

Part 2A of Form ADV: Firm Brochure

Milliman Financial Risk Management LLC

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This Firm Brochure (this "Brochure") provides information about the qualifications and business practices of Milliman Financial Risk Management LLC ("Milliman FRM," "we," or "our"), a wholly-owned subsidiary of Milliman, Inc. If you have any questions about the contents of this Brochure, please contact us at (312) 726-0677. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Milliman Advisors, LLC has filed a separate brochure with respect to its registered adviser which is regulated by the SEC. That brochure, and additional information about this adviser, is available on the SEC's website at www.adviserinfo.sec.gov.

Milliman FRM is an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training.

Additional Information about Milliman FRM and Milliman Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as an IARD/CRD number. The IARD/CRD number for Milliman FRM is 159377. The IARD/CRD number for Milliman Advisors, LLC is 112245.

The SEC adopted “Amendments to Form ADV” in July 2010. This Brochure, dated March 31, 2021, is Milliman FRM’s disclosure document prepared according to the SEC’s requirements and rules. It supersedes and updates information contained in the firm’s brochure for Milliman FRM dated March 31, 2020.

Consistent with the SEC’s rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Currently our Brochure may be requested by contacting FRM_Compliance@milliman.com or 312-726-0677.

Additional information about Milliman FRM and Milliman Advisors, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Milliman FRM and Milliman Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Milliman FRM or Milliman Advisors, LLC.

MATERIAL CHANGES

There are no material changes to this brochure.

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Item 4 - Advisory Business

Our Business. Milliman, Inc. was founded in 1947. It is one of the largest consulting and actuarial firms in the world. Milliman, Inc. offers specialized consulting services in employee benefits, healthcare, life insurance and financial services, property and casualty insurance and investments. Milliman, Inc. is a privately held company, owned by more than 460 active employees. No one individual owns more than 1% of Milliman, Inc.

Milliman FRM, which began conducting business in 1998 as a part of Milliman, Inc. and was organized as a limited liability company and a wholly-owned subsidiary of Milliman, Inc. in 2011, provides the investment advisory services described in this Brochure. Milliman, Inc. has another registered adviser entity, Milliman Advisors, LLC, providing advisory services to institutions including banks or thrift institutions, pension and profit sharing plans, and other corporations or business entities principally in connection with defined contribution and defined benefit retirement plans, endowments, foundations and post-retirement benefits. Milliman, Inc. established this entity in 2018 and transferred its registration to this entity. We will be glad to provide more information on Milliman FRM or on Milliman Advisors, LLC. You can also find more information about Milliman Advisors, LLC and Milliman FRM at www.milliman.com and www.adviserinfo.sec.gov.

Hedging and Asset Allocation Advisory Services – Institutional Clients. Milliman FRM offers hedging and asset allocation advisory services to institutional clients. These services are provided to life insurers, pensions, endowments, banks, fund managers, reinsurers, and trusts who are interested in using our investment models for their portfolios. These services include performing option pricing calculations on assets or liabilities, preparing illustrative financial projections of hedging strategies selected by the client, placing hedging trades with brokers as agent for our clients, providing other administrative support for the rebalancing of hedge positions, and allocations among different asset classes, and rebalancing for market conditions. We may also advise life insurers by selecting the mix of underlying funds in which insurance company separate accounts invest.

We tailor services to the needs of individual clients by obtaining each client's individual risk tolerance and investment objectives, which are used to create an individualized client strategy. Clients' risk preferences and investment objectives are memorialized in an investment policy statement and an investment services agreement, the terms of which are negotiated with each client. The policy, including the consequences of the application of that policy, are reviewed with clients and by Milliman FRM management and updated as needed.

Clients may impose restrictions on the specific securities or hedge assets, or types of securities or hedge assets in which we invest.

