



## Fifth Third Asset Management, Inc.

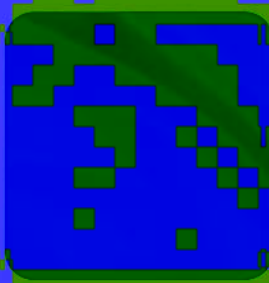
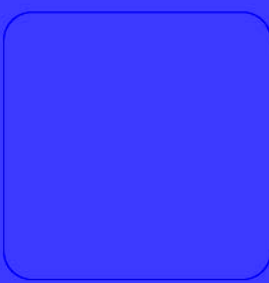
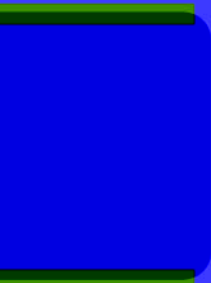
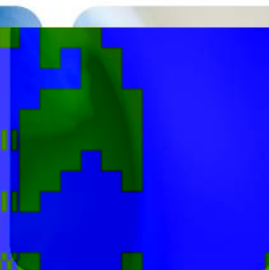
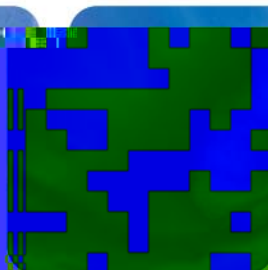
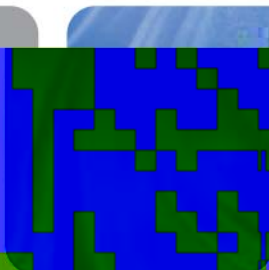
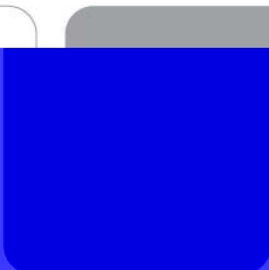
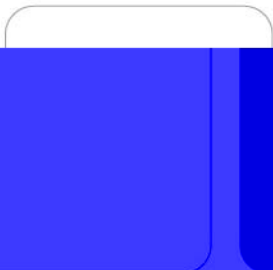
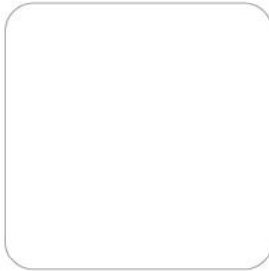
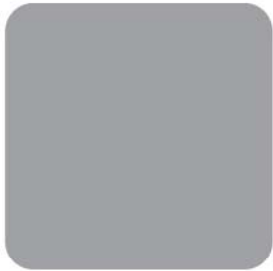
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[www.ftam.com](http://www.ftam.com)

March 28, 2012



BEYOND THE TRADITIONAL

*This brochure provides information about the qualifications and business practices of Fifth Third Asset Management, Inc. (FTAM). Please contact our Chief Compliance Officer, Jim Mautino, at 513.534.7452 or [james.mautino@53.com](mailto:james.mautino@53.com) if you have any questions about this brochure. 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.*

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



## ITEM 2 - MATERIAL CHANGES

Set forth below are the changes that may be considered material since the last annual update of FTAM's brochure on May 10, 2011:

- a. Item 4.F – Updated assets under management (AUM) and number of accounts;
- b. Item 12.A – Updated information regarding broker selection for fixed income strategies;
- c. Item 12.E – Expanded description of equity trading procedures.

We may, at any time, update this brochure and either send you a copy or offer to send you a copy either by email or in hard copy form.

If you would like another copy of this brochure, please download it from the SEC website as indicated above, or you may contact our Chief Compliance Officer, Jim Mautino, at 513.534.7452 or [james.mautino@53.com](mailto:james.mautino@53.com).



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#### ITEM 4 - ADVISORY BUSINESS

##### A. Firm History

FTAM traces its origins to Investment Strategies, Inc., a Cleveland-based investment firm, which was founded in 1975. In 1992, Investment Strategies, Inc. changed its name to Maxus Asset Management. The acquisition of Maxus Asset Management by Fifth Third Bancorp in January 2001 formed Fifth Third/Maxus Asset Management, Inc. On April 2, 2001, Fifth Third Bancorp acquired Old Kent Financial Corporation/Lyon Street Asset Management Company. On April 30, 2001, the firm name was changed to Fifth Third Asset Management, Inc. As a result of the acquisitions in 2001, the investment roles from both firms were added as functions to FTAM. In 2003, Paladin Investment Associates, LLC, a Minneapolis-based money management firm, merged into Fifth Third Asset Management, Inc.

FTAM is headquartered in Cincinnati, Ohio, with branch offices located in Grand Rapids, Michigan; Minneapolis, Minnesota; New York, New York; Cleveland, Ohio; and Pittsburgh, Pennsylvania. FTAM also has several sales personnel working remotely.

