

# **SYMETRA INVESTMENT MANAGEMENT COMPANY**



## **BROCHURE**

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This brochure (“**Brochure**”) provides information about the qualifications and business practices of Symetra Investment Management Company (“**SIM**”, “**we**” or “**us**”), an investment adviser registered with the United States Securities and Exchange Commission (“**SEC**”). If you have any questions about the contents of this brochure, please contact SIM’s Chief Compliance Officer (“**CCO**”), **Robert Herlihy**, at **+1(860) 746-7403**.

The information included in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

**Item 2.           Material Changes**

This is SIM's initial Brochure prepared in connection with its registration as an investment adviser with the SEC. In the future, this section will be updated to include information regarding material changes to the Brochure since its last annual update.

<b>Item 3.</b>	<b>Table of Contents</b>	
<b>Item 2.</b>	<b>Material Changes</b>	2
<b>Item 3.</b>	<b>Table of Contents</b>	3
<b>Item 4.</b>	<b>Advisory Business</b>	4
<b>Item 5.</b>	<b>Fees and Compensation</b>	4
<b>Item 6.</b>	<b>Performance-Based Fees and Side-By-Side Management</b>	5
<b>Item 7.</b>	<b>Types of Clients</b>	5
<b>Item 8.</b>	<b>Methods of Analysis, Investment Strategies and Risk of Loss</b>	6
<b>Item 9.</b>	<b>Disciplinary Information</b>	14
<b>Item 10.</b>	<b>Other Financial Industry Activities and Affiliations</b>	14
<b>Item 11.</b>	<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	15
<b>Item 12.</b>	<b>Brokerage Practices</b>	16
<b>Item 13.</b>	<b>Review of Accounts</b>	17
<b>Item 14.</b>	<b>Client Referrals and Other Compensation</b>	17
<b>Item 15.</b>	<b>Custody</b>	18
<b>Item 16.</b>	<b>Investment Discretion</b>	18
<b>Item 17.</b>	<b>Voting Client Securities</b>	18
<b>Item 18.</b>	<b>Financial Information</b>	18

## **Item 4. Advisory Business**

### *Firm Ownership*

Founded in 2019, SIM is an investment advisory firm with its principal place of business in Farmington, Connecticut, with additional operations in Bellevue, Washington. Symetra Financial Corporation (“**SFC**”), a Delaware corporation, is the sole shareholder of SIM. SFC is a wholly owned subsidiary of Sumitomo Life Insurance Company, a mutual company (*sougo kaisha*) organized under the laws of Japan (“**Sumitomo Life**”).

### *Advisory Services*

SIM offers discretionary investment advisory services to institutional clients, including institutional clients that control or are under common control with SIM (each an “**Affiliate**”). SIM currently provides commercial mortgage origination and servicing for its Affiliates. SIM does not provide retail or consumer advisory services.

SIM’s advisory services generally involve investment strategies in fixed income, derivatives and alternative asset classes. Accounts are managed in accordance with the investment objectives or guidelines agreed to with the client pursuant to an investment management agreement. Unless otherwise instructed or directed by a client, SIM has the discretionary authority generally to determine the type and amount of investments to be purchased and sold for the account of a client (subject to restrictions on advisory activities set forth in the applicable advisory agreement and any written investment guidelines of the client), and, if applicable, determine the broker-dealers and other intermediaries to be used in connection with a client’s investment transactions. Item 5 and Item 8 provide additional information concerning method(s) of analysis and investment strategy/strategies.

While SIM relies on its own resources and personnel with respect to its business operations, SIM does have shared servicing arrangements in place with certain of its Affiliates in which such Affiliates provide certain services in connection with SIM’s operations and the management of client accounts. Such services include certain back office, information technology, human resources and other support services utilizing certain property, equipment and facilities, and personnel of Affiliates. Such shared personnel are subject to the standards of SIM’s applicable compliance policies and procedures in the performance of their duties related to SIM and the administration of client accounts. In addition, SIM has shared servicing arrangements in place with certain of its Affiliates in which SIM provides chief investment officer services to such Affiliates through dual-hatted officers.

### *Assets Under Management*

As of December 31, 2020, SIM manages on a discretionary basis approximately \$44.34 billion in securities portfolios and commercial mortgage loans constituting regulatory assets under management.

## **Item 5. Fees and Compensation**

### *Advisory Fees*

Compensation for SIM’s investment management services is negotiable and typically is based upon a percentage of assets under management. SIM tailors its advisory services based on the needs of the client, and as such, the advisory fee agreed to with the client depends on the scope of services SIM is providing.

SIM generally charges its advisory fee in arrears on either a monthly or quarterly basis. SIM will prorate

advisory fees based on the actual number of days for which advisory services have been provided to accommodate any off cycle fundings or liquidations, if applicable.

In addition to SIM's advisory fee, clients may incur additional charges imposed for commercial mortgage origination and servicing services provided by SIM. As a general matter, these fees are separate from the Firm's advisory fee. SIM may agree to reduce its advisory fee to offset certain fees for these additional services. These arrangements are negotiated on a case-by-case basis and agreed to by each client.