Advisory and Sub-Advisory Services – Funds and SMAs. Milliman FRM provides services as an investment adviser or sub-adviser, to mutual funds, exchange-traded funds ("ETFs"), unit investment trusts ("UITs"), funds offered through bank collective investment trusts ("CITs"), and other exchange-traded products ("ETPs"). The strategy exercised for each product is designed to meet a particular investment goal. In the case of sub-advisory services, the primary adviser to the fund is usually responsible for the selection of underlying investments for the fund, and we manage strategies for the various funds' assets based on the investment goals and objectives as outlined in each of the funds' offering documents; such services may be provided by way of asset allocation or by constructing a hedge overlay.

You should refer to each product's offering documents, as applicable, for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. Prior to making any investment, you should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the fund. Investments in certain funds for which we provide sub-advisory services are currently available only to investors through employee benefit plans, insurance companies, and financial advisers.

Milliman FRM also offers portfolio services through participation in separately managed accounts ("SMA"). A separately managed account is a portfolio of individually owned investment vehicles that can be tailored to fit the client's investing preferences. Where Milliman FRM is the sub-advisor, the primary adviser is responsible for selecting investments for the client's overall portfolio which correspond to their selected investment strategy. We may participate in SMA programs by constructing strategies for individual client accounts using futures, ETFs, or other assets that correspond to a client's selected investment strategy.

Client Assets. For certain clients, we provide risk management services in the form of a hedge overlay; although our risk management services are applied to the entire portfolio, Milliman FRM only has discretionary authority over the hedge overlay portion of the portfolio. For other clients, we manage the underlying investments as well, and as such have discretionary authority over the entire portfolio including the hedge overlay.

- Market Value of Client Assets Managed by Milliman FRM. The market value of the portion of Client Assets that we directly manage was \$40,761,411,929 as of December 31, 2020.
- Market Value of Milliman FRM Clients' Total Portfolio Assets. At times the term 'Client Assets' may be used to refer to the market value of all clients' total portfolio assets subject to Milliman FRM's risk management services. The market value of the portfolios on which we provided risk management services was \$149,964,315,647 as of December 31, 2020.
- Notional Value of Portion of Portfolio Managed by Milliman FRM. In the commodity futures industry it is typical to calculate the value of a client's derivative portfolio assets using the assets' notional value, rather than market value. We may at times use notional value as a measure of client assets.

Other Services. In addition to the investment advisory services discussed above, we provide the following services:

- Actuarial consulting. We provide actuarial consulting services to clients.
- Software development. We develop proprietary software for use with our hedging advisory services, which we license to certain clients for a monthly or annual fee.
- Index publication. We calculate and publish several indices periodically which are provided to clients for a subscription fee.
- Index development. Milliman FRM has worked with index providers, such as S&P Dow Jones Indices LLC ("S&P DJI") and NASDAQ, Inc., to develop indices. These indices seek to provide benchmarks for insurance companies and benchmarks to be used within the risk managed funds universe. In addition, Milliman FRM may provide advisory or sub-advisory services to companies whose products or funds track the indices; the services and fees for these services are discussed in further detail below. Certain fee and compensation structure restrictions may apply.

Item 5 - Fees and Compensation

Hedging and Asset Allocation Advisory Services – Institutional Clients. As compensation for our hedging and asset allocation advisory services for institutional clients, we may charge for services in one of several ways:

- Fees based on an hourly rate for professionals and other employees assigned to a project based upon the nature and scope of the services, and the expertise of the persons assigned. Fees are consistent with Milliman FRM's current hourly rates, which range from USD\$125 - \$900 per hour and are assigned to each staff member based on his or her professional qualifications and experience, and disclosed to the client in advance.
- Fees based on a percentage of assets subject to Milliman FRM's risk management services, which is calculated according to the market value of the client's underlying portfolio (in the case of institutional insurance company clients, typically the value of the liability derived from underlying variable annuity contracts). The asset-based fee will be calculated on a schedule; an example fee is 45 basis points of the first USD\$100 million, 40 basis points of the next \$100 million, and 35 basis points of the next \$300 million. Fees are negotiated with the client in advance. Each institutional client has the opportunity to review and negotiate the advisory agreement with us prior to selecting our hedging services for their account.
- Fixed fees for periodic services, where the fee approximates the cumulative expected hourly rate for each Milliman FRM employee for the expected time spent. Fixed fees are negotiated with the client in advance.