##### B. Ownership

FTAM is an indirect, wholly owned corporate subsidiary of Fifth Third Bancorp (Fifth Third Bank).

##### C. Management

FTAM is led by a five-member Board of Directors. Day-to-day investment operations are led by FTAM's Chief Investment Officer with oversight performed by an Investment Committee. FTAM's Investment Committee is comprised of senior investment professionals and other senior business leaders who meet monthly to discuss and set investment policy, review strategy, review investment performance, perform risk monitoring, and exercise firm-wide governance.

##### D. Advisory Services

FTAM's primary business activities consist of discretionary management of client assets. FTAM is comprised of equity and fixed income investment boutiques. The investment teams comprising these investment boutiques provide fully discretionary asset management based on specific client investment mandates. Clients within each investment strategy share similar investment objectives of achieving consistent, risk-controlled returns.

FTAM's primary clients include banks, mutual funds, individuals in wrap fee programs, state and municipal government entities, corporations, trusts, charitable organizations, pension and profit-sharing plans, high net worth clients, and bank-sponsored commingled investment vehicles.

FTAM manages to specific client investment mandates, which may include investment, security, and/or trading restrictions. FTAM may impose minimum account size restrictions.

**E. Wrap Fee Programs**

FTAM acts as an investment manager in the following wrap fee programs.

<b>Wrap Fee Program</b>	<b>Sponsor</b>
Passageway Separate Account Program	Fifth Third Securities, Inc.
Passageway Multi-Manager Account Program	Fifth Third Securities, Inc.
Merrill Lynch Consults	Merrill Lynch, Pierce, Fenner & Smith, Inc.
Merrill Lynch Unified Managed Account Program	Merrill Lynch, Pierce, Fenner & Smith, Inc.
Merrill Lynch NATIXIS CDP	Merrill Lynch, Pierce, Fenner & Smith, Inc.
MSSB CES	Morgan Stanley Smith Barney
JP Morgan STRATIS Platform	JP Morgan
JP Morgan Navigator Platform	JP Morgan
JP Morgan Chase PMP Platform	JP Morgan
TD Ameritrade Model Portfolio Advisor Program	TD Ameritrade
Custom Plus	Fifth Third Bank
UBS Managed Account Consulting (MAC) Program	UBS
MSSB Fiduciary Services (FS)	Morgan Stanley Smith Barney
MSSB Select Unified Managed Account Program	Morgan Stanley Smith Barney
Smith Barney Investment Management Services (IMS)	Smith Barney
Viceroy Unified Managed Account Program	Viceroy
Charles Schwab Managed Account Marketplace Program	Charles Schwab
Comerica Wealth Management Solutions	Comerica
Weaver Wealth Management UMA	Weaver Wealth Management

FTAM manages wrap fee program accounts consistent with the assigned investment mandates. Wrap fee program clients are treated the same as institutional clients with respect to investment management and trading opportunities. See Item 5.F for more information regarding wrap fee program fees and Item 12.F for more information regarding wrap fee program trading practices.



**F. Assets Under Management**

As of December 31, 2011 FTAM had the following assets and number of accounts under management.

	U.S. Dollar Amount	Number of Accounts
Discretionary	\$14,036,245,957	784
Non-Discretionary	\$597,810,873	3
Total	\$14,634,056,830	787

Regulatory assets under management (AUM) are calculated consistent with the methodologies applied in FTAM's Form ADV, Part 1. FTAM defines discretionary as all accounts where it has unconditional trading authority and is able to implement its strategy. Retail Separately Managed Accounts (SMAs) are included in the discretionary AUM. Non-discretionary includes accounts where FTAM has been given conditional trading authority and/or material investment strategy restrictions. Retail Unified Managed Accounts (UMAs) are not included in FTAM's reported AUM.

Additionally, FTAM may have accounts for which it provides services such as calculation of performance. These accounts are not actively managed by FTAM and are not included in the FTAM's reported AUM.





## ITEM 5 - FEES AND COMPENSATION

## A. Methods of Compensation

FTAM is generally compensated for its investment advisory services based on a percentage of assets under management. FTAM has a small number of performance-based fee arrangements. See Item 6.A for more information regarding FTAM's performance-based fee arrangements. FTAM does not receive any direct transaction-related fees or compensation.

FTAM may negotiate fees for its investment advisory services with clients based upon the nature and value of services rendered. When FTAM manages a bank-affiliate sponsored commingled fund in any of the styles reflected in the fee schedules, lower advisory fees may be available to clients that invest in such funds.

## B. Fee Schedules

FTAM's basic fee schedule is based on levels of service provided (e.g., advisory vs. sub-advisory), investment strategy, and account size (AUM).