A client may (i) direct its custodian to deduct advisory fees directly from the client's custodian account, or (ii) pay advisory fees directly to SIM outside of the client's custodian account.

#### *Other Account Expenses*

In addition to paying the above advisory fees to SIM, pursuant to each client's investment management agreement, client accounts may also be subject to other expenses that are not paid to SIM. These may include (if applicable but are not limited to): (i) fees, costs and expenses of third-party service providers that provide legal, administrative, accounting, compliance, consulting, custodial, investment operations, tax, and audit services to SIM in connection with the business and affairs of the client's account (expenses including, but not limited to, research related expenses, expenses related to monitoring investments and costs incurred in carrying out due diligence regardless of whether a particular transaction is consummated (including reasonable travel and accommodation costs)); (ii) legal and tax costs incurred by SIM in connection with the business and affairs of the client's account; (iii) insurance costs and expenses, bank service fees and any electronic transfer fees; (iv) fees and taxes imposed by any federal, state, local or foreign government, governmental agency or regulatory body or self-regulatory organization, including licensing, filing, registration and exemption fees and withholding, transfer and franchise taxes; (v) costs and expenses incurred in connection with the direct investment and reinvestment of the client account's assets, including brokerage commissions, dealer mark-ups, mark-downs and spreads, and related clearing and settlement charges and any other expenses related to buying and selling securities, including any issue or transfer taxes chargeable in connection with any securities transactions and clearing and settlement charges; and (vi) litigation or other extraordinary expenses.

Client assets may be invested in money market mutual funds, registered open-end and closed-end funds, unregistered private funds and other similar pooled investment vehicles. In these cases, unless otherwise provided, the client will bear its pro rata share of the investment management and other fees imposed by the specific fund but ultimately borne by such fund's investors, and are in addition to the investment management fee paid to SIM. Such fund expenses incurred, if any, will be borne by participating clients in a manner proportionate to such client's participation in a Fund (i.e., a client will not bear a disproportionate amount of transaction expenses relative to its proportion of beneficial ownership in a Fund).

Please also see Item 12 for additional information relating to SIM's brokerage practices.

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

SIM currently does not charge a performance-based fee with respect to its client accounts.

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

As noted previously in Item 4, SIM offers advisory services to institutional clients, which include certain

of its Affiliates and also may include other third-party institutions or entities such as insurance companies and trusts.

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

### *Methods of Analysis and Investment Strategies*

SIM generally uses fundamental, qualitative, bottom-up investment research to support investment recommendations, primarily with respect to fixed income investments. Analysis of specific investments, as well as macro- and micro-economic trends and industries are generally informed by proprietary and third-party data reviewed and interpreted by SIM.

SIM is primarily focused on fixed income investments, derivatives and commercial mortgage loans. Fixed income investments and debt securities include investment grade rated securities (publicly and privately traded), below investment grade rated investment and structured credit (such as asset backed securities, commercial mortgage backed securities, residential mortgage backed securities and collateralized loan obligations).

SIM also invests in alternative asset classes such as private equity, hedge funds and unregistered private funds. These investments are generally used to diversify risks, and may advance fixed income investment strategies, allow for tax credit investments or create strategic exposure to specific industries.

SIM utilizes derivatives primarily for the purpose of hedging exposures inherent in a client's underlying portfolios and/or liabilities, in addition to income generation and replication managed strategies. Hedging strategy applications include general asset/liability management, as well as interest rate or equity market exposure, credit risk, currency risk, and/or liquidity risk embedded in assets or liabilities. Income generation strategies are focused on yield enhancement. Replication strategies are focused on gaining synthetic exposure to otherwise permissible cash market investments, which may include entering into credit default swaps or other derivatives. Derivative instruments include, but are not limited to, options, warrants used in a hedging transaction and not attached to another financial instrument, caps, floors, collars, swaps, swaptions, forwards, futures and other agreements, options or instruments substantially similar thereto or any series or combination thereof, and may be centrally cleared through an exchange, traded bilaterally over the counter, or some combination thereof (partially customizable derivatives executed bilaterally but subject to central clearing).

Certain factors driving SIM's investment process across all affected asset classes are influenced by environmental, social and governance ("ESG") considerations. SIM incorporates certain ESG considerations into its investment process as a means to enhance sound investment decisions and as a conscientious way to conduct its business.

In certain circumstances and as permitted under the investment management agreement with the client, SIM may select and utilize third-party investment advisers that manage an allocated portion of the client's assets held within its account.

### *Risk of Loss*

The above methods, strategies and investments involve risk of loss to clients, and clients must be prepared to bear the loss of their entire contribution/investment. In addition, clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable.

