uncertainties in the municipal market related to taxation, changes in interest rates, relative lack of information about certain issuers of municipal securities, legislative changes or the rights of municipal security holders. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the inability to collect revenues for the project or from the assets.

NON-DIVERSIFICATION RISK: Non-diversification of investments means a portfolio may invest a large percentage of its assets in securities issued by or representing a small number of issuers of exposure types. As a result, a portfolio's performance may depend on the performance of a small number of issuers or exposures.

NON-U.S. EXCHANGE RISK EXPOSURE: Portfolios that are denominated in U.S. dollars but that invest in securities that are denominated and may receive a portion of their income and gains in currencies other than the U.S. dollar may experience a reduction in the value of such other currencies relative to the U.S. dollar prior to conversion into U.S. dollars. This may adversely affect the net asset values of the portfolios.

NON-U.S. SECURITIES RISK: Investments in the securities of non-U.S. issuers are subject to the risks associated with non-U.S. markets in which those non-U.S. issuers are organized and operate, including but not limited to, risks related to foreign currency limited liquidity, less government regulation, privatization, and the possibility of substantial volatility due to adverse political, economic, and geographic events or other developments, differences in accounting, auditing and financial reporting standards, the possibility of repatriation, expropriation or confiscatory taxation, adverse changes in investment or exchange controls or other regulations and potential restrictions on the flow of international capital. These risks are often heightened for investments in smaller capital markets, emerging markets, developing markets or frontier markets.

OFFSHORE INVESTOR RISK: A portfolio seeking to trade in foreign currencies may have limited access to certain currency markets due to a variety of factors including government regulations, adverse tax treatment, exchange controls, and currency convertibility issues. These limitations and restrictions may impact the availability, liquidity and pricing of the financial instruments that are necessary for the portfolio to gain exposure to the currency markets, impairing the portfolio's ability to achieve its investment objective.

OPERATIONAL RISK: A portfolio may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routing processing errors to potentially costly incidents related to, for example, major systems failures.

PRIVATE INVESTMENT RISK: Investments in private investments, which include debt or equity investments in operating or holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets, and other similar types of investments that are highly illiquid and long-term. A portfolio's ability to transfer and/or dispose of private investments is expected to be highly restricted.

QUANTITATIVE MODEL RISK: When executing an investment strategy using various proprietary quantitative or investment models, securities or other financial instruments selected may perform differently than expected, or from the market as a whole, as a result of a model's component factors, the weight placed on each factor, changes



from the factor's historical trends, and technical issues in the construction, implementation and maintenance of the models (e.g. data problems, software issues, etc.). There can be no assurance that a model will achieve its objective.

REAL ESTATE RISK: Historically, real estate has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in real estate opportunities, value of real property interests and, possibly, the amount of income generated by real property. All real estate-related investments are subject to the risk attributable to, but not limited to: (i) inability to consummate investments on favorable terms; (ii) inability to complete renovation, expansion or development on advantageous terms; (iii) adverse government, environmental and tax regulations; (iv) leasing delays, tenant bankruptcies and low occupancy levels and lease rates; and (v) changes in the illiquidity of real estate markets. Real estate investment strategies which employ leverage are subject to risks normally associated with debt financing, including the risk that: (a) cash flow after debt service will be insufficient to accumulate sufficient cash for distributions; (b) existing indebtedness (which is unlikely to be fully amortized at maturity) will not be able to be refinanced; (c) terms of available refinancing will not be as favorable as the terms of existing indebtedness; or that the loan covenants will not be complied with. It is possible that property could be foreclosed upon or otherwise transferred to the mortgagee, with a consequent loss of income and asset value.

SHORT SELLING RISK: Short sales in securities that it does not own exposes a portfolio to speculative exposure risks. If a portfolio makes short sales in securities that increase in value, the portfolio will lose value. Certain securities may not be available or eligible for short sales. Short selling involves the risks of: increased leverage and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing the portfolio to close the transaction under unfavorable conditions; the additional costs that may be incurred; and the potential loss of investment flexibility caused by the obligation to provide collateral to the lender and set aside assets to cover the open position. There can be no assurance that a portfolio will be able to close out a short sale position at any particular time or at an acceptable price. Any loss on short positions may or may not be offset by investing short sale proceeds in other investments.