Investment Strategy	Fee Description	Minimum Fee	Minimum Account Size
Large Cap Value	0.70% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.40% thereafter	\$20,000	\$3,000,000
All Cap Value	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Small Cap Value	1.00% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Micro Cap Value	1.00% on all AUM	\$20,000	\$3,000,000
Dividend Growth	0.70% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.40% thereafter	\$20,000	\$3,000,000
Active Core	0.70% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.40% thereafter	\$20,000	\$3,000,000



Investment Strategy	Fee Description	Minimum Fee	Minimum Account Size
All Cap Core	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Strategic Income Plus	0.45% on the first \$25 million of AUM 0.30% on the next \$25 million of AUM 0.20% thereafter	\$20,000	\$20,000,000
Enhanced Large Cap Core	0.40% on the first \$25 million of AUM 0.30% on the next \$25 million of AUM 0.20% thereafter	\$20,000	\$5,000,000
Structured Large Cap Plus	0.50% on the first \$25 million of AUM 0.40% on the next \$25 million of AUM 0.30% thereafter	\$20,000	\$10,000,000
Mid Cap Growth	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Small Mid Cap Growth	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Small Cap Growth	1.00% on the first \$25 million of AUM 0.75% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Active Growth	0.70% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.40% thereafter	\$20,000	\$3,000,000
Core Fixed Income	0.30% on the first \$25 million of AUM 0.20% on the next \$25 million of AUM 0.10% thereafter	\$20,000	\$10,000,000



<b>Investment Strategy</b>	<b>Fee Description</b>	<b>Minimum Fee</b>	<b>Minimum Account Size</b>
Intermediate Government	0.30% on the first \$25 million of AUM 0.20% on the next \$25 million of AUM 0.10% thereafter	\$20,000	\$5,000,000
LAM 1-3 Year Government	0.20% on the first \$25 million of AUM 0.15% on the next \$25 million of AUM 0.10% thereafter	\$20,000	\$5,000,000
LAM 1-3 Year Government / Corporate	0.20% on the first \$25 million of AUM 0.15% on the next \$25 million of AUM 0.10% thereafter	\$20,000	\$5,000,000
LAM Short Term Maturity	0.20% on the first \$25 million of AUM 0.15% on the next \$25 million of AUM 0.10% thereafter	\$20,000	\$5,000,000
Liability Driven Investments	0.20% on all AUM	\$20,000	\$10,000,000
Enhanced International Equity	0.55% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.45% thereafter	\$20,000	\$5,000,000
Intermediate Government / Credit A or Better	0.30% on the first \$25 million of AUM 0.20% on the next \$25 million of AUM 0.10% thereafter	\$20,000	\$1,000,000
GlobalFlex ETF	0.30% on the first \$25 million of AUM 0.25% on the next \$25 million of AUM 0.20% thereafter	\$20,000	\$2,000,000

**C. Methods and Timing of Fee Calculations**

FTAM's standard investment advisory fees are payable and collected in arrears based on the market value of assets under management at quarter end. Fees are generally prorated when withdrawals and/or contributions exceed ten percent of total assets under management during the fee period. FTAM invoices clients on a quarterly basis. The client is responsible for issuing payment. For some clients Fifth Third Bank may debit fees,



at the client's instructions, from the client's custody account. FTAM does not automatically deduct fees from client accounts.

Where available, FTAM uses readily available market prices and/or independent pricing sources to value client assets. Where market prices are not readily available, FTAM provides fair valuations as determined by its Pricing Committee. Because this presents a potential conflict of interest, FTAM has developed policies and internal pricing controls designed to ensure that valuations represent market prices or fair valuations based on what it reasonably expects to realize upon a current sale.

FTAM's investment advisory services are terminable by either party upon written notification in accordance with applicable contractual notice provisions. Upon termination, fees will be prorated based on the number of days under management during the period.

**D. Other Fees and Expenses**

In addition to FTAM's investment advisory fees, clients may incur one or more of other fees including advisory fees paid to other investment managers, custody fees, and/or trust fees. These fees may be paid to FTAM affiliates (e.g., Fifth Third Bank); FTAM does not receive any compensation from these additional fee arrangements. See Item 10 for more information regarding arrangements with affiliates.

Additionally, clients incur brokerage commissions and other transaction charges. FTAM is not compensated through these charges. However, FTAM may utilize soft dollar arrangements to purchase eligible brokerage and research services. See Item 12.B for more information regarding FTAM's brokerage and soft dollar arrangements.

When deemed to be in a client's best interest, FTAM may invest a portion of the client's assets in mutual funds and/or exchange-traded funds (ETFs). When permitted by law, the client may pay additional investment advisory and other fund-related fees.

