



AIG Asset Management (U.S.), LLC

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Form ADV 2A Disclosure Brochure

as of March 31, 2021

AIG Asset Management (U.S.), LLC

Public Credit

This brochure provides information about the qualifications and business practices of the Public Credit group of AIG Asset Management (U.S.), LLC, a registered investment adviser (the '**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 is also 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 **March 31, 2021** serves as an update to the Brochure dated **October 14, 2020**. The following material changes occurred since the Firm's last other than annual amendment filing.

1. The Adviser previously published a single brochure that has been separated into six (6) bespoke brochures that are tailored for each Investment Management group within AIG Asset Management (U.S.), LLC. This Brochure relates specifically to the team of investment professionals that focus on Public Credit investments.
2. Various risk factors have been updated and or new risk factors identified that include: Municipals Securities Risk, Information Security Risk, Brexit Risk - Market Volatility, LIBOR Risk and Public Health Crisis Risk (Refer to **Item 8**).
3. Other language has been updated regarding investment policies that include trade aggregation, allocation and trade correction (refer to **Item 12**).



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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 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 and San Francisco, CA.

AMG provides investment advisory and asset management services to AIG, its affiliates, and unaffiliated institutional Clients. The Adviser also manages investment portfolios of private funds and other pooled investment vehicles ("**Funds**") in which affiliated and unaffiliated parties are investors. AMG also serves as a sub-adviser to other investment managers, in the management of their 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 \$338 billion discretionary assets for its Clients as of December 31, 2020.

AMG, together with its affiliated investment advisers (see **item 10**), provides 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**"), each of which is a U.S. registered investment adviser, and AIG Asset Management (Europe) Limited ("**AAMEL**"), which is an investment management firm authorized and regulated by the U.K. Financial Conduct Authority ("**FCA**").

This ADV 2A Brochure applies to certain of the activities of AMG. Clients should be cognizant of the entity that is being retained to manage their accounts.

Our Advisory Services

AMG provides discretionary investment advice and asset management services over institutional client portfolios pursuant to an Investment Management Agreement ("**IMA**") between the Adviser and Clients. The full scope of advisory services will be described in the IMA 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 consults with each Client to develop investment guidelines designed to align with the Client's investment objectives and risk tolerance. These guidelines may include categories of permitted and/or prohibited asset types of investment transactions, as well as limits or targets relating to portfolio or investment maturity and duration, concentration, rating, geographic exposure, industry or sector exposures or other considerations. Investment guidelines are typically documented in the IMA.

The Adviser may also recommend that Clients invest in a Fund managed by the Adviser, or an affiliate, which, in turn, invests in securities or other assets.



Most AMG Public Credit Clients are AIG-affiliated institutions. AMG also manages Public Credit mandates for certain unaffiliated Clients through separately managed accounts. Generally speaking, unaffiliated Clients may elect to:

- participate in any investment opportunity meeting the client's mandate, regardless of AIG affiliate participation; or
- only be considered for investment opportunities in which AIG affiliates are participating. With this election, there may be instances in which the Adviser identifies a potential investment opportunity consistent with an unaffiliated Clients' objectives however, does not proceed with the opportunity due to a lack of participation by AIG affiliates.

ASSET TYPES

Generally, AMG offers investment management services with respect to the following types of investments and strategies, into which teams of investment professionals are grouped:

- Public Credit;
- Private Credit;
- Real Estate;
- Commercial Real Estate Debt
- Residential Mortgage Lending; and
- Alternatives, Equities and External Mandates including:
 - Equity Index Strategies
 - Direct-equity investments
 - Hedge funds
 - Private equity funds
 - External Mandates

The portfolio managers and other investment professionals in these groups may, in conjunction with employees of other AMG affiliates, provide derivatives, short-term investment, repo, securities lending and associated collateral management services designed to hedge or otherwise complement the management of client investment portfolios.