SMALL- AND MID-CAP RISK: Compared to large-capitalization companies, small-capitalization and mid-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid.

U.S. ECONOMIC RISK: The United States is a significant trading partner with other countries. Certain changes in the U.S. economy may have an adverse effect on the economy and markets of other countries.

UNDERLYING FUND RISK: A portfolio investing in funds (underlying funds) includes, but is not limited to, the performance of the underlying fund and investment risk of the underlying fund's investments, as the underlying fund may involve highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. In particular, the risks for a portfolio operating under a fund of funds structure are various. The performance of the portfolio will depend on the performance of the underlying funds' investments – there can be no assurance that a multi-manager approach will be successful or diversified, or that the collective performance of underlying fund portfolio investments will be profitable. There may be limited information about or influence regarding the activities of the underlying fund's investment advisors and underlying funds, like any other asset, may be subject to trading restrictions or liquidity risk. Portfolio investments in underlying funds will generally be charged the proportionate share of the expenses of investing in the underlying fund(s).



VALUATION RISK: The net asset value of a portfolio as of a particular date may be materially greater than or less than its net asset value that would be determined if a portfolio's investments were to be liquidated as of such date. For example, if a portfolio was required to sell a certain asset, a substantial portion of its assets, or all of its assets on a particular date, the actual price that a portfolio would realize upon the disposition of such asset or assets could be materially less than the value of such asset(s) as reflected in the net asset value of a portfolio. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of a portfolio.

VOLATILITY RISK: The prices of a portfolio's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of AIG Asset Management (U.S.), LLC's advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

AIG Asset Management (U.S.), LLC is affiliated with other institutions owned by, or under common control of, its American International Group, Inc. ("AIG") parent companies. Employees of AIG Asset Management (U.S.), LLC may also be "dual hatted" employees, or associated persons, of its affiliates. This may create real or perceived conflicts of interest which are addressed in Item 11 and Item 12.

Affiliate Clients

American International Group, Inc. ("AIG"), the parent company of AIG Asset Management (U.S.), LLC, is a global insurance company that provides a range of insurance products to support its clients in business and in life, including: general property/casualty, life insurance, and retirement and financial services through its General Insurance, Life and Retirement and Investments business units. AIG Asset Management (U.S.), LLC provides investment advisory and asset management services to AIG, and AIG subsidiaries, which are typically insurance companies.

Affiliated Advisers

AIG Credit Management, LLC, a wholly owned subsidiary of AIG, is an investment adviser registered with the U.S. SEC. AIG Credit Management and its majority-controlled affiliate Relying Adviser, CLO Advisors provide discretionary investment advisory services to separately managed accounts and private investment vehicles ("Funds") that invest primarily in senior bank loan assets. Each Fund is typically a structured debt vehicle known as a Collateralized Loan Obligation, or a "CLO Fund." Funds are organized in the Cayman Islands as an exempted company, or in Delaware as a limited liability company.

First Principles Capital Management, LLC ("FPCM") was acquired by AIG in September 2015 and is a registered investment adviser with the U.S. SEC. FPCM is a wholly-owned subsidiary of AIG, with sales and marketing and other expertise across the global fixed income securities and derivatives markets. They provide customized investment portfolios for institutional clients, including endowments and foundations, insurance companies and corporations. Additionally, FPCM provides fixed income services to their commercial bank clients, as well as various investment management and wealth maximization strategies for private clients, including single and multi-family offices, trusts, family owned businesses and high net worth individuals and their advisors.



AIG Asset Management (Europe) Limited ("AAMEL") is a wholly owned subsidiary of AIG, and is an affiliated investment manager authorized by the Financial Conduct Authority ("FCA") in the United Kingdom. AMG manages certain portfolios of AAMEL clients through a sub-advisory agreement. Pursuant to a Participating Affiliate Agreement between the AMG and AAMEL, AAMEL provides discretionary asset management for certain AMG client portfolios.