**E. Other Compensation**

FTAM not only receives compensation related to the investment advisory services it provides to the Fifth Third Funds but it also receives asset-based fees for providing investment accounting and administration services as well as a fixed fee related to certain transfer agency-related services (e.g., monitoring for market timing and abusive trading practices).

FTAM may also receive certain fund distribution-related fees. See Item 14.C for more information regarding these fees.



FTAM affiliates may also receive asset-based fees for services provided to FTAM's institutional clients, or they may receive compensation related to sales (distribution) of the Fifth Third Funds.

**F. Wrap Fee and Managed Account Program Fee Schedules**

FTAM provides investment advisory services to managed account clients of wrap fee programs (Wrap Programs) offered by both affiliated and non-affiliated brokerage and financial service firms (each, a Sponsor). Clients generally pay the Sponsor a program fee for services that include monitoring FTAM's performance, executing client portfolio transactions, and providing custodial services. FTAM receives an investment advisory fee from the Sponsor based on assets under management. Typically, the minimum size for a program account is \$100,000, but the minimum account size may be negotiable.

Each client's program account is governed by the client's agreement with the Sponsor and the Wrap Program disclosure documents. Clients in Wrap Programs may be billed monthly by the Sponsor. Wrap Program clients are urged to refer to their client agreement and disclosure documents for more information about the Wrap Program, FTAM's advisory services, fees, and contract termination provisions.

Wrap Program clients may incur higher costs than they would otherwise pay under FTAM's standard fee schedule as a result of FTAM's inability to negotiate separate arrangements for trade execution and other unbundled investment management services. In some cases, in order to achieve best execution, FTAM will trade with a broker/dealer that is not the Sponsor of the client's particular Wrap Program. In such case, the client may be responsible for the additional transaction costs incurred.

Furthermore, FTAM participates in several model-based or Unified Managed Account (UMA) programs with various financial services firms. FTAM provides program Sponsors with periodic model recommendations. FTAM does not act in a discretionary capacity for assets in UMA programs. FTAM's fee is based on a percentage of assets under management.

**Fifth Third Securities Passageway Wrap Program**

FTAM is a manager within the Passageway wrap fee program (Passageway) which is sponsored by FTAM's affiliate, Fifth Third Securities, Inc. (FTS). FTS pays FTAM a maximum of 0.45% of assets under management for its investment management of the equity Separately Managed Accounts (SMAs) and 0.25% of assets under management for its investment management of Multi-Manager Accounts (UMAs). The maximum program fee for a Passageway client is 2.50% and may be negotiable.

**Merrill Lynch Platforms**

FTAM is a manager on three Merrill Lynch Separately Managed Account platforms: Merrill Lynch Consults®, Merrill Lynch UMA (Unified Managed Account) platform, and Merrill Lynch NATIXIS CDP. Merrill Lynch



charges clients on these platforms a maximum program fee of 3.00% of assets under management. Of that fee, FTAM receives investment management fees of 0.35%, 0.30%, and 0.28%, respectively, based on assets under management. The program fees may be negotiable.

#### **Morgan Stanley Smith Barney Platforms**

FTAM is a manager on three Morgan Stanley Separately Managed Account platforms: MSSB Fiduciary Services (FS), MSSB Select UMA, and MSSB CES. Morgan Stanley Smith Barney charges clients a maximum of 3.00% on each platform. Of that fee, FTAM receives investment management fees of 0.36% and 0.30% on the MSSB FS and MSSB Select UMA platforms, respectively, based on assets under management. These program fees may be negotiable. For MSSB CES (dual-contract), FTAM receives negotiated fees (no more than 0.80%) based on assets under management.

#### **Smith Barney IMS Program**

FTAM is a manager within the Smith Barney IMS program, a dual-contract, managed account program. Smith Barney charges clients on this platform a maximum program fee of 3.00% of assets under management. In addition to that fee, FTAM receives negotiated fees (no more than 0.80%) based on assets under management. These program fees may be negotiable.

#### **UBS MAC Program**

FTAM is a manager within the UBS Managed Account Consulting (MAC) program, a dual-contract, managed account program. UBS charges clients on this platform a maximum program fee of 2.05% of assets under management. In addition to that fee, FTAM receives a negotiated fee (no more than 0.80%) based on assets under management.

#### **Charles Schwab Managed Account Marketplace Program**

FTAM is a manager within the Charles Schwab Managed Account Marketplace, a dual-contract, managed account program. FTAM receives a negotiated fee (no more than 0.80%) based on assets under management. The program fees may be negotiable and there is no maximum fee.