This Brochure relates specifically to the team of investment professionals that focus on Public Credit investments ("**AMG Public Credit**"). Each of the Adviser's other investment management teams are further described in greater detail in their respective disclosure brochures and all disclosures are filed with the SEC.

The terms "we," "us" or "our" in this brochure, refer to AMG Public Credit, which, in some cases, includes Supervised Persons in legal entities other than AMG. In addition, any references to "our employees", "officers" or "personnel" include those from various legal entities who work in and support the AMG Public Credit group.

AMG FIXED INCOME PUBLIC CREDIT & STRUCTURED DEBT

Investments managed by AMG Public Credit include investment grade and below-investment grade fixed income securities, loans and similar obligations issued, assumed or guaranteed by US and non-US business entities (such as corporations, trusts, special purpose vehicles, joint ventures and limited partnerships), governments (including political subdivisions and agencies thereof) and supranational organizations, in each case that are either registered



or registrable with one or more securities regulatory authorities or for which a reasonably liquid trading market exists. In addition to corporate and government bonds and notes, these investments also include structured products such as asset backed securities residential mortgage-backed securities, commercial mortgage-backed securities and collateralized loan obligations.

Item 5: Fees and Compensation

AMG provides investment advisory services to AIG, affiliates of AIG, and unaffiliated Clients. In most instances, the agreed rates for AIG and AIG affiliates will be considerably lower than the unaffiliated client rates.

Unaffiliated Clients

Investment Advisory Services

Depending on the asset class, AMG generally receives a management fee paid monthly or quarterly in arrears for services provided with respect to the Portfolio. The management fee shall be expressed in basis points and in per annum terms, applied to the average net asset value of the investment mandate during the relevant time period. However, the management fee for each client may vary based on the exact investment strategy, a client's specific service needs, the amount of assets under management, a client's commitment to invest additional assets, a client's total business with AMG and any of its affiliates, and potentially other strategic factors. The management fee may take the form of a flat, tiered, or cliffed fee schedule generally based on the amount of assets under management. Each client's management fee, billing frequency, billing practices, other applicable fees and expenses, and other economic considerations will generally be described and agreed upon in the investment management agreement. AMG may require a minimum amount of assets under management or fee revenue in order to open as well as to maintain an account.

For purposes of transparency, published fee schedules, representing the highest fees AMG would charge (until the exact mandate is specifically defined), are provided by asset class below.

Public Credit	First \$100 million	Next \$150 million	Thereafter
Core Fixed Income	24	22	20
Short Duration	20	18	16
Intermediate Credit	26	24	22
Long Corporates	24	22	20
Municipal Bonds	24	22	20
Securitized	24	22	20
High Yield	40	36	32
EMD	44	40	36

With certain asset classes, such as in the case of private real estate, AMG may additionally receive performance fees.

In addition to management and performance fees, clients may experience additional fees and expenses charged by parties other than the adviser, typically considered operating or organizational expenses. These expenses may include costs or fees generally due to third parties for transaction, custody, administration, legal, audit, tax, and other services. Any such fees or expenses would be detailed in each client's investment management agreement.



Derivatives, Short-Term Investments, Collateral Management and Other Investment Services

The Adviser shall apply the applicable rates below to the notional amount of financial contracts and instruments for which it provides services or deliverable forward foreign exchange transactions (“FX”) executed during the relevant billing period; and

The Adviser 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.
 - (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 Adviser 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

Investments Advised Directly by AMG

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

¹ As defined in each client’s investment management agreement



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 this 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 Investments¹

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 Portfolios¹ and Designated Portfolios¹ times the fee 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 IMA.

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

Performance based fees

While AMG manages Funds or Accounts in which it may earn a performance-based fee in the form of carried interest, AMG does not presently charge performance-based fees for Public Credit mandates.