Broker-dealer Affiliate

AIG Global Capital Markets Securities, LLC ("GCMS"), is wholly owned by AIG and is registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA"), and the SEC, and is also a member of the Securities Investor Protection Corporation ("SIPC"). GCMS is used for limited activities on behalf of AIG affiliates consistent with its Membership Agreement with FINRA. GCMS may trade fixed income securities on an agency basis. From time to time it will act as a placement agent or otherwise affect a variety of different types of private placements and/or debt-related transactions on an agency "best efforts" basis, and GCMS may receive fees and compensation for such services. GCMS act as a placement agent in the placement of funds or securities where the Adviser, or a related person, is the issuer, sponsor, investment manager, or serves in a similar capacity.

Other Affiliated Entities

Other entities that sponsor or syndicate investments are, or may be deemed to be related persons, of the Adviser due the Adviser's role as managing member, general partner, or investment adviser to these entities, or by being under common control with the Adviser. These entities will be made known to clients through the legal documents and materials that accompany investments in these securities, partnerships, or participations.

Sub-advisory or Other Relationships with Affiliates

AIG Asset Management (U.S.), LLC may sub-advise management of client strategies to, or recommend a Fund managed by, an affiliated adviser named in Item 10. In these instances, the Adviser does not evaluate these affiliated advisers using the same processes it would to evaluate an unaffiliated investment manager because:

- The Adviser and its affiliated advisers are under common control,
- The Adviser and affiliated advisers are generally held to a common set of internal policies, procedures, and Code of Ethics, and
- The Adviser and affiliated advisers often share certain advisory and back office functions with employees in "dual hatted" capacities.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

AIG Asset Management (U.S.), LLC maintains a Code of Ethics ("the Code") as required by applicable SEC rules. The Code requires employees to conduct business in an honest and forthright manner in accordance with the highest of ethical standards and consistent with our fiduciary duty. In addition, the Code requires employees to put Client interests ahead of our own and disclose actual and potential material conflicts of interest. The Code of Ethics includes an employee personal securities trading policy and other policies designed to identify and mitigate potential conflicts of interest described below.

A copy of the Code of Ethics is available upon request by any client or prospective client.

Personal Securities Trading Policy

The Adviser maintains personal securities trading standards that govern the trading activities of its employees, and those deemed supervised persons under the SEC's definition, as well as their household members and dependents. Subject to certain limited exceptions, employees are required by standards to:



- Report personal securities accounts to our Compliance unit;
- Maintain brokerage accounts only with certain approved brokers that report transaction information to our Compliance unit;
- Pre-clear personal securities transactions;
- Annually report securities holdings to the Compliance unit.

The Adviser's supervised persons and investment personnel are subject to additional restrictions under the policy, including the following:

- Investment personnel are generally prohibited from purchasing securities in initial public offerings;
- Investment personnel are prohibited from trading any security within seven days before or after the Adviser trades such security (or an equivalent security) for client accounts.
- Other Supervised persons of the Adviser may not trade any security on the same day that the Adviser trades such security (or an equivalent security) for Client accounts;

The Adviser compares personal trading activity versus firm trading and potential violations are investigated and, if necessary, disciplinary actions are taken by the Compliance unit.

Supervised persons receive annual training regarding the personal securities trading must annually certify they have read and understand the Code.

Gifts and Entertainment Policy

Employees of the Adviser may occasionally give or receive gifts, meals or entertainment of moderate value, subject to compliance with applicable laws, regulations, and rules of self-regulatory organizations. The Adviser maintains a policy to address the conflicts of interest related to gifts and entertainment, such as the appearance of having given or received something of value that influenced the Adviser's business decisions or the business decisions of the Adviser's clients. The policy requires the reporting and pre-clearance of gifts, meals and entertainment given or received which exceed certain thresholds. In addition, supervised persons are prohibited from soliciting the receipt of gifts, meals or entertainment. Senior management periodically reviews summaries of gifts and entertainment activities to detect trends of abuse, conflicts of interest, or possible policy violations.