Either we or a client may terminate an advisory contract by giving the other party advance written notice according to the terms of our investment advisory agreement. Although we do not solicit or require prepayment of fees from our clients, any fees paid in advance will be prorated to the date of termination and any unearned portion thereof will be returned to the client.

We bill institutional clients for fees incurred. As we do not hold custody of client assets, we do not deduct fees from client assets. Institutional clients are billed in arrears, typically monthly or quarterly.

You may incur fees in addition to ours, such as custodian fees or mutual fund expenses (such as where Milliman FRM is the sub-adviser to the fund, and the fund's primary adviser is also paid a fee). You will also incur brokerage and other transaction costs; these are discussed in more detail in Item 12 of this Brochure.

Where requested, we will provide you with an estimate of the cost of a particular service. You may terminate our services on any assignment with prior written notice according to the terms of our investment services agreement.

We do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

We may at times impose a minimum advisory fee in order to cover the costs of our investment advisory services. The minimum size is specific to each type of service and dependent on a variety of factors, economies of scale and the cost of third party services needed to render Milliman FRM's advisory services. All such fee arrangements are disclosed to you and subject to negotiation. We may aggregate accounts to meet minimum account sizes; whether we aggregate accounts will be determined on a project-by-project basis and, again, is disclosed to the client and subject to negotiation.

Advisory and Sub-Advisory Services – Funds and Separately Managed Account Programs. Our fee for these services is based on a percentage of assets subject to Milliman FRM's risk management services, which is calculated according to the market value of the entire fund, SMA account, or client's allocated risk transfer account. This asset-based fee will be calculated on a schedule; an example fee is 45 basis points of the first USD\$100 million, 40 basis points of the next \$100 million, and 35 basis points of the next \$300 million. Fees are negotiated in advance with a fund's primary adviser and approved by a fund's board of directors; with the SMA provider; or with the client, as applicable. Investors are encouraged to contact the fund administrator as stated in the fund's offering documents for further information.

Either we or the client or client's primary adviser, as applicable, may terminate an advisory contract giving the other party advance written notice according to the terms of our investment advisory agreement. Although we do not solicit or require prepayment of fees from our clients, any fees paid to the client or primary adviser in advance will be prorated to the date of termination and any unearned portion thereof will be returned to the client or primary adviser. A primary adviser may in turn return such fees to the client on a prorated basis depending on the terms of the advisory contract with the primary adviser.

As we do not hold custody of client assets, we do not deduct fees from client assets. For fund sub-advisory services, billing clients is the responsibility of the primary adviser. SMA clients will be billed by the primary adviser according to the terms of their advisory agreement with the primary adviser and our sub-advisory agreement with the primary adviser or the platform sponsor, as applicable. Institutional clients are billed in arrears, typically monthly or quarterly.

Investors may incur fees in addition to ours, such as custodian fees or ETF or mutual fund expenses. Investors will incur brokerage and other transactions costs; these are discussed in more detail in Item 12 of this Brochure.

Where requested, we will provide clients, primary advisers or platform sponsors with an estimate of the cost of a particular service. Clients, primary advisers or platform sponsors may terminate our services on any assignment with prior written notice; individual clients of a primary adviser or platform sponsor may terminate our services at any time with notice to the primary adviser or platform sponsor. The final fee charged to the primary adviser, platform sponsor, or individual client will be prorated on the basis of services performed to date of termination of primary adviser, platform sponsor, or individual client status, or according to the terms of the respective sub-advisory agreement.