Side by side management

Various types of side-by-side management of multiple accounts can create conflicts of interest. Examples include:

- ***Affiliated and Unaffiliated accounts*** – Managing both affiliated and unaffiliated accounts can create an incentive to favor accounts of affiliates or unaffiliated accounts over others.
- ***Considerably sized accounts or fees*** – A portfolio manager could be considered to have an incentive when allocating investment opportunities to favor accounts that pay more in fees, where performance is tracked or those that generate more revenue.
- ***Different levels of an issuer's capital structure*** – In some cases the Adviser will invest client assets in the same issuer, but at different levels in the issuer's capital structure (for example, investing client assets in private securities, tranche of securities of a securitized finance vehicle or loans of an issuer and investing other Clients in publicly traded securities of the same issuer. This may result in taking actions related to the assets held by one client (including affiliated Clients) that are potentially adverse to other Clients.



- **Investment professionals' incentives** – Where investment professionals invest in certain investment vehicles that are managed by the Adviser.

The Adviser has implemented policies and procedures designed to address conflicts of interest with respect to side-by-side management. This is designed to detect patterns and anomalies in our side-by-side management, trading and improve any practices or processes (as applicable).

Item 7: Types of Clients

AMG's Clients are all business entities. AMG does not have any Clients that are natural persons. There are currently no minimums to opening an account; however AMG may decline to accept an appointment for any reason, including due to proposed account size.

AIG Affiliates: The Adviser manages accounts of AIG and its subsidiaries.

Institutional Clients: The Adviser manages accounts of unaffiliated Clients which may consist of insurance companies and other business entities, foundations, endowments, pensions, family offices, Employee Retirement Income Security Act of 1974 ("ERISA") plans and other sophisticated institutional Clients.

Pooled Investment Vehicles: The Adviser sponsors, and manages the investments of, private funds and other pooled investment vehicles.

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 its 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

The information presented below relates to AMG Public Credit. Information about the additional investment management groups of the Adviser are contained in separate disclosure brochures.

INVESTMENT ANALYSIS PROCESS

AMG'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, projected liabilities and liquidity needs, capital requirements and restrictions, as well as any adopted investment plan or similar policy.

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 IMA 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 for 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. 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 Public Credit employs several investment strategies in the management of its fixed income portfolios, 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 include 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.

STRUCTURED DEBT: The dedicated and experienced Structured Debt 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 creditworthiness of the issuer, analysis of the specific instrument and structure, maturity, and other related risks.

USE OF DERIVATIVES: AMG Public Credit may use derivatives (such as U.S. Treasury and currency options, futures and forwards, over-the-counter cleared interest rate and credit default swaps, total return and equity swaps and options on swaps) to hedge investments in a client's portfolio or seek to enhance returns.

RISK OF LOSS AND CERTAIN INVESTMENT RISKS

Investing in securities and other financial instruments involves risk of loss that investors should be prepared to bear. Investment strategies may not achieve their performance objectives and may result in losses. Below is a summary of risks that are important for Clients and prospective Clients to consider with respect to their portfolios and AMG Public Credit strategies.

Information about the risks related to additional investment management units of the Adviser are provided in separate disclosure brochures.

The following risks may apply to the AMG Public Credit strategies as 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.

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, a not-for-profit corporation, or a foundation to finance capital expenditures. It is anticipated that the Adviser's municipal securities investments will consist of general obligations and revenue or special purpose obligations. General obligations are typically payable from the taxing power of the issuer. 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. If revenues backing such revenue or special purpose obligations are not received, the Adviser will have varying degrees of recourse against the issuer 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 might not receive full payment of principal and interest on the obligations. The municipal securities markets are fragmented to a greater degree than markets for broader fixed income securities, that could lead to temporary periods of greater volatility and aberrational pricing.

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: Financial leverage 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 debt service 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.