Other material risks relating to the foregoing investment strategies include the following:

- *Market Risk.* All our strategies have market risk, which is the risk that the market value of a security will fluctuate, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than it was at the time of purchase. Market risk may affect an individual security, a particular sector or the entire market.
- *Economic Conditions.* Negative economic trends nationally, in specific geographic areas of the United States and/or outside the United States, could result in an increase in debt or loan defaults and delinquencies. Inability of borrowers to obtain refinancing (particularly as high levels of required refinancing transactions approach) may result in an economic decline that could delay or derail an economic recovery and cause deterioration in the performance of debt investments generally. Additionally, the following factors may disrupt financial markets and have a negative impact on the assets:
  - The bankruptcy or insolvency of one or more major financial institutions that results in the disruption of payments with respect to the assets or triggers additional crises in the global credit markets and overall economy;
  - Continued deterioration of the sovereign debt of certain countries, together with the risk of contagion to other, more stable, countries;
  - Rating agency downgrades of long and/or short-term debt ratings (or otherwise negative changes in their ratings outlook) of the sovereign, industry, issuer or security;
  - Reduced liquidity in the fixed income markets because of proposed or implemented changes in the laws and/or regulations applicable to financial intermediaries;
  - Issues affecting the economies of the United States and/or non-U.S. economies; and
  - The impact of (i) military operations, (ii) the possibility or actual occurrence of terrorist attacks domestically or abroad (iii) pandemics, such as the novel coronavirus (“**COVID-19**”), and/or (iv) political instability in some parts of the world which could have a material adverse effect on general economic conditions, world financial markets, particular business segments, world commodity prices, consumer confidence and/or market liquidity.
- *Market Disruptions; Governmental Intervention.* Client assets may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions may from time to time cause dramatic losses for the assets, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.
- *Liquidity in Positions and Markets* may increase the volatility of the client portfolio as the result of investment in positions in less liquid or non-exchange traded securities, including equities and fixed income securities. These positions entail particular risks including increased transaction costs and potential difficulty in exiting the position.
- *Concentration of Positions* exposes the client to the risk of the portfolio being concentrated in a relatively small number of positions. This concentration may lead to more volatility than might be the case in a more diversified portfolio.
- *Illiquidity Risks.* A client’s investments may require a long-term commitment, with no certainty

of return. There may be little or no near-term cash flow available. Certain client investments may be highly illiquid. Consequently, dispositions of such investments may require a lengthy time period, so there can be no assurance that such client will realize value on its investments in a timely manner.

- *Litigation Risk.* A client's investment activities may subject such client to the risks of becoming involved in litigation. The expense of defending against claims against a client by third parties and paying any amounts pursuant to settlements or judgments would be borne by such client. A client may not be able to defend or prosecute legal proceedings that may be brought against it (or lenders as a group) or that client (or lenders as a group) might otherwise bring to protect its (or their) interests.
- *Extraordinary Events or Emergencies, including COVID-19.* Extraordinary events or emergencies, including but not limited to major public health issues (e.g. a pandemic such as the novel coronavirus COVID-19), acts of war, terrorism, failure of technology, natural disasters, social instability or other event that causes a large number of illnesses or deaths, have had and could continue to have a major impact on the global economy and financial markets, including financial market volatility and changes in interest rates, which could negatively impact client investments. Governmental and non-governmental organizations may not effectively respond to the emergency (e.g., may not effectively combat the spread and severity of a pandemic), increasing the harm to SIM. In particular, disruptions to commercial activity relating to the imposition of quarantines and travel restrictions, and/or failures to contain the disaster despite these measures, could materially and adversely impact clients' investments, both in the near- and long-term. In addition, the imposition of government restrictions (including travel restrictions such as "shelter-in-place" or "lock-down" directives) may impact the ability of SIM's personnel to travel in connection with potential or existing investments, require employees to access information technology, communications or other systems remotely or otherwise disrupt business activities, which could negatively impact SIM's ability to effectively identify, monitor, operate and dispose of client investments.

SIM invests in various types of securities and financial instruments in connection with its investment strategies and provided below is a description of the different types of securities and certain corresponding risks to which a client may be exposed. Depending on the investment strategies employed, different risks will be more applicable. Please note that the below risks do not purport to be a complete explanation of all risks involved.

- *Fixed Income Investments.* Investments in fixed income or debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity (market risk) and potential inability to access additional financing due, e.g., to high leverage (leverage risk). The price of a debt instrument generally moves inversely with interest rates, such that a rise in interest rates typically causes a fall in value, while a fall in interest rates typically causes a rise in value. The risk of bonds can vary significantly depending upon factors such as the credit quality of the issuer and the maturity of the instrument. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation, resulting in losses.

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known



issuers can be more volatile than that of larger issuers.

- *Default Risk.* A defaulted or otherwise distressed security may become subject to workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and a substantial change in the terms, conditions and covenants with respect to the investment. Such negotiations or restructuring may be extensive and protracted over time and may result in substantial uncertainty with respect to the ultimate recovery on such client investment. The ability of a client to influence the affairs of an issuer may be substantially less than that of other creditors in the capital structure, depending on the nature of a client's investment (for example, the seniority of its position in the capital structure and the size of a client's position relative to those of other investors). Accordingly, a client may not be able to take the steps necessary to protect its investments in the most opportunistic manner. A client may incur additional expenses if it is required to seek recovery upon default or to negotiate new terms with a defaulting issuer.
- *Call and Prepayment Risk.* The ability of borrowers to prepay assets will vary. The assets will experience a loss if a Client investment was purchased at a price greater than par and is prepaid at par or at a price lower than the purchase price. The rate of prepayments, amortization, delinquencies and defaults may be influenced by various factors including, but not limited to:
  - Changes in borrower or property performance and requirements for capital;
  - Interest rate movements;
  - Availability of credit or a decline in credit underwriting standards; and
  - The overall economic environment.