We do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

We may at times impose a minimum advisory fee in order to cover the costs of our investment advisory or sub-advisory services. The minimum size is specific to each type of service and dependent on a variety of factors, economies of scale, and the cost of third party services needed to render Milliman FRM's advisory services. All such fee arrangements are disclosed to the client, primary adviser, or platform sponsor, as applicable, and subject to negotiation. We may aggregate accounts to meet minimum account sizes; whether we aggregate accounts will be determined on a project-by-project basis and, again, is disclosed to the client, primary adviser, or platform sponsor and subject to negotiation.

For our advisory and sub-advisory services in which we employ underlying mutual funds or ETFs, our fees are separate and distinct from fees and expenses charged by these underlying funds to their shareholders. The fees of each of the underlying funds can be found in their offering documents. In addition, underlying

funds' fees will generally include management fees and other fund expenses and may include distribution fees. Clients should review any underlying fund's offering documents carefully. Clients can invest in underlying funds directly on their own, without the use of our advisory or sub-advisory services.

We also act as an adviser or sub-adviser to institutional clients including life insurers. Certain of the mutual funds for which we act as adviser or sub-adviser may be included in the lineup of underlying funds in which such life insurers' separate accounts invest.

ERISA Accounts. Milliman FRM may be deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Security Act ("ERISA"). As such, we are subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we and/or our related persons or affiliates may be limited in the additional services we may provide or the products we may recommend, and certain fee and compensation structure restrictions may apply.

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

Neither Milliman FRM nor any of our supervised persons accept performance-based fees - that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7 - Types of Clients

Hedging and Asset Allocation Services. These services are provided to life insurers, pensions, endowments, banks, fund managers, reinsurers and trusts. We may at times impose a minimum advisory fee in order to cover the costs of our services. The minimum size is specific to each type of service and dependent on a variety of factors, economies of scale, and the cost of third party services needed to render Milliman FRM's advisory services. All such fee arrangements are disclosed to clients in advance and subject to negotiation. For certain types of services we may aggregate accounts to meet minimum account sizes; whether we aggregate accounts will be determined on a project-by-project basis and, again, is disclosed to the client and subject to negotiation.

Advisory and Sub-Advisory Services. Our advisory services consist of advisory or sub-advisory services provided to mutual funds, private funds, ETFs, UITs, and funds offered through bank CITs. In the case of advisory services, we are responsible for both the selection of underlying investments and for selecting the particular mix of futures, mutual funds, ETFs, or other exchange-traded assets and cash required to carry out the strategy selected. In the case of sub-advisory services, typically the primary adviser or another sub-adviser to the fund is responsible for the selection of underlying investments, and we are responsible for selecting the particular asset allocation, or, as applicable, hedge overlay assets, required to carry out the strategy selected. We may at times impose a minimum advisory fee in order to cover the costs of our investment advisory services. The minimum size is dependent on a variety of factors, economies of scale, and the cost of third party services needed to render Milliman FRM's advisory services. All such fee arrangements are disclosed to the fund's primary adviser and subject to negotiation and approval of the board of directors of the fund. We may aggregate accounts to meet minimum account sizes; whether we aggregate accounts will be determined on a project-by-project basis and, again, is disclosed to the primary adviser and subject to negotiation.

Sub-Advisory and Asset Allocation Services – Separately Managed Account Programs. Our advisory services for SMAs consist of sub-advisory services provided to SMA providers, or primary advisers, who offer individual investors access to such services through the SMA provider's platform. The client's own investment manager is responsible for the selection of underlying assets for the client's account. We are responsible for selecting the particular mix of futures, ETFs, or other exchange-traded assets required to carry out the strategy selected for the client. We may at times impose a minimum advisory fee in order to cover the costs of our investment advisory services. The minimum size is specific to each type of service and dependent on a variety of factors, economies of scale, and the cost of third party services needed to render Milliman FRM's advisory services. All such fee arrangements are disclosed to client through the primary adviser or platform sponsor and subject to negotiation with the primary adviser or platform sponsor. We may aggregate accounts to meet minimum account sizes; whether we aggregate accounts will be determined on a project-by-project basis and, again, is disclosed to the client and subject to negotiation.