Political Contributions Policy

As required by the Advisers Act, and various state and local laws, the Adviser maintains policies relating to political contributions and "pay to play" conflicts of interest. Under the political contributions policy, all supervised persons (and their spouses and dependent children) must obtain pre-approval before making a political contribution. This policy also prohibits making a political contribution with the intent of influencing a public official regarding the award of a contract to the Adviser or its affiliates.

Outside Business Activities Policy

Given the nature of the Adviser's business, the Adviser's duties to its clients and the role of investment advisory professionals generally, employees that engage in outside business activities may face numerous conflicts of interest. Outside business activities include, but are not limited to, serving as a partner, officer, director, owner or trustee of, or an employee or consultant to a corporation, partnership, limited liability company, association or other organization that is not owned, in whole or in part, or otherwise affiliated with the Adviser. To avoid such conflicts, employees must disclose all outside business activities and receive written pre-approval from the Compliance unit prior to pursuing any outside business activities.

Participation or Interest in Client Transactions

It is possible, the Adviser engages in investment opportunities on behalf of client accounts and Funds in which the Adviser, or the Adviser's affiliates have a material financial interest. This financial interest may come in the form of:



- The Adviser's own investment in an opportunity,
- The Adviser's management of AIG affiliate client accounts with competing interests,
- The Adviser's management of AIG affiliate client accounts with investments in the same opportunities,
- The Adviser's management of a pooled investment vehicle comprised of AIG affiliates and unaffiliated clients,
- The Adviser recommends an unaffiliated client purchase, or sell, an investment from, or to, an AIG affiliate,
- The Adviser recommends a client invest in a Fund or other opportunity managed by an affiliated investment adviser, or
- Other instances where the potential for divided loyalty may arise.

The Adviser addresses these conflicts with policies and procedures designed to minimize potential conflicts of interest. These include:

Pari Passu Investments

Where the Adviser elects or is required to own a portion of the Funds it manages, or where affiliates of the Adviser own the Funds it manages, or where affiliates of the Adviser invest in the same investment opportunity as an unaffiliated client - the Adviser's and its affiliate's financial interests are aligned with the financial interests of unaffiliated clients and investors.

Allocation Policies

The Adviser maintains objective policies and procedures intended to provide a fair and equitable allocation of opportunities to its affiliated and unaffiliated clients, and Funds.

Information Barrier Policy

The Adviser may manage portfolios for AIG affiliate clients containing investments where the Adviser manages portfolios for unaffiliated clients with exposure to the same issuer through different investments that have competing interests. The Adviser manages this conflict by maintaining an Information Barrier Policy that limits communication between the portfolio managers, ensuring each portfolio manager's fiduciary duty lies solely with the portfolio manager's respective clients.

Principal Transactions Policy

A principal transaction is one in which the Adviser purchases or sells for its own account or the account of its affiliates. A principal transaction may occur when an entity affiliated with the Adviser, such as a limited-liability company controlled by the Adviser, is used to originate a loan and securitize it for purchase in a client's portfolio. A principal transaction may also occur when the Adviser recommends an unaffiliated client purchase or sell an investment from or to an affiliated client. When engaging in any such principal transaction, the Adviser will comply with the requirements of Section 206(3) of the Advisers Act by: (i) disclosing to the Client in writing the material terms of the transaction; and (ii) obtaining the written consent of the Client for each transaction.

Cross Transactions Policy

The Adviser may engage in cross transactions where the Adviser acts as investment adviser to clients on both sides of the transaction. Where applicable, the Adviser will comply with applicable requirements under Section 206(3)-2 of the Advisers Act when engaging in these transactions. Clients may provide prospective consent to cross transactions through the investment management agreement. Clients should understand they are under no obligation to provide this consent, and may revoke their consent at any time.

Disclosure of Funds Managed by Affiliates

In addition, the Adviser may, from time to time, recommend funds that are affiliated with or sponsored by affiliates of AIG, or funds for which the Adviser or other AIG affiliates act as an investment adviser. In such instances, the Adviser shall disclose (by providing a copy of the current offering materials relating to such fund) the nature of the



Adviser's (or its affiliate's) relationship with such fund and the fee which the Adviser or such affiliate will receive as a result of such subscription to such fund.