Further, in the case of prepayment, a client bears reinvestment risk, because such client may be required to invest the proceeds at a lower forecasted rate than the original investment. The assets may pay floating interest rates. To the extent interest rates increase, periodic interest obligations owed by the related borrower also will increase. As prevailing interest rates increase, some borrowers may not be able to make the increased interest payments on assets or refinance their loans, resulting in payment defaults.

- *Spread Widening Risk.* For various reasons, the prices of the assets may decline substantially. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instruments in which a client invests.
- *Below Investment Grade Risk.* Investments in below investment grade securities which typically receive credit ratings below investment grade (below BBB) by credit rating agencies) and unrated securities of similar credit quality (commonly known as "high yield securities" or "junk bonds") may be subject to greater levels of credit risk, call risk and liquidity risk than client accounts that do not invest in such securities. These securities are considered predominantly speculative with respect to an issuer's continuing ability to make principal and interest payments and may be more volatile than other types of securities. An economic downturn or individual corporate developments could adversely affect the market for these securities and reduce SIM's ability to sell these securities at an advantageous time or price. An economic downturn would generally lead to a higher non-payment rate and a below investment grade security may lose significant market value before a default occurs. Below investment grade securities structured as zero-coupon bonds or pay-in-kind securities tend to be especially volatile as they are particularly sensitive to downward pricing pressures from rising interest rates or widening spreads. Issuers of below investment grade securities may have the right to "call" or redeem the issue prior to maturity,

which may result in SIM having to reinvest the proceeds in other below investment grade securities or similar instruments that may pay lower interest rates. Below investment grade securities may also be subject to greater levels of liquidity risk than other securities. In addition, below investment grade securities may not be listed on any exchange and a secondary market for such securities may be comparatively illiquid relative to markets for other more liquid fixed income securities. Consequently, transactions in below investment grade securities may involve greater costs than transactions in more actively traded securities. A lack of publicly available information, irregular trading activity and wide bid/ask spreads among other factors, may, in certain circumstances, make below investment grade debt more difficult to sell at an advantageous time or price than other types of securities or instruments. These factors may result in a client account holding below investment grade securities unable to realize full value for these securities and/or may result in such account not receiving the proceeds from a sale of a below investment grade security for an extended period after such sale, each of which could result in losses to the account. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of below investment grade securities, especially in thinly traded markets. When secondary markets for below investment grade securities are less liquid than the market for other types of securities, it may be more difficult to value the securities because such valuation may require more research, and elements of judgment may play a greater role in the valuation because there is less reliable, objective data available.

- *Options.* Advisory client accounts may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.
- *Derivatives.* Derivatives are financial instruments that have a value which depends on, or is derived from, a reference asset, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. Derivatives may result in investment exposures that are greater than their cost would suggest; in other words, a small investment in a derivative may have a large impact on a strategy's performance. An investment strategy may use derivatives as a substitute for taking a position in the reference asset or to gain exposure to certain asset classes; under such circumstances, the derivatives may have economic characteristics similar to those of the reference asset, and a strategy's investment in the derivatives may be applied toward meeting a requirement to invest a certain percentage of its net assets in instruments with such characteristics. A strategy may use derivatives to hedge (or reduce) its exposure to a portfolio asset or risk. A strategy may use derivatives for leverage or to manage cash. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, credit risk and general market risks. A strategy's use of derivatives may entail risks greater than, or possibly different from, such risks and other principal risks to which a strategy is exposed, as described below.
  - *Counterparty Risk.* SIM may transact derivatives on a collateralized basis with counterparties that it believes to be creditworthy, there is no guarantee that such counterparties will be able to perform their economic obligations under the derivatives transactions. In addition, centralized clearing of certain over the counter ("OTC") derivatives expose a client to the risk of a default by a clearing member or clearinghouse with respect to its cleared derivative transactions. If counterparties, clearing brokers or central clearinghouses fail or refuse to honor their obligations under a client's

derivatives, hedges of the related risk will be ineffective. A counterparty's or central clearinghouse's insolvency, inability or unwillingness to make payments under the terms of derivatives agreements or inability or unwillingness to return collateral will have a material adverse effect on a client's returns on investment.