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

Our investment strategies typically involve the application of hedging and investment techniques to manage the impact of market declines. This results in the purchase or sale of futures, forwards, swaps, options, mutual funds, and ETFs. The underlying market factors or securities in the instruments include equity or fixed income indices, bonds, interest rates, currencies and volatility measures. Investment strategies are specifically tailored to each client, and as such the methods of analysis used and risks involved will be vary from client to client.

The risks of our strategies include, but are not limited to:

- **Model risk.** Our models may not accurately represent risk and projected performance, in which case our performance may deviate from expectations.
- **Basis deviations.** There may be deviations between the instruments we use and the risk factors they are meant to manage, introducing basis risk.
- **Gap risk.** Large discontinuous jumps in the market may cause our strategies to underperform.
- **Credit risk.** The hedging strategies we employ can introduce counterparty credit risk, even though we attempt to mitigate it through the use of collateral and clearing mechanisms.
- **Leverage.** Our strategies employ leverage to utilize capital efficiently. While losses should in no circumstance exceed the value of the hedged position, they may be large relative to capital employed.

Further details of the risks applicable to fund clients can be found in each fund's prospectus or other offering documents.

Investment returns are not guaranteed and past performance is no guarantee of future performance. There is always a material chance that you may lose money on your investments.

Item 9 - Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Milliman FRM or Milliman, Inc., or the integrity of our management.

We have not experienced any material legal or disciplinary events.

Item 10 - Other Financial Industry Activities and Affiliations

Milliman FRM is registered as a commodity trading adviser ("CTA") with the Commodity Futures Trading Commission ("CFTC"); several of Milliman FRM's management persons are registered as associated persons of the CTA. In addition, Milliman FRM is registered as a commodity pool operator ("CPO") with the CFTC.

Milliman FRM provides investment advisory services to certain products that are sold to the retirement plan market. Milliman, Inc. provides actuarial and administrative services to retirement plan sponsors, including public and private defined benefit and defined contribution plans. Milliman Advisors, LLC registered adviser provides investment advisory services to public and private defined benefit and defined contribution plans. Some of these clients also engage Milliman FRM for investment advisory services. To avoid engaging in prohibited transactions, the value of clients' investment in these trusts or funds may be excluded from any Milliman FRM portfolio management fee or from the fees of the related services.

Milliman FRM is a wholly-owned subsidiary of Milliman, Inc. Milliman FRM is registered with the SEC as of January 26, 2012. You can find more information about Milliman Advisors, LLC, which is also a wholly owned subsidiary of Milliman, Inc., through its Forms ADV at www.adviserinfo.sec.gov. Milliman Advisors, LLC's IARD/CRD number is 112245. From time to time, Milliman FRM and Milliman Advisors, LLC will both advise the same client in relation to different aspects of their financial needs. Where this occurs, the relationship between Milliman Advisors, LLC and Milliman FRM is disclosed in advance and fees are structured in a manner that is fair to the client and consistent with applicable law.

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

Milliman FRM's Code of Ethics for its investment advisers contains guidance on standards of business conduct, personal securities transactions, reporting violations, and education of advisers about the code. All Milliman FRM Access and Supervised Persons, as defined in SEC rules, are required to provide written acknowledgement that they have received, read and understand the code, and to review the code annually. A copy of Milliman FRM's Code of Ethics for investment advisers is available to clients or prospective clients upon request.

Our investment advisory activities may include recommendations to purchase or sell particular types or categories of securities or investment products. It may also involve rendering advice with respect to particular securities or investment products. Concurrently with this advice, our employees may, with certain restrictions, generally purchase, sell or hold investments within these categories or within these particular securities or investment products as most are publicly traded. All Milliman FRM Access Persons, as defined in SEC rules, are required to provide quarterly reports regarding any purchases or sales of reportable securities. These reports are reviewed by our compliance team.