BREXIT RISK: On January 31, 2020, the United Kingdom ("UK") exited the European Union ("EU") (following a non-binding referendum in June 2016) with a transition period in relation to existing laws and regulations until December 31, 2020. There is still a high degree of uncertainty and as such, it is not possible to confirm with any certainty what might be the terms of any trade agreement between the UK and EU. A passporting regime previously allowed regulated entities licensed or those authorized in the UK (and each other European Economic Area ("EEA") country) to operate on a cross-border basis in other EEA countries without the need for a separate license or authorization. January 1, 2021, the UK become a "third country" and as such, AMG and AAMEL can no rely on passporting rights. Despite any measures taken by the Adviser and its Affiliates, the Adviser's ability to market and provide investment services in the EU may be adversely affected by Brexit. This may lead to increased uncertainty and volatility, all of which AMG continues to monitor any impact to its ability to enter into transactions, value or realize on investments or to implement investment policy on behalf of AMG Clients.

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 are 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 a 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.

INFORMATION SECURITY RISK: The Adviser relies on the effective operation of its computer systems and, in certain instances, the computer systems of its service providers, for a variety of functions, including, trading, transactions, Client reporting, and maintaining all books & records. Confidential and proprietary information is maintained on computer systems of the Adviser and in some cases its service providers ("computer systems"). Computer systems are subject to computer viruses or other malicious codes, unauthorized or fraudulent access, social engineering, phishing, human error, cyberattacks or other computer-related penetrations. The preventive actions AIG and the Adviser take to protect information technology may be insufficient to prevent physical and electronic break-ins, cyber-attacks, compromised credentials, fraud, other security breaches or other unauthorized access. These incidents may not be immediately detected and may impede or interrupt the Advisers business operations, and in turn could adversely affect Clients or the assets.

In the event of a disaster or an unanticipated problem, the Firm relies on its disaster recovery controls. Disasters and incidents could have a material adverse impact on the Firm's ability to conduct business, particularly if those problems affect the computer-based data processing, transmission, storage and retrieval systems and destroy valuable data of the Firm.

The failure of the computer systems, the disaster recovery plans of the Firm or its service providers, could cause significant interruptions in the Firm's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Client or the assets, and could potentially result in financial losses.

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 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 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 more than 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.

LIBOR RELATED RISKS: Regulators, Central Clearing Houses, or the administrator of LIBOR have taken actions resulting in are taking steps to change the way LIBOR is determined, the discontinuance of reliance on LIBOR as a benchmark rate and the establishment of alternative reference rate. AMG continues to monitor how markets will respond to new rates, and cannot predict the effect of any changes to, or discontinuation of, LIBOR on new or existing financial instruments to which Client(s) have exposure. Any changes to, or discontinuation of, LIBOR may have an adverse effect on interest rates or certain derivatives and floating-rate securities held by Clients or other assets or liabilities managed for Clients whose value is tied to LIBOR or to a LIBOR alternative.

LIQUIDITY RISKS: Liquidity risk exists when 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.

PUBLIC HEALTH CRISES (e.g. Covid-19): We are currently experiencing a major public health crisis as a result of the "SARS-CoV-2" (sometimes referred to as the "coronavirus" and abbreviated as "COVID-19") pandemic. This or other similar events have and can cause 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. In addition, this has resulted in disruptions to commercial activity relating to the imposition of quarantines and travel restrictions, failures to contain the outbreak and could negatively impact the Adviser's ability to effectively identify, monitor, operate and dispose of client investments.

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.

REGULATORY CHANGE RISK: From time to time, rules, laws and regulations may change and there are currently significant global regulatory reforms that the Adviser must adhere to.

SANCTIONS & RELATED RISKS: Economic sanction laws in the United States and other jurisdictions prohibit AMG Public Credit, its employees from investing in or transacting with certain countries, companies and issuers for and on behalf of its Clients.

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.

USE OF MATERIAL NON-PUBLIC INFORMATION: AMG Supervised Persons may from time to time come into possession of material, non-public information in connection with investment management offered in different groups. As such, the Adviser may be restricted from investing in certain transactions it otherwise may have initiated or from selling an investment it otherwise may have sold.