Other Conflicts of Interest

Potential Conflicts of Interest Arising from Co-Investment Opportunities and Additional Compensation

The Adviser may from time to time originate or arrange transactions in which both the Adviser's clients and third party investors, who are not clients of the Adviser, participate as co-lenders or co-investors. While the circumstances may vary, the decision to seek additional third party co-investors may arise, among other reasons, as a function of (i) the size, nature, risk profile, target return profile and type of investment opportunity; (ii) principles of diversification of assets, including, without limitation, in respect of geography, investment size and sector; (iii) the investment guidelines, limitations and investment strategies of the Adviser's clients; (iv) then-existing cash availability of the Adviser's clients; (v) the magnitude of the investment; (vi) a determination by the Adviser that the opportunity is inappropriate, in whole or in part, for one or more of the Adviser's clients; (vii) liquidity considerations, and (viii) legal, regulatory, tax or contractual restrictions or consequences affecting the Adviser's clients' ability to participate in the investment.

In connection with these transactions, the Adviser may earn and retain "up-front" or recurring origination, arrangement, structuring, servicing or other customary fees in respect of such third-party investors' participation. Such fee income creates a conflict of interest because there is an inherent incentive for the Adviser to maximize the compensation. For example, the Adviser will be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from third parties that pay such fees as opposed to client accounts that do not. Areas in which scarce investment opportunities may exist include commercial mortgage loans, equity real estate investments, middle market loans, directly-originated private placements notes, privately negotiated structured credit transactions, side-by-side investment opportunities, primary investments in alternative investment funds, direct or indirect investments in and co-investments alongside alternative investment funds, and new issue securities. The Adviser may also have an incentive to originate or arrange transactions, funded in part by client accounts, with a view toward attracting fee generating co-investments by third parties rather than furthering the investment objectives of its clients.

To address these types of conflicts, the Adviser has adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that we believe to be consistent with our obligations as an investment adviser. See Item 12 for additional information on the Adviser's allocation policies.

Potential Conflicts of Interest Arising from Managing Secured Assets of Real Estate Funds and Separately Advising Lenders in Connection with the Same Funds

The Adviser faces a conflict of interest to the extent that it manages real estate Funds for which it receives certain management fees. At the same time, the Adviser provides advice to one or more affiliate lenders in connection with security agreements related to credit extended in respect of real estate investments indirectly owned by such lenders (i.e. secured assets). AMG will receive management fees for both its role as investment manager of the Funds and in connection with its advisory role in connection with the security agreement.

To address these types of conflicts, the Adviser has adopted a specific protocol (that identifies and separates which business units will act in the best interests of the funds and the lenders in particular, in the event of a material and unresolved conflict over the legal rights of both parties) and both parties provide written consent to this protocol.

Potential Conflicts of Interest Related to Valuation

Client investments will be valued in accordance with the Adviser's valuation policy, which is designed to comply with relevant industry standards and represent current best practices for valuations and impairments. Clients should be aware there is a conflict of interest to the extent that the Adviser, or an affiliated entity, is performing valuations for



the Adviser's clients, including, among others, when the Adviser receives management fees (or, in certain cases, performance-based compensation) based on such valuations. In addition, the Adviser follows certain instructions provided by its AIG affiliated clients for the valuation of their portfolios. As such, the Adviser's valuation policies use different methodologies for such assets as compared to that used for assets held by unaffiliated clients. As a result, there may be instances where the Adviser attributes a different value to the same asset, depending on whether such asset is held by an AIG affiliate or an unaffiliated client. Separate from the activity of the Adviser, AIG affiliated clients may value assets differently on their own balance sheets due to their individual accounting practices.

Portfolio Manager Compensation

The Adviser compensates portfolio managers with a salary and short-term incentive payment which is based on the overall financial performance of AIG, Inc. and specific business units within AIG. A factor in determining a portion of portfolio managers' incentive payment is the performance of the portfolios they manage versus a benchmark. This benchmark may not be the benchmark portfolios are aligned with in marketing materials, or the benchmark of your account or strategy. Additionally, linking compensation to portfolio performance may appear to be a conflict of interest in that portfolio managers may be incentivized to take unnecessary risks in an effort to earn greater compensation. We address this risk by clearly defining the investment parameters of each strategy and through our investment oversight processes noted in Items 8 and 13 of this Brochure.