#### **JP Morgan Platforms**

FTAM is a manager on three JP Morgan Separately Managed Account platforms: JP Morgan STRATIS, JP Morgan Chase Portfolio Manager Program (PMP), and the JP Morgan Navigator program. JP Morgan charges clients on each platform a maximum of 2.90% of assets under management. Of that fee, FTAM receives investment management fees of 0.50%, 0.45%, and 0.30%, respectively, based on assets under management. The program fees may be negotiable.



**Fifth Third Bank CUSTOMPLUS Program**

FTAM is a manager within the *CUSTOMPLUS Portfolio Management program* sponsored by FTAM's affiliate, Fifth Third Bank. Fifth Third Bank pays FTAM a maximum of 0.35% of assets under management for its investment management of certain equity model-based accounts. The maximum program fee for a CUSTOMPLUS client is 1.65% and may be negotiable.

**TD Ameritrade Program**

FTAM is a manager within the TD Ameritrade Model Portfolio Advisor program through a relationship with Placemark Investments, Inc. TD Ameritrade charges clients on this platform a maximum program fee of 0.92% of assets under management. Of that fee, FTAM receives investment management fees of 0.30% based on assets under management. The program fees may be negotiable.

**Viceroy UMA Program**

FTAM is a manager within the Viceroy UMA program through a relationship with Placemark Investments, Inc. FTAM receives investment management fees of 0.30% based on assets under management. The program fees may be negotiable.

**Weaver Wealth Management UMA Program**

FTAM is a manager within the Weaver Wealth Management UMA program through a relationship with Placemark Investments, Inc. FTAM receives investment management fees of 0.30% based on assets under management. The program fees may be negotiable.

**Comerica Wealth Management Solutions Program**

FTAM is a manager within the Comerica Wealth Management Solutions program through a relationship with FDx Advisors, Inc. Comerica charges clients on this platform a maximum program fee of 1.45% of assets under management. FTAM receives investment management fees of 0.35%, 0.28%, and 0.28%, respectively, based on assets under management. The program fees may be negotiable.



## ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

### A. Performance-Based Fees

FTAM may receive investment advisory fees based on a share of capital gains on, or appreciation of, client assets. These are known as performance-based fee arrangements. Under these kinds of fee arrangements, FTAM's fees are based wholly or in part on the performance of the account it manages. Only "qualified clients," as defined by applicable rules, are eligible for performance-based fees.

Performance-based fees may create an incentive for FTAM to favor clients with these fee arrangements. FTAM has implemented investment and trading controls designed to ensure that all clients are treated fairly and equitably over time. See Item 8.D for more information regarding FTAM's allocation of investment opportunities and Item 12.E for a description of its brokerage trading practices.

### B. Side-By-Side Management

FTAM advises affiliated mutual funds, institutional accounts, and wrap fee programs, and it sub-advises certain accounts advised by Fifth Third Bank. FTAM seeks to ensure that all clients are treated fairly and equitably over time regardless of the type of client, level of services provided, or the nature of its fee compensation.





## ITEM 7 - TYPES OF CLIENTS

FTAM has three main lines of business where it exercises discretionary investment authority: mutual fund, institutional, and retail (wrap) clients.

### A. Mutual Funds

FTAM advises twenty-four Fifth Third Funds. More information regarding the Fifth Third Funds is available at [www.fifththirdfunds.com](http://www.fifththirdfunds.com) or by calling 1.800.282.5706.

### B. Institutional Clients

FTAM's institutional clients consist of pension and profit-sharing plans; trusts, estates, and charitable organizations; not-for-profit organizations; Taft-Hartley and multiple employer plans; governmental plans and municipalities; high net worth clients; and commingled investment vehicles.

FTAM's institutional business is split between direct advisory relationships and sub-advised arrangements administered by Fifth Third Bank.

Upon request, FTAM can provide a list of its institutional clients who have authorized us to share this information.

### C. Retail Clients

FTAM generally does not maintain direct relationships with retail investors. FTAM advises retail clients through accounts in Separately Managed Account (SMA) programs as well as providing sponsors access to its investment models through Unified Management Account (UMA) programs. See Items 4.E and 5.F for more information regarding these investment advisory services.

### D. Minimum Account Size

FTAM maintains minimum account requirements for each institutional investment strategy. Accounts valued at less than the stated minimum may be accepted as negotiated between FTAM and the client. See Item 5.B for minimum account standards prescribed for each investment strategy.

Wrap fee program minimum account sizes are determined by the program sponsor. These minimum account sizes may be negotiable. FTAM's typical minimum account size for wrap fee program clients is \$100,000.



## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

### A. Methods of Analysis and Investment Risks

Investment Strategies	Methods of Analysis	Investment Risks
Large Cap Value	<p>Objective: Provide long-term capital appreciation, with income secondary.</p> <p>Disciplined approach that emphasizes value factors like: low price/earnings ratios, low price/book values, low price/cash flow ratios, and above average dividend yields.</p> <p>Search for low-expectation, out-of-favor stocks.</p> <p>Valuation approach centered on an assessment of normalized earnings, long-term earnings growth rate, and risk.</p> <p>Monitor beta, active risk, coefficient of determination, and Axioma risk index exposures.</p> <p>Benchmark: Russell 1000 Value Index.</p>	<p>Equity securities risk</p> <p>Investment Discretion risk</p> <p>Larger company risk</p> <p>Market and regulatory risk</p> <p>Value securities risk</p>
All Cap Value	<p>Objective: Provide high total return using a combination of capital appreciation and income.</p> <p>Utilize valuation disciplines including normalized return approach to identify undervalued equities throughout the capitalization spectrum (&gt;\$300 million market cap).</p> <p>Focus portfolio weightings wherever under-valuation is concentrated regardless of capitalization.</p> <p>Monitor beta, active risk, coefficient of determination, and Axioma risk index exposures.</p> <p>Benchmark: Russell 3000 Value Index.</p>	<p>Convertible securities risk</p> <p>Equity securities risk</p> <p>Investment discretion risk</p> <p>Market and regulatory risk</p> <p>Smaller company risk</p> <p>Value securities risk</p>
Small Cap Value	<p>Objective: Provide long-term capital appreciation by investing primarily in stocks of small, publicly traded companies.</p> <p>Search for low-expectation, out-of-favor stocks.</p> <p>Search for companies that fit our valuation discipline.</p> <p>Normalized earnings potential is central to our process.</p> <p>Monitor beta, active risk, coefficient of determination, and Axioma risk index exposures.</p> <p>Benchmark: Russell 2000 Value Index.</p>	<p>Equity securities risk</p> <p>Investment discretion risk</p> <p>Market and regulatory risk</p> <p>Smaller company risk</p> <p>Turnover risk</p> <p>Value securities risk</p>
Micro Cap Value	<p>Objective: Provide capital appreciation by investing primarily in stocks of small, publicly traded companies.</p> <p>Focus on companies with market capitalizations under \$500 million.</p>	<p>Convertible securities risk</p> <p>Equity securities risk</p> <p>Foreign investment risk</p>



Investment Strategies	Methods of Analysis	Investment Risks
	<p>Stocks with noteworthy value characteristics, such as low price-to-earnings, price-to-book, and price-to-sales ratios.</p> <p>Stocks that show significant buying by insiders.</p> <p>Stocks that possess strong catalysts for change, which can help boost the earnings growth and stock price.</p> <p>Benchmark: Russell Microcap Value Index.</p>	<p>Investment discretion risk</p> <p>Market and regulatory risk</p> <p>Micro cap company risk</p> <p>Turnover risk</p> <p>Value securities risk</p>
Dividend Growth	<p>Objective: Provide long-term capital appreciation by investing in high-quality companies with histories of rising earnings and dividends.</p> <p>Employ a combination of quality screens and fundamental considerations to identify companies with dividend growth potential.</p> <p>Fundamental analysis on qualitative considerations leading to companies with dividend growth momentum.</p> <p>Valuation approach to control risk in a disciplined way.</p> <p>Write covered calls and other options strategies.</p> <p>Benchmark: S&amp;P 500 Index.</p>	<p>Dividend securities risk</p> <p>Equity securities risk</p> <p>Growth securities risk</p> <p>Investment discretion risk</p> <p>Larger company risk</p> <p>Market and regulatory risk</p> <p>Medium-sized company risk</p>
Active Growth	<p>Objective: Seek to identify companies that are exhibiting signs of accele</p>	