Our employees may own, as part of their own personal portfolio holdings, investments in instruments or funds that we also recommend to our clients as part of the client's investment strategy.

Milliman, Inc. and Milliman FRM prohibit all types of insider trading. Employees are prohibited from using or distributing material, non-public information for personal benefit. In addition, employees may not utilize or act upon such material, non-public information in relation to any other client.

Item 12 - Brokerage Practices

Over-the-counter transactions. In the case of over-the-counter (“OTC”) derivatives transactions, at the beginning of a client’s program with Milliman FRM, the client will provide a list of eligible counterparties. Some categories of OTC derivatives transactions, such as certain types of Interest Rate Swaps, are required to be executed as “cleared swaps” on a Swap Execution Facility (SEF) or a Designated Contract Market (DCM), whereas “non-cleared” swaps are executed via direct contact with dealers by voice, email, Bloomberg chat, and other such means. For non-cleared OTC derivatives, counterparties will typically be dealers with whom a client has ISDA agreements, or plans to complete ISDA agreements. For each OTC trade, whether cleared or non-cleared, Milliman FRM solicits quotes from several dealers either via direct contact (for non-cleared swaps) or on a SEF/DCM electronic platform (for cleared swaps). Milliman FRM applies principles of best execution, discussed below, in choosing the dealer with which to transact for each individual cleared or non-cleared OTC transaction for the client. Institutional clients and primary advisors are provided records of all competitive quotes received.

As we conduct most of our trading of OTC derivative instruments via competitive auction for the instrument alone, the costs associated with those trades are included in the price (i.e., markups or markdowns) and we do not incur commission for such trades, including commissions often associated with the receipt of research or brokerage services, typically referred to as soft dollar commissions. We may occasionally choose to forego a competitive auction, such as a particularly large trade that might move the market, but these situations are discussed individually with each client as they arise. We may receive market research and information on market flows; although this is common across all dealers and not tied to transactions. While we have access as further described below to research or other information from broker/dealers, typically via their online research portals, we always abide by the principle of best execution (as further described below) when executing individual transactions.

Futures Transactions. In the case of exchange-traded futures transactions, at the beginning of the client’s program with Milliman FRM, the client will select one or more futures brokers with whom Milliman FRM will place trades. The client and Milliman FRM jointly evaluate commission rates that will apply to all futures transactions going forward and consider principles of best execution, discussed below, in negotiating the brokers’ rates and in choosing which broker to ultimately engage for the client’s futures transactions. Institutional clients and primary advisors will typically evaluate pricing schedules from multiple brokers. The broker’s rates and best execution performance are periodically re-evaluated by Milliman FRM and our clients.

Equity Transactions. In the case of equity transactions, trades may be executed using Market-on-close orders when and where it is reasonable. Milliman FRM has negotiated commission fees among brokers. We maintain a list of brokers, which is reviewed at regular intervals based on characteristics we consider important in meeting the trading needs of our clients.

Research and other Benefits. As we typically execute cleared and non-cleared OTC trades via competitive auction for the instrument alone and commission rates on futures are fixed at program inception with client participation, we do not pay excess commission charges associated with soft dollars.

Milliman FRM may receive research on the economy, derivative instruments, flows and conditions from many broker/dealers, typically via their online research portals. This information is commonly distributed by many broker/dealers to many market participants, is not associated with particular transactions, and

does not obligate us to trade with any particular dealer. We always abide by the principle of best execution as further described below when executing individual OTC transactions.