Other relationships

The Adviser may engage service providers on behalf of clients where the Adviser has other business relationships with the same service provider. For example, the Adviser may engage a loan servicer, on behalf of a client, to service a commercial mortgage loan; the same servicer may also direct future or past real estate opportunities to the Adviser. This may appear to be a conflict of interest. The Adviser addresses this and similar conflicts by maintaining policies and procedures to vet, score, or rate service providers which may be engaged on a client's behalf. These standards are designed to ensure service provider engagements meet industry norms and expectations.

AIG Asset Management (U.S), LLC and its affiliated advisers may have business relationships with companies or other entities in which the Adviser may invest client assets or another business relationship. For example, the Adviser may engage a service providing company for producing client performance reports, and invest client funds in securities issued by the service providing company. This may appear to be a conflict of interest. The Adviser addresses this conflict by having internal policies dedicated to segregating portfolio management from procurement processes.

Item 12: Brokerage Practices

Best Execution

As described further below, the AIG Asset Management (U.S.), LLC has discretion over the selection of brokers with whom client orders for the purchase or sale of securities are placed for execution and the price per share and the commission rates at which securities transactions are effected. All securities transactions (with the exception of the limited trades mentioned in Item 10 above), placed by the Adviser for clients are executed through broker-dealers that are unaffiliated with the Adviser.

The Adviser is committed to its duty to seek best execution. In selecting a broker-dealer for each specific transaction, the Adviser will use its best judgment to choose the broker-dealer most capable of providing the



brokerage services necessary to obtain the best execution under the relevant circumstances. In executing Client transactions, the Adviser takes into consideration, among other factors:

- a) The coverage provided by the broker-dealer of specific regions, industries, sectors or companies;
- b) The reputation and standing of its analysts;
- c) Timing of the transaction;
- d) The capabilities of the broker-dealer to successfully execute the transaction,
- e) Accuracy of statistical information; and
- f) The value of internal or third-party research supplied by the broker-dealer.

Pursuant to the investment management agreement between the adviser and a Client, the Adviser may place orders for the execution of transactions with or through such brokers, dealers or banks as the Adviser may select in its sole and absolute discretion, and may, consistent with its duty to seek best execution and in compliance with applicable securities laws, including Section 28(e) of the Securities Exchange Act of 1934, as amended, pay a commission on transactions which may be greater than the amount of the commission another broker or dealer might have charged, provided that the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either that particular transaction or the overall responsibilities with respect to all the accounts as to which investment discretion was exercised. Subject to the foregoing, the client acknowledges that such research services may be used in providing services to clients other than the client whose commissions were used to provide the research, and that such information will not necessarily be used by the Adviser in connection with rendering services to the client.

Aggregation and Allocation of Client Orders

To the extent permitted by law, and each client's investment management agreement, the Adviser aggregates orders for multiple Client accounts into a single bunched order prior to submitting an order to a broker-dealer. In determining client orders, the Adviser considers investment objectives, investment policies, risk tolerance, regulatory and/or compliance restrictions, investment horizon, available or foreseeable cash (and liquidity requirements), tax position, tolerance for portfolio turnover, account "ramp-up" issues, the size of the accounts, cash availability in each account and each account's investment restrictions and investment strategies. Should an aggregated order only receive a partial fill or partial execution, the Adviser allocates the investment and its associate transaction costs pro-rata amongst all participating clients.

The Adviser uses diligent efforts in adherence with its policy to allocate investment opportunities fairly and equitably among its Clients when there is a limited supply of a security. When a transaction is deemed appropriate for more than one Client, the order will be aggregated across multiple clients and in the instance of a limited supply it will be allocated pro rata. In certain scenarios, the Adviser may allocate the investments in a manner other than pro rata for a variety of reasons, including but not limited to the Client's minimum investment size, client restrictions related to lot sizes, investment policies, regulatory and/or compliance restrictions, available or foreseeable cash (and liquidity requirements), tax position, tolerance for portfolio turnover, and account "ramp-up" periods.