Investment Strategies	Methods of Analysis	Investment Risks
Active Core	<p>Objective: Seek to identify under-appreciated growth companies that consistently deliver superior performance results and consistently outperform the broad market as defined by the S&amp;P 500 Index.</p> <p>Strong fundamental growth prospects. Better than average valuation characteristics. Strong financial condition and characteristics. Favorable investor sentiment. Stocks with market capitalization &gt;\$5 billion. Benchmark: S&amp;P 500 Index.</p>	<p>Convertible securities risk Dividend securities risk Equity securities risk Growth securities risk Income risk Investment discretion risk Large company risk Market and regulatory risk</p>
Mid Cap Growth	<p>Objective: Provide growth of capital, with income secondary, by investing primary in stocks of medium-sized U.S. growth companies.</p> <p>Stocks that possess consistent, above-average revenue and earnings growth over the long term. Stocks that exhibit balance sheets and strong profit margins. Stocks that operate in niche markets or rapidly expanding industries. Benchmark: Russell Midcap Growth Index.</p>	<p>Convertible securities risk Dividend securities risk Equity securities risk Growth securities risk Investment discretion risk Market and regulatory risk Medium-sized company risk Turnover risk</p>
Small Cap Growth	<p>Objective: Provide long-term capital appreciation. Bottom-up investment process with fundamental research providing the basis for stock selection. Focus on companies demonstrating better than average growth.</p> <p>Valuation approach to control risk in a disciplined way. Benchmark: Russell 2000 Growth Index.</p>	<p>Equity securities risk Growth securities risk Investment discretion risk Market and regulatory risk Smaller company risk Turnover risk</p>
Small-Mid Cap Growth	<p>Objective: Provide long-term capital appreciation. Culmination of our best ideas from the Mid Cap Growth and Small Cap Growth Strategies. Bottom-up investment process with fundamental research providing the basis for stock selection. Focus on companies demonstrating better than average growth.</p> <p>Valuation approach to control risk in a disciplined way. Benchmark: Russell 2500 Growth Index.</p>	<p>Equity securities risk Growth securities risk Investment discretion risk Market and regulatory risk Medium-sized company risk Smaller company risk Turnover risk</p>
Enhanced Large Cap Core	<p>Objective: Seeks to provide moderate and consistent out-performance relative to the S&amp;P 500 Index.</p> <p>Utilize a rigorous, end-to-end quantitative</p>	<p>Derivatives risk Equity securities risk Index investing risk Large company risk</p>



Investment Strategies	Methods of Analysis	Investment Risks
	<p>process.</p> <p>Emphasize stock selection as the dominant source of alpha.</p> <p>Forecast returns via a multi-factor alpha model and construct highly diversified, efficient portfolios.</p> <p>Benchmark: S&amp;P 500 Index.</p>	<p>Market and regulatory risk</p> <p>Turnover risk</p>
Structured Large Cap Plus	<p>Objective: Provide moderate and consistent out-performance relative to the S&amp;P 500 Index while maximizing risk adjusted returns.</p> <p>Quantitative approach to stock selection and portfolio construction using proprietary statistical models.</p> <p>Portfolio will generally invest 130% of invested capital long and 30% short.</p> <p>Forecast expected stock returns using a proprietary statistical model.</p> <p>Utilize four predictive factor groups: valuation, earnings quality, capital discipline, and sentiment.</p> <p>Optimization techniques used to reconcile potential returns and risk.</p> <p>Stocks with high expected returns are candidates for long positions while stocks with low expected returns are candidates for short positions.</p> <p>Benchmark: S&amp;P 500 Index.</p>	<p>Counterparty risk</p> <p>Derivatives risk</p> <p>Equity securities risk</p> <p>Large company risk</p> <p>Market and regulatory risk</p> <p>Short selling risk</p> <p>Turnover risk</p>
Enhanced International Equity	<p>Objective: Provide long-term capital appreciation by investing in stocks of non-U.S. companies.</p> <p>Quantitative approach to stock selection and portfolio construction using proprietary statistical models.</p> <p>Forecast expected returns using statistical models.</p> <p>Utilize four predictive factor groups: valuation, earnings quality, capital discipline, and sentiment.</p> <p>Optimization techniques used to reconcile potential returns and risk.</p> <p>Benchmark: MSCI EAFE Index.</p>	<p>Derivatives risk</p> <p>Emerging markets risk</p> <p>Equity securities risk</p> <p>Foreign investment risk</p> <p>Geographic concentration risk</p> <p>Investment discretion risk</p> <p>Market and regulatory risk</p> <p>Turnover risk</p>
Strategic Income Plus	<p>Objective: High-quality portfolio structured to achieve excess return with a reduced correlation to traditional, investment grade fixed income alternatives and managed to outperform the benchmark Barclays Capital Aggregate Total Return Index.</p> <p>Flexible approach allows tactical changes among a variety of income-producing asset classes.</p> <p>Optimize income producing asset classes.</p>	<p>Convertible securities risk</p> <p>Credit risk</p> <p>Derivatives risk</p> <p>Equity securities risk</p> <p>Fixed income securities risk</p> <p>Foreign investment risk</p> <p>Interest rate risk</p>