Best Execution. In the case of non-cleared and cleared OTC transactions we will conduct a direct-contact or SEF/DCM based competitive auction between broker/dealers from the client-approved list of eligible counterparties and award the trade on the basis of best execution. In practice, best execution is typically most effective execution, but may deviate as a consequence of concerns about credit or collateral requirements in individual circumstances. If a broker/dealer's support or responsiveness were to become unacceptable, this would also be considered along with price in awarding a transaction. For equity transactions, broker/dealers are chosen based on service and operational competence, which includes characteristics, such as pricing, technology, communication quality, timeliness of execution, efficient, and accurate clearance and settlement processes. In the case of futures transactions, as in OTC transactions, the client makes the ultimate choice on which broker/dealers will be eligible. In the case of futures, it is typical at the inception of the program for the client to designate a broker and backup broker to be responsible for clearing and execution of all trades, since every broker is a conduit to the same exchange inventory and prices, which may be considered "directed brokerage", discussed below. Best execution is considered in identifying the futures broker at the inception of each program and includes an overall evaluation of price competitiveness, back office support, responsiveness, credit risk, reporting, research, and other value-added services of the broker. Occasionally, a client will ask us to favor a dealer for credit or other reasons, and we will act according to their wishes, but we never do this unless directed by a client. We disclose pricing levels received on executed transactions to our clients so they receive transparent information on any deviations from best price.

Directed Brokerage. Typically the client selects one or more specific broker/dealers. A client may select a particular broker/dealer within the boundaries of best execution in return for some other service or value that the broker/dealer has provided to the client. The acceptable price deviation is defined for us by the client, who specifies a maximum deviation from best price that they are willing to accept. This caps the price that is paid over for the ancillary services provided beyond the transaction and allows the entire activity to be considered in the context of best execution. As in all transactions, we provide full transparency on all quotes we receive. When a client selects a specific broker/dealer, Milliman FRM does not receive any additional compensation and does not benefit from the use of this broker/dealer.

When our clients direct us to use a specific broker/dealer for all or a portion of the trades executed in the client's account, with respect to those trades effected by such direction, we (i) will not have authority to negotiate commissions among various broker dealers on a trade-by-trade basis; (ii) will not necessarily be able to obtain volume discounts; and (iii) may not achieve best execution. In addition, a disparity in commission charges may exist between the commissions charged to our client for such trades and those charged to other of our clients.

We may recommend that current institutional clients participate in services or programs offered by third parties with which we have a relationship, including the provision of sub-advisory services. In such cases we disclose to the current institutional client the arrangement between us and the third party, and that we receive an economic benefit when recommending such programs by our receipt of a sub-advisory fee.

We do not currently recommend or select other investment advisers for clients for which we receive compensation directly or indirectly.

We may receive client referrals from brokers. We do not compensate brokers for such referrals, and we disclose this existence of this relationship to the prospective client.

Item 13 - Review of Accounts

Hedging and Asset Allocation Advisory Services – Institutional Clients. A hedge strategy is put in place via an investment services agreement for the life of the hedged liability, or the life of the contract if shorter. A client has the ability to provide a revised directive at any time. Performance against the strategy is typically reviewed weekly by our Principals and/or Managing Directors and quarterly by our Investment Committee.

Client reports associated with hedging and asset allocation advisory services are typically prepared on a weekly basis. Clients periodically receive reports showing the impact of actual market movements on client assets and liabilities.

Institutional clients receive performance reports in electronic form, typically in Excel format.

Advisory and Sub-Advisory Services. A strategy is put in place according to the terms of an investment services agreement with the client or primary adviser, as applicable. The client or primary adviser has the ability to provide a revised directive at any time. Performance against the strategy is typically reviewed weekly by our Principals and/or Managing Directors and quarterly by our Investment Committee.

Reports for the primary adviser to the fund are prepared periodically according to the terms of our agreement with the primary adviser. These reports are delivered in electronic form, typically in Excel format. Individual clients who are investors in the fund receive periodic reports from the fund according to the terms of the fund's disclosure documents.

Sub-Advisory and Asset Allocation Services - Separately Managed Account Programs. A strategy is put in place according to the terms of an investment services agreement with the primary adviser. The primary adviser has the ability to provide a revised directive at any time. Performance against the strategy is typically monitored daily and reviewed weekly by our Principals and Managing Directors and quarterly by our Investment Committee.