Investment Advisory Solution Allocation Policies

AIG Asset Management (U.S.), LLC maintains additional Allocation Policies for certain of its advisory Solutions due to the unique features of the asset classes and structure of the Programs through which unaffiliated clients invest. These policies are summarized below, disclose material facts, and are designed to be objective and provide a fair and equitable allocation of opportunities. For allocation processes described below only, the Adviser treats portfolios of assets supporting AIG affiliates' re-insurance arrangements as though the unaffiliated re-insurer were an affiliated client. Consistent with the agreements, treaties, and direction letters in place, the unaffiliated re-insurer is not an actual client of the Adviser for these assets.



Should an allocation result in a client receiving an allocation below their stated minimum investment size, the client will not be allocated the investment and it will be allocated pro rata to the other participating clients. Clients should consider the impact this will have on their ability to participate in investments and achieve their objectives.

Private Credit Program

In the Private Credit Program, investments may be i.) through a bidding process where the Adviser determines the appropriate investment amount for each client, submits an aggregated bid, and allocates pro rata, or ii.) through a direct origination where the opportunity is limited in size at the outset. In the latter scenario, the allocation policy is based on the composition of AMG's current affiliated and unaffiliated client base and anticipated volumes of loan originations. When an opportunity meets the mandates of both affiliated and unaffiliated accounts, AMG makes 85% of the opportunity eligible for its affiliated clients and 15% eligible for its unaffiliated clients. The opportunity is then allocated pro-rata amongst unaffiliated clients based on each client's annual investment plan in the strategy.

- In the event the entire 85% is not allocated to the Adviser's affiliated clients, due to mandates, investment restrictions, capacity, etc., the remainder is made eligible to unaffiliated clients in the Program.
- In the event the entire 15% is not allocated to the Adviser's unaffiliated clients, due to mandates, investment restrictions, capacity, etc., the remainder is made eligible to the Adviser's affiliated clients.

Commercial Mortgage Loan Program

Generally, each opportunity is limited in size. The allocation policy is based on the composition of AMG's current affiliated and unaffiliated client base and anticipated volumes of loan originations. When an opportunity meets the mandates of both affiliated and unaffiliated accounts, AMG makes 85% of the opportunity eligible for its affiliated clients and 15% eligible for its unaffiliated clients. The opportunity is then allocated pro-rata amongst unaffiliated clients based on each client's annual investment plan in the strategy.

- In the event the entire 85% is not allocated to the Adviser's affiliated clients, due to mandates, investment restrictions, capacity, etc., the remainder is made eligible to unaffiliated clients in the Program.
- In the event the entire 15% is not allocated to the Adviser's unaffiliated clients, due to mandates, investment restrictions, capacity, etc., the remainder is made eligible to the Adviser's affiliated clients.

Residential Mortgage Loan Program

Each quarter, the Adviser provides all clients a written communication including market color and current trading levels. Clients must respond with an indication of their total investment in coming quarter at the current market levels. The Adviser sets the price for acquisitions based on the total demand of all clients, and communicates to clients the prices and corresponding yields as an estimated aggregate spread to Treasuries (i.e. ~150bps over Treasuries) at which it will seek to acquire loans for the upcoming period. After obtaining clients' consent, the Adviser begins acquiring loans at these levels and daily rates anticipating satisfying demand by the end of the quarter. At the end of each business day, the Adviser allocates loans based on the proportion of the client's outstanding principal investment amount to the total outstanding principal investment amount for all clients. Due to the varying principal amounts of each whole loan, allocations will not always be precisely pro rata within a given business day. In these instances, the Adviser uses its best efforts to allocate whole loans fairly and equitably according to the pro rata rates on a day-to-day basis and frequently refreshes the pro rata rates to minimize disparate treatment of clients.

Item 13: Review of Accounts

Consistent with its duty to provide investment advice in the best interests of its clients, AIG Asset Management (U.S.), LLC periodically reviews client accounts for alignment with their stated objectives and strategy parameters. The frequency and nature of these reviews depend on the type of client relationship, strategy, and services contracted pursuant to the investment management agreement.