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 AMG's advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

AMG is affiliated with other institutions owned by, or under common control of, its American International Group, Inc. ("AIG") parent companies. Employees of AMG 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 AMG, 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 groups. AMG provides investment advisory and asset management services to AIG, and AIG subsidiaries, many of which are 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 pooled investment vehicles ("CLOs") that invest primarily in senior bank loan assets. CLOs 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 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 and regulated 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 employees provide discretionary asset management services 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

AMG 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

AMG 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:

ALIGNMENT OF INTERESTS

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 TRADING POLICY

The Adviser may engage in cross trades 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 and conduct cross trades for ERISA accounts in a manner consistent with ERISA Section 408(b). AMG Public Credit may from time to time sell a security from a client account and purchase the same security in another client account where the transaction is deemed to be in the best interest of each participating client, as permitted by the applicable client's IMA and regulatory requirements. Clients may provide prospective consent to cross trading through the IMA. 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 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, short-term and long-term incentive (restricted AIG stock that vests over time) payments that are based on the overall financial performance of AIG, Inc. and specific groups 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 AMG 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.

Counterparty approval

AMG transactions for client accounts must be made through approved counterparties. All counterparties are reviewed, approved, and monitored. When assessing a counterparty for approval, AMG considers a variety of factors including, but not limited to a broker-dealer's financial strength, reputation, execution, pricing, research and service.

Broker selection

In selecting a broker-dealer for each specific transaction, the Adviser will use its best judgment to choose the broker-dealer (from the approved list) that is 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 IMA 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.



AMG will seek competitive commission rates that may not necessarily be the lowest possible rates for transactions. However, in some instances, there may only be one broker-dealer active in a particular security at a given time which may limit the ability to obtain best execution.

Soft Dollars and Research Services

Currently, the Adviser does not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides research services in exchange for an expectation of receiving a certain dollar amount of commissions. Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers who provide unsolicited proprietary research (research created or developed by the broker-dealer) which assist AMG Public Credit in its investment decision-making process.

Aggregation and Allocation of Client Orders

To the extent practicable and permitted by law, and subject to each client's IMA, the Adviser seeks to aggregate 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.

Generally aggregated orders are allocated across accounts at the time of the transaction, or as soon as possible thereafter, based on each account's appetite for the issue, including affiliated accounts. Order allocation is not based upon account performance, fee structure, or any proprietary interest that the Adviser or its affiliates may have in an account. If less than an entire aggregated order is executed, allocation changes must be based on a methodology approved by Compliance and senior management.

Trade Correction Policy

The Adviser requires that all trade errors be corrected in a manner that is fair and reasonable. Trade corrections include, but are not limited to: (i) purchasing or selling the incorrect security or quantity; (ii) purchasing or selling a security when the opposite was intended or selling a security for the incorrect account (iii) or other scenarios as stipulated by Compliance or Enterprise Risk Management. Trade corrections do not include situations that do not result in a trade settling. Where the Adviser is deemed responsible for a loss in



a client account resulting from an error the Adviser will determine the amount of the loss, escalate it for reporting, reimburse the client and notify the client of the error. Not all mistakes or other issues will result in an incident under the policy that results in compensation—for example, where a mistake or issue results in a gain to an account or accounts.

Unless prohibited by law or in an IMA with the client, the Adviser may net a client's gains and losses. Each trade correction incident is reviewed for the facts and the facts of a mistake or issue may result in a variation in calculation methodology.

The Adviser's policy permits trades, where appropriate, to be cancelled or modified prior to settlement. In addition, a transaction in one client's account may be avoided through reallocation, prior to settlement, to another client's account, subject to certain conditions. Clients will not be notified in advance if a mistake or issue in their account is avoided through cancellation, modification or reallocation.

Issues may occur in the use, programming or implementation of investment models or other models that are applied to client accounts. When such issues are identified, we seek to understand the cause and determine the impact of the issue. Issues resulting from inaccuracies in data received from external sources will generally not be considered mistakes or issues attributable to the Adviser.