- *Currency Risk.* Generally, SIM transacts in U.S. dollars and as a result it is subject to the risk of fluctuation in the exchange rate between the local currency and dollars when investing in foreign markets and is also subject to risks related to exchange controls. SIM may hedge against currency fluctuations but is not obligated to do so
- *Funding Risk.* A client bears the risk that they or its counterparty may not have adequate cash available to fund current obligations, which might occur because of mismatches in cash flows due from or to a client's counterparties in OTC derivatives transactions or related hedging, trading, collateral, or other transactions, or delays in payment.
- *Interest Rate Risk.* The returns associated with floating-rate securities will be affected by changes in interest rates. Changes in interest rates could cause the value of such securities to decline. SIM may hedge against such fluctuations in value but is not obligated to do so. In the event that SIM does hedge against such fluctuation, there is no guarantee that such hedge will be successful.
- *Operational Risk.* A client may incur losses because of inadequacies in systems or controls for monitoring and quantifying the risks and contractual obligations associated with OTC derivatives and related transactions, for recording and valuing the transactions or for detecting human error, or from systems failure or management failure.
- *Special Risks.* There may be other significant risks that a client may be exposed to based on the terms of a specific transaction. Highly customized OTC derivatives transactions, in particular, may present heightened liquidity risk and introduce other significant risk factors of a complex character. Unusual or extreme changes in market factors may affect the value of the transaction and the risks associated with it in ways that are not taken into account in most available systems for modeling transaction risk.
- *Pricing.* Because the price and other terms on which a Client may enter into or terminate an OTC derivatives transaction are individually negotiated, these may not represent the best price or terms available to Client from other sources.
- *Increased Cost of Hedging Due to Derivatives Regulation.* The Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") includes a framework of regulation of the OTC derivatives markets which requires clearing of certain types of transactions and imposes additional costs, including reporting and margin requirements. These increased margin requirements, combined with increased capital charges for OTC-bilateral counterparties and central clearinghouses with respect to non-cash collateral, (i) will likely require clients to increase holdings of cash and highly liquid securities with lower yields causing a reduction in income, (ii) could adversely affect the liquidity of a client's investments and the composition of a client's investment portfolio, and (iii) could result in less favorable pricing for OTC-cleared and OTC-bilateral transactions.
- *Hedge Effectiveness/Basis Risk.* SIM may use derivatives to hedge various business risks. A client is subject to the risk that hedging and other management procedures

might prove ineffective, which could produce economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by higher costs of writing derivatives (including customized derivatives) and the reduced availability of customized derivatives that might result from the implementation of Dodd-Frank and comparable international derivatives regulations. Derivative types may include options, forwards, interest rate, credit default and currency swaps with a number of counterparties on a bilateral basis for uncleared OTC derivatives and with clearing brokers and central clearinghouses for OTC cleared derivatives. If counterparties, clearing brokers or central clearinghouses to such derivatives fail or refuse to honor their obligations under these derivatives, hedges of the related risk will be ineffective.

- *Restricted Securities.* Clients may invest in securities that are not registered under the Securities Act of 1933, including securities representing interests in private equity and hedge funds (“**restricted securities**”). Restricted securities may be sold in private placement transactions between issuers and their purchasers and may be neither listed on an exchange nor traded in other established markets. In many cases, privately placed securities may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. As a result of the absence of a public trading market, privately placed securities are less liquid and more difficult to value than publicly traded securities. To the extent that privately placed securities may be resold in privately negotiated transactions, the prices realized from the sales, due to illiquidity, could be less than those originally paid by a client or less than their fair market value. In addition, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded. If any privately placed securities held as assets are required to be registered under the securities laws of one or more jurisdictions before being resold, a client may be required to bear the expenses of registration.
- *Private Equity and Hedge Funds.* A client may invest in securities representing limited partnership interests (or their equivalent) in private equity and hedge funds. Such investments are generally subject to the risks described above under “Restricted Securities,” including with respect to restrictions on transfer or resale, the lack of liquidity to which such investments may be subject and the effect of such illiquidity on valuations, and the loss of certain protections offered under the securities laws to holders of registered securities. In addition to the foregoing, a client’s investments in hedge funds may be subject to other risks, including, without limitation, the risk that restrictions on redemptions may prevent a client from exiting a hedge fund investment during periods of market stress. Investments in private equity and hedge funds are speculative and may subject a client to the risk that the strategy chosen by the fund’s investment manager to achieve the fund’s objective will not be successful. As a limited partner (or its equivalent), the client will have little or no control over the management of a private equity or hedge fund in which it is invested or the investment decisions of the fund’s investment manager.
- *Model and Quantitative Risks.* SIM uses proprietary models as an additional analytical data point to inform portfolio managers in their investment decision making process. However, SIM’s portfolio managers do not rely exclusively on such proprietary models to independently make investment decisions. If these models have errors or are flawed or incomplete and such issues are not identified, it may have an adverse effect on client investment performance.
- *Third-Party Investment Adviser Risk:* As permitted under the investment management agreements of certain clients, SIM may from time to time utilize and employ other third-party investment advisers (collectively, “sub-advisers”) for the purpose of managing particular investment strategies with respect to certain allocated assets held in a client’s account. While SIM conducts

due diligence regarding sub-advisers and their respective investment style and process, the investment performance of client account assets managed by such sub-adviser will primarily depend upon the choice of investments and other investment and management decisions of the relevant sub-adviser, which could be adversely affected by those decisions. Similar risks apply to SIM's management and supervision of third-party investment advisers of SFC, in that the investment performance of client account assets managed by such adviser will primarily depend upon the choice of investments and other investment and management decisions of the relevant adviser.