Generally, the accounts of AIG affiliate clients have broad mandates across all asset classes and are managed to a strategic asset allocation. Implementation of the strategy is overseen by the AIG Investment Committee which



generally convenes monthly to monitor the activity of strategies, their progress toward investment plans, and portfolio performance.

Generally, each asset class maintains its own investment committee which oversees the implementation of asset class-specific strategies. Depending on the nature of the investments, individual asset class committees may convene with regular frequency to monitor the strategies' activity, performance, and alignment with objectives, or convene periodically, such as prior to each transaction.

In addition to investment committee reviews and daily reviews performed by portfolio managers, the Adviser's Compliance group also reviews accounts for alignment with strategy parameters, restrictions, and regulatory considerations applicable to the Adviser. Depending on the nature of the investments and strategy, these reviews may take the form of pre or post trade compliance checks as well as ongoing monitoring of portfolio positions versus strategy parameters.

Clients of the Adviser may consist of financial, or other, institutions subject to their own laws and regulatory requirements. AIG Asset Management (U.S.), LLC will not monitor or review accounts for adherence to these requirements unless such requirements are explicitly stated in a client's investment management agreement and incorporated in the strategy's parameters and restrictions.

Item 14: Client Referrals and Other Compensation

If a client is introduced to AIG Asset Management (U.S.), LLC by an unaffiliated paid solicitor, with whom we have a written solicitation agreement, in accordance with Rule 206(4)-3 under the Advisers Act, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of our written ADV 2A Brochure and a written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between us and the solicitor, including the compensation to be received by the solicitor from us.

Item 15: Custody

AIG Asset Management (U.S.), LLC does not maintain custody of Client funds or assets, and requires clients maintain funds and assets with qualified custodians. In limited instances, the Adviser may be deemed to have custody under Rule 206(4)-2 of the Advisers Act, due to (i.) the nature of the settlement process for certain investments, or (ii.) where the Adviser, or related person of the Adviser, serves as manager or partner of an investment vehicle. In these limited instances where the Adviser may be deemed to have custody, the Adviser maintains policies and procedures in compliance with the Rule's requirements.

Item 16: Investment Discretion

As set forth in the investment management agreement between a client and AIG Asset Management (U.S.), LLC, a client appoints the Adviser as the client's agent and attorney-in-fact and grants the Adviser full discretion over the client's account. The Adviser's authorization is limited by laws applicable to the Adviser, a Client's written investment guidelines or objectives incorporated in the investment management agreement, or instructions otherwise provided, and accepted by, the Adviser.

Due to the investment strategy of asset and liability matching that is unique to the accounts of AIG affiliates, the Adviser is often constrained by the availability of, or anticipation of a need for, cash. This may result in foregone investment opportunities the client may have been entitled to had these instructions not been in place. The adviser may also receive client directed instructions from AIG affiliates, that may cause the accounts of AIG affiliates to have different investment activity than that in fully discretionary unaffiliated accounts. These client directed instructions,



along with their restrictions and investment guidelines, may result in performance dispersion from other accounts or the strategy's composite.

Item 17: Voting Client Securities

AIG Asset Management (U.S.), LLC predominantly manages fixed income investments with limited voting rights, and so only rarely exercises voting power other than in the context of restructuring transactions. Notwithstanding the foregoing, pursuant to the investment management agreement between clients and the Adviser, the Adviser generally full power and authority to vote proxies (and to otherwise respond to non-proxy communications) associated with securities held in client portfolios (or to delegate such authority) in a manner as the Adviser deems reasonably appropriate, subject to any specific guidance as may be communicated from time to time by the client.

In the case of a material conflict between the interests of the Adviser and those of its clients with respect to proxy voting, the Adviser uses its best efforts to resolve all conflicts in the best interests of its clients.

Clients may obtain information from the Adviser about how the Adviser voted their securities, as well as a copy of the Adviser's proxy voting policies and procedures, upon request.

Item 18: Financial Information

AIG Asset Management (U.S.), LLC has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.