Item 13: Review of Accounts

Consistent with its duty to provide investment advice in the best interests of its Clients, AMG Public Credit 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 IMA.

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.

AMG Public Credit oversees the implementation of asset class-specific strategies. Depending on the nature of the investments, Portfolio Managers convene with regular frequency to monitor the strategies' activity, performance, and alignment with objectives, or convene periodically.

In addition to regular 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.

Formal reviews are conducted for Clients upon request. At these meetings, economic outlook is generally reviewed along with investment strategy for the upcoming period, past investment tactics, past performance record and future expectations. In addition, AMG Public Credit may provide the client with specific reporting at these meetings that may include specific account related details, performance and/or market-related information.



Clients of the Adviser may consist of financial, or other, institutions subject to their own laws and regulatory requirements. AMG Public Credit will not monitor or review accounts for adherence to these requirements unless such requirements are explicitly stated in a client's IMA and incorporated in the strategy's parameters and restrictions.

Additional Ongoing Review of Accounts

RISK MANAGEMENT REVIEWS

The Enterprise Risk Management team, subject to certain exceptions, on a regular basis, will conduct investment risk reports for affiliated Clients that indicate where active risk is taken relative to a portfolio's risk budget. If necessary, a member of our investment risk management team will discuss potential risk issues with the portfolio managers of the applicable account. In addition, they will review current risk positioning in client portfolios, potential risk issues and determine the appropriate action.

COMPLIANCE MONITORING REVIEWS

The compliance team also review and assess data and processes related to AMG Public Credit's portfolio management. Examples of these independent reviews may include:

- **Portfolio Monitoring:** A review of transactions for consistency with investment guidelines or other restrictions. This also includes post-trade compliance reviews, including manual and semi-manual reviews of certain calculation-based guidelines such as limits and other thresholds.
- **Trade or Transaction Compliance:** The periodic review of transactions to examine allocation and transaction corrections; and
- **Oversight Committees:** The periodic review by oversight committees of various investment and transaction activities, including reviews by the Investment committee; Pricing and Valuations; Enterprise Risk Management and other reviews (Audit, Monitoring & Testing and Regulatory Examinations).

Item 14: Client Referrals and Other Compensation

If a client is introduced to AMG 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

AMG does not maintain custody of Client funds or assets, and requires Clients to 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 IMA between a client and AMG, 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 IMA, or instructions otherwise provided, and accepted by, the Adviser.

AIG Affiliates

The Adviser is often constrained by the availability of, or anticipation of a need for, cash in client accounts. This may result in the client foregoing otherwise attractive investment opportunities. The adviser may also receive trading or other investment instructions from Clients, which may cause the accounts to have different investment activity than if the account had been managed in a fully discretionary manner. These client instructions, along with their restrictions and investment guidelines, may result in performance dispersion from other accounts or the strategy's composite.

ERISA ACCOUNTS

ERISA accounts are subject to additional investment, diversification and other limitations imposed by applicable law. Any of the applicable investment guidelines or regulatory limitations can impact the performance of a client's account.

Item 17: Voting Client Securities

Public Credit investments managed by AMG ordinarily have limited voting rights, and so AMG only rarely exercises voting power for these investments other than in the context of corporate actions, restructuring transactions and similar events. Notwithstanding the foregoing, pursuant to the IMA between Clients and the Adviser, the Adviser generally has 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 a copy of the proxy voting policies and procedures and information regarding how the Adviser voted securities held in their accounts, by contacting the Chief Compliance Officer.

Item 18: Financial Information

AMG has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

ERISA CLIENTS

This brochure is for informational purposes and AMG (i) is not acting as your fiduciary as defined by the U.S. Department of Labor and does not provide advice in a fiduciary capacity and (ii) does not make an undertaking to provide impartial investment advice as AMG receives compensation for investment management services provided by AMG Public Credit.