- *Environmental, Social, and Governance Investing Risk.* Employment of an environmental, social, and governance ("ESG") investing strategy, which typically selects or excludes securities of certain issuers for reasons other than financial performance, carries the risk that a client account's performance utilizing such a strategy will differ from accounts that do not utilize an ESG investing strategy. For example, the application of this strategy could affect the account's exposure to certain sectors or types of investments, which could negatively impact the account's performance. In determining the efficacy of an issuer's ESG practices, SIM will use its own proprietary assessments of ESG factors and will, when appropriate, reference standards as set forth by recognized global organizations such as the United Nations. There is no guarantee that the factors utilized by SIM or any judgment exercised by SIM will reflect the opinions of any particular client, and the factors utilized by SIM may differ from the factors that any particular client considers relevant in evaluating an issuer's ESG practices. In evaluating an issuer, SIM is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause SIM to incorrectly assess an issuer's business practices with respect to ESG practices. Socially responsible norms differ by region, and issuer's ESG practices may change over time. Successful application of an ESG investing strategy and SIM's engagement efforts will depend on SIM's skill in properly identifying and analyzing ESG issues, and there can be no assurance that the strategy or techniques employed will be successful.

#### *Reliance on Affiliates with respect to Certain Shared Services and Personnel*

As previously described in Item 4, certain Affiliates provide various services and personnel to SIM, including, certain back office, information technology, human resources and other support services utilizing certain property, equipment and facilities, and personnel of Affiliates. Because of the services provided to SIM by the Affiliates, SIM's performance of certain administrative and operational duties related to the management of client accounts is dependent on such Affiliates and the talents and efforts of individuals employed by such Affiliates and provided under the shared services arrangement. If an Affiliate ceases to perform such shared services, or to do so effectively, SIM and the administration of its client accounts may be adversely affected.

#### *Certain Risks Related to Cybersecurity*

The information and technology systems of SIM and of key service providers to SIM and its clients may be subject to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons or security breaches, usage errors by employees, power outages or catastrophic events such as fires or hurricanes. In the unlikely event that these systems are compromised, become inoperable for extended periods of time or cease to function properly, there could be significant interruptions in the operations of SIM or its client accounts or a compromise of the security, confidentiality or privacy of sensitive data, including personal information.

SIM has in place risk management systems and business continuity plans that are designed to address risks

associated with these cybersecurity attacks, although there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

#### *Risks Relating to Conflicts of Interest*

Clients should be aware that there will be occasions when SIM and its Affiliates will encounter potential conflicts of interest in connection with activities relating to investments on behalf of a client.

*Allocations.* SIM serves as the investment adviser for third-party accounts as well as certain accounts that are managed for Affiliates. Accordingly, potential conflicting interests or duties will likely arise over time due to SIM undertaking investment management activities for another account or accounts, including Affiliate accounts, investing in the same assets or the same issuers as other clients. SIM acts as investment adviser to other accounts, including accounts directly or indirectly managed for Affiliates such as but not limited to Symetra Life Insurance Company, an Iowa insurance company (“**Symetra Life**”) and Sumitomo, and there will likely be times during which SIM will give advice and take action with respect to any of those accounts which will differ from the advice given, or the time or nature of action taken, with respect to a client’s portfolio.

In addition, investment opportunities will likely be appropriate for more than one of these client accounts. This presents a potential conflict of interest for SIM as there are competing benefits it derives depending upon which account is allocated a specific investment opportunity. Those competing benefits include but are not limited to different management fee arrangements and different levels of ownership by Affiliate accounts. Consistent with its fiduciary duties to its clients, SIM has adopted policies and procedures designed to address and mitigate this conflict, including its trade allocation and aggregation policy (as discussed in greater detail in response to Item 10 below).

*Use of Material, Non-Public Information.* From time to time, employees of SIM and its Affiliates from time to time come into possession of confidential, non-public information in connection with other activities. As such, SIM would be restricted from investing in certain transactions it otherwise may have initiated or from selling an investment it otherwise may have sold. Alternatively, SIM may decline to receive material non-public information in order to avoid such trading restrictions on behalf of client accounts, despite that access to such information may have been advantageous to certain client accounts.

#### **Item 9. Disciplinary Information**

As of the date of this Brochure, neither SIM nor any of its supervised persons have been involved in legal or disciplinary events (i.e., criminal or civil action in a domestic, foreign or military court, administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or self-regulatory organization) that SIM believes are material to evaluating its advisory business or the integrity of its management.

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

As disclosed in response to Item 4, SIM is a wholly owned subsidiary of SFC. Through its affiliation with SFC, SIM is under common control with Symetra Securities, Inc. (“**SSI**”), a registered broker-dealer, and Symetra Life, in addition to all other subsidiaries of SFC. SFC’s parent company is Sumitomo Life, a mutual company (*sougo kaisha*) organized under the laws of Japan.