Reports for the primary adviser are prepared periodically according to the terms of our agreement with the primary adviser. These reports are delivered in electronic form, typically in Excel format. Individual clients receive periodic reports from their primary adviser showing the impact of actual market movements on client assets and liabilities according to the terms of the client's investment advisory agreement with their primary adviser.

Item 14 - Client Referrals and Other Compensation

We do not take referral fees or receive sales awards or other similar incentives for providing investment advisory services to our clients. We are occasionally invited to social events with a broker/dealer. These activities are recorded in a travel and entertainment log which is reviewed by compliance staff.

Certain employees of Milliman FRM are compensated in part for their marketing activities which result in successful client referrals to the Milliman FRM practice.

Milliman FRM may compensate insurance companies which offer the funds Milliman FRM advises or sub-advises in insurance products in consideration of administrative services. These payments are made from Milliman FRM's own resources, no portion are borne by the respective funds.

Item 15 - Custody

We do not accept or keep custody of client funds or securities.

Item 16 - Investment Discretion

At the request of an institutional client, we may exercise discretion to choose investments, the timing of transactions, and make allocation trades. The client may set whatever limitations on this discretion it chooses; such discretion is outlined in the investment policy agreed to with the institutional client, and reports that facilitate compliance monitoring are provided to the client periodically.

In the case of funds and separately managed accounts for which we provide sub-advisory services, our discretion is outlined in the investment policy agreed to with the primary adviser.

In the case of funds and separately managed accounts for which we provide primary advisory services, our discretion is outlined in the investment policy developed and periodically reviewed by the Investment Committee.

We do not exercise execution precedence for any one client over another, and trades are typically placed for execution on a first-come-first-served basis according to our trade allocation policy, in line with the core guiding principle of treating all client orders and executions fairly, and in due turn with other client orders. In addition, when multiple client portfolios require that the same contract be traded, we use a multi-order ticket system which allows a trader to send multiple trades for the same contract at the same time and randomizes the sequence in which they are transmitted to the broker, removing the risk of execution order bias.

Each client’s strategy is designed with their goals and objectives in mind. This may mean that we buy a certain investment for one client that we sell for another client. Each recommendation or trade is made specifically for the individual client. We do not participate in agency cross transactions.

Item 17 - Voting Client Securities

Hedging and Asset Allocation Advisory Services – Institutional Clients. As a matter of firm policy and practice, we do not provide discretionary voting proxy services for institutional clients for which we provide hedging and asset allocation advisory services. Institutional clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolio, or may outsource to firms who provide these services.

Advisory and Sub-Advisory Services – Funds and Separately Managed Account Programs. We typically do not provide discretionary voting proxy services for mutual funds, ETFs, and CITs for which we provide sub-advisory services. Typically each fund’s or CIT’s primary adviser retains responsibility for receiving and voting proxies for securities maintained in clients’ portfolios. In certain circumstances, the primary advisor may delegate the day-to-day proxy voting responsibilities to Milliman FRM. In such cases, Milliman has hired Institutional Shareholder Services Inc. (“ISS”) to administer the proxy voting program. Milliman will utilize the Proxy Policy and Guidelines approved by the client’s Fund Board. Should the client’s Fund Board not have a proxy Policy or Guidelines, Milliman will utilize its own Policy, Proxy Voting Committee, and Proxy Voting Guidelines.

We do not provide discretionary voting proxy services for clients of SMAs; the primary adviser or the client retains responsibility for receiving and voting proxies for any and all securities maintained in clients' portfolios.

Item 18 - Financial Information

Client fees are generally invoiced in arrears; we do not require or solicit prepayment and we do not accept more than \$1,200 paid six months or more in advance.

Neither Milliman, Inc. nor Milliman FRM has been the subject of any bankruptcy petition at any time in their history, and there is no current financial condition that is reasonably likely to impair Milliman, Inc.'s or Milliman FRM's ability to meet contractual commitments to clients.