SSI is a limited purpose broker-dealer and acts as the underwriter for variable insurance products and index-

linked annuity contracts offered by Symetra Life. As such, SIM does not utilize or place trades for execution with SSI with respect to client account transactions.

SIM currently provides investment advisory services with respect to accounts directly or indirectly managed for Symetra Life, Sumitomo Life and other Affiliates. As noted in Item 8 (Risks Related to Conflicts of Interest) and Item 11, SIM has adopted compliance policies and procedures (including but not limited to trade allocation and aggregation policy) that seek to address and mitigate potential conflicts of interest with respect to SIM's management of Affiliate and other client accounts.

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

### *Code of Ethics and Other Related Compliance Policies and Procedures*

SIM has adopted a Code of Ethics (“**Code**”), which is designed to comply with applicable requirements under the Investment Advisers Act of 1940, as amended and its rules thereunder (the “**Advisers Act**”). The purpose of the Code is to identify the ethical and legal framework in which SIM and its personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding SIM's standard of business conduct. In addition, the Code imposes restrictions on the personal trading activity of applicable personnel providing advisory services on behalf of SIM and certain members of their immediate family, as well as reporting requirements. These personal trading restrictions are intended to ensure that applicable personnel do not misuse client information for their own benefit. Among other things, the Code requires covered personnel and certain members of their households to “pre-clear” certain personal securities transactions (including, but not limited to, initial public offerings and private placements) prior to execution, with some limited exceptions. All such covered personnel must provide SIM periodically with information regarding certain of their personal securities holdings and trading activity with respect to their personal brokerage accounts. These restrictions and requirements of the Code apply to all accounts over which such employees have a direct or indirect beneficial ownership interest, with some limited exceptions.

Subject to satisfying the requirements imposed under the Code and SIM's related compliance policies and procedures (e.g., those covering insider trading), such personnel are permitted to trade for their own accounts in securities that may be recommended to and/or purchased for SIM clients. Employee trading is monitored for adherence to the Code by SIM's compliance personnel in order to help ensure that covered employees comply with its provisions and to seek to ensure that the Code reasonably prevents conflicts of interest between SIM and its clients.

Clients or prospective clients may obtain a copy of the Code by contacting the CCO, Robert Herlihy, at +1(860) 746-7403.

Within and/or in addition to the Code, SIM also has adopted related compliance policies and procedures covering (among other things) insider trading, gifts and entertainment, political contributions, outside business activities and trade and investment allocation/aggregation to address similar potential conflicts of interest and to comply with applicable requirements under the Advisers Act. Please also see Item 8 (Risks Related to Conflicts of Interest) and Item 12 for additional information related to certain of these policies and procedures.

### *Participation or Interest in Client Transactions*

As described above and previously in this Brochure, SIM from time to time invests and transacts in the same types of securities and instruments with respect to multiple client accounts, including Affiliate accounts. In order to address and mitigate potential conflicts of interest associated with the above, SIM

has adopted certain compliance policies and procedures, including but not limited to trade allocation and aggregation policy, to seek to ensure that SIM's advisory account clients are treated fairly and equitably over time in connection with such transactions (see also Item 12 for additional information regarding these policies).

SIM may engage in principal transactions with certain client advisory accounts (i.e., transactions where SIM, acting as principal for its own account or that of an affiliate of SIM, buys from or sells any security to a client's account), if agreed to by the applicable client and in compliance with SIM's principal transaction policy, which is designed to address the requirements of Section 206(3) of the Advisers Act. Under such policy, SIM generally will provide written notification to such client of the applicable principal transaction and obtain prior client consent.

SIM also has adopted a cross transactions policy and agency cross transaction policy that will apply to cross transactions and agency cross transactions between client accounts. Under such policies, SIM is required to comply with certain requirements that are designed to address relevant requirements under applicable law with respect to such respective transactions.

## **Item 12. Brokerage Practices**

### *Brokerage Execution Policies*

As an SEC registered adviser, SIM has a duty to seek best execution with respect to client accounts. In seeking best execution, the determinative factor evaluated by SIM is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of services provided by a broker-dealer or intermediary, including but not limited to, the broker-dealer or intermediary's execution quality, reputation, transaction cost, and overall capabilities.

Although SIM will seek competitive execution rates, it may not necessarily obtain the lowest possible transaction cost or best price for client account transactions. The executed price or transaction cost (including markups) charged by a broker-dealer or intermediary may be higher or lower than those charged by other broker-dealers or intermediaries.

Neither SIM nor any related person is expected to receive client referrals from any broker-dealer, intermediary or third-party that provides brokerage services to SIM's clients.

At this time SIM is not a party to, and does not anticipate entering into, any formal "soft dollar" arrangements with respect to client account transactions. In the event that SIM utilizes "soft dollar" arrangements and commission dollars in the future, it will do so in a manner that is consistent with the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended.

### *Directed Brokerage*

Occasionally, certain clients direct SIM to place certain transaction orders in the client's account through a specific broker-dealer or counterparty selected by the client. This type of instruction is deemed a "directed brokerage arrangement." Such clients should understand that in a directed brokerage arrangement, SIM may not be able to obtain best execution for these transactions and that the client may receive less favorable prices and may incur (as applicable) higher commission rates, greater spreads, or other transaction costs by executing these transactions with such directed broker-dealer/counterparty. In addition, SIM may not have the ability to aggregate the client's transactions with orders for other accounts advised or managed by the firm. As a result, such clients should understand that directed brokerage arrangements may cost clients more money than may otherwise be the case if such transactions were executed with other broker-dealers



or counterparties.

#### *Trade Allocation and Aggregation*

SIM has adopted a trade allocation and aggregation policy with the respect to the allocation of investment opportunities and trades among client accounts. This policy seeks to allocate investment opportunities in a manner that is consistent with its fiduciary obligations and, accordingly, to allocate investment opportunities and trade allocations fairly such that no client will be systematically disadvantaged over time. In allocating suitable investment opportunities between and among participating client accounts, the allocation policy provides that SIM may aggregate and batch orders for clients (including Affiliate accounts) and may also determine the method of allocating investment opportunities prior to trade settlement. Such allocation methods include (but are not limited to) a pro rata allocation, a ratable allocation, a rotational allocation or another alternative allocation method approved by SIM's Compliance Department. Although not obligated or required under such policy, SIM generally strives to aggregate and batch orders for the purchase or sale of the same security for client accounts when deemed appropriate and consistent with its fiduciary obligations and the policy. The effect of aggregation may work on some occasions to a client's disadvantage in relation to a particular order. If aggregated orders cannot be fulfilled, SIM may allocate trades among client accounts in a manner believed by SIM to be fair and equitable over time. Size limits and other reasons may limit a client's participation, if any, in any given order. For the avoidance of doubt, a client may not always receive an allocation of an aggregated and batched order placed for multiple clients, including circumstances in which an aggregated order cannot be fulfilled in whole or in part due to insufficient supply (in the case of a purchase of securities) or inopportune or unfavorable price availability (in the case of a sale of securities).

Transaction execution and related costs incurred, if any, will be borne by participating clients in the same manner as the trade was allocated (i.e., a client will not bear a disproportionate amount of transaction expenses relative to the proportion of a trade it was allocated).

#### *Trade Errors*

SIM has adopted a trade error and breakage policy designed to ensure that trade orders are entered correctly, and that trade tickets and trade allocations are documented and maintained in accordance with relevant policies and procedures. Trade errors, defined as an error in the placement, execution or settlement of a trade that results in ascertainable expense to the client, may occur from time to time, and SIM will seek to identify and correct any trade errors as promptly as possible without disadvantaging the applicable client or benefitting SIM in any way.

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

SIM's portfolio management personnel review client accounts on a periodic basis, generally on a monthly or quarterly basis. Holdings are monitored in light of trading activity, significant corporate developments and other activities that may dictate a change in portfolio positions. Such personnel also conduct portfolio risk management reviews of client accounts. SIM's Compliance Department also periodically reviews client accounts in connection with SIM's compliance program and to evaluate adherence with applicable SIM compliance policies and procedures. In addition, SIM also may conduct portfolio review meetings with clients regarding its advisory account on a periodic or as reasonably requested ad hoc basis by the client.

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

SIM does not currently receive cash or other benefits from a non-client in connection with giving advice

to clients, except as otherwise disclosed herein. In addition, SIM does not currently compensate any third-party for client referrals.

**Item 15. Custody**

SIM does not generally accept custody of clients' securities. To the extent SIM has the authority to request a financial institution to debit its advisory fee from a client's account and remit the fee directly to SIM, SIM seeks to ensure that it has written authorization from the client and that any such debit is done in accordance with applicable custody rules.

**Item 16. Investment Discretion**

Prior to assuming discretion in managing a client's assets, SIM enters into an investment management agreement that sets forth the scope of SIM's discretion. Unless otherwise instructed or directed by a discretionary client, SIM has the authority generally to determine the type and amount of investments to be purchased and sold for the account of a client (subject to restrictions set forth in the applicable advisory agreement and any written investment guidelines).

**Item 17. Voting Client Securities**

SIM generally does not provide investment advisory services on the type of investments that generate proxies. In the event that the investment strategies utilized by SIM for client accounts generates proxies that the firm is required to vote on behalf of such client accounts, SIM will adopt, as applicable, proxy voting policies and procedures with respect to the voting of such proxies.

Notwithstanding the above, certain client accounts that utilize or are managed by a sub-adviser or other third-party investment adviser may generate proxies with respect to the investment strategy implemented by such adviser. Proxies generated from those adviser mandates are voted in accordance with the proxy voting policies and procedures of the applicable adviser, which will be reviewed and retained by SIM as applicable to ensure that such adviser exercises its discretionary authority over client proxies in accordance with such policies and procedures.

**Item 18. Financial Information**

This Item is not applicable.