Investment Strategies	Methods of Analysis	Investment Risks
	<p>Source cheap asset class sectors and individual issues.</p> <p>Securities typically have BBB (S&amp;P) ratings or better.</p> <p>Broad diversification across asset classes: Bonds (40-60%); Convertibles (0-15%); Preferreds (30-50%); REITs (0-10%); and high-dividend Equities (0-10%).</p> <p>This strategy may use derivative instruments for hedging, risk management purposes, as a substitute for direct investment in securities or other assets.</p> <p>Benchmark: Barclays Capital Aggregate Total Return Index.</p>	<p>Investment discretion risk</p> <p>Market and regulatory risk</p> <p>Non-investment grade securities risk</p> <p>Pre-payment/call risk</p> <p>Turnover risk</p>
Core Fixed Income	<p>Objective: Provide high current income, with capital growth secondary.</p> <p>Combines fundamental work with qualitative measures.</p> <p>Add value utilizing for primary tools: security selection, sector rotation, yield curve structure, and duration risk management.</p> <p>Buy fixed income securities that correspond to our target duration, in order to manage price volatility.</p> <p>Buy fixed income securities that are available in sectors we believe offer the greatest growth potential.</p> <p>Benchmark: Barclays Capital Aggregate Total Return Index.</p>	<p>Credit risk</p> <p>Derivatives risk</p> <p>Fixed income securities risk</p> <p>Foreign investment risk</p> <p>Interest rate risk</p> <p>Investment discretion risk</p> <p>Market and regulatory risk</p> <p>Pre-payment/call risk</p>
Intermediate Government	<p>Objective: High-quality portfolio managed to outperform similarly managed portfolio and the benchmark Barclays Capital Intermediate Government Total Return Index.</p> <p>Combines fundamental work with qualitative measures.</p> <p>Add value utilizing for primary tools: security selection, sector rotation, yield curve structure, and duration risk management.</p> <p>Benchmark: Barclays Capital Intermediate Government Total Return Index.</p>	<p>Fixed income securities risk</p> <p>Interest rate risk</p> <p>Investment discretion risk</p> <p>Market and regulatory risk</p>
Intermediate Government/ Credit A or Better	<p>Objective: High-quality portfolio structured to achieve excess returns relative to the Barclays Capital Intermediate Government/Credit A+ Index.</p> <p>Combines fundamental work with qualitative</p>	<p>Credit risk</p> <p>Fixed income securities risk</p> <p>Interest rate risk</p> <p>Investment discretion</p>



Investment Strategies	Methods of Analysis	Investment Risks
	measures. Add value utilizing for primary tools: security selection, sector rotation, yield curve structure, and duration risk management. Benchmark: Barclays Capital Intermediate Government/ Credit A+ Index.	risk Market and regulatory risk
LAM 1-3 Government/ Corporate	Objective: Outperform similarly managed portfolio and the benchmark Merrill Lynch Government/Corporate 1-3 Year Index. Combines fundamental work with qualitative measures. Add value utilizing for primary tools: security selection, sector rotation, yield curve structure, and duration risk management. Benchmark: Merrill Lynch Government/Corporate 1-3 Year Index.	Credit risk Fixed income securities risk Interest rate risk Investment discretion risk Market and regulatory risk
LAM 1-3 Year Government	Objective: Outperform the benchmark Merrill Lynch 1-3 Year Government Index. Combines fundamental work with qualitative measures. Add value utilizing for primary tools: security selection, sector rotation, yield curve structure, and duration risk management. Benchmark: Merrill Lynch 1-3 Year Government Index.	Credit risk Fixed income securities risk Interest rate risk Investment discretion risk Market and regulatory risk
LAM Short-Term Maturity	Objective: Outperform the iMoneyNet Government Institutional peer group over rolling 3-year periods. Combines research and portfolio management disciplines. Seek to generate yield in excess of traditional money market products through a slightly longer duration exposure. Benchmark: iMoneyNet Government Institutional peer group.	Credit risk Fixed income securities risk Interest rate risk Investment discretion risk Market and regulatory risk
Liability Driven Investment	Objective: Identify liability streams and match those streams with income cash flows from investment assets that offer a superior risk/reward profile to meet those obligations and manage to outperform a client specific, custom benchmark. Incorporate a multi-dimensional strategy to maximize total return, while strictly adhering to client specific, liability driven investment guidelines.	Credit risk Derivatives risk Fixed income securities risk Foreign investment risk Interest rate risk Investment discretion risk Market and regulatory risk





Investment Strategies	Methods of Analysis	Investment Risks
	<p>Develop core investment positions to immunize the liabilities.</p> <p>Optimize the portfolio on a yield, duration, convexity, and risk-adjusted basis.</p> <p>Provide a variety of alpha investment strategies in an effort to diversify the opportunity to create excess return.</p> <p>Benchmark: Client specific, custom benchmark.</p>	Pre-payment/call risk
GlobalFlex ETF	<p>Objective: Diversified mix of asset classes utilizing a flexible blend of ETFs. Provides rebalancing and a focus on return/risk in an effort to outperform a benchmark blend of the S&amp;P 500 (50%) and the Barclays Capital Aggregate Total Return Index (50%).</p> <p>Active and flexible asset allocation approach that allows tactical changes among a variety of ETFs within various asset classes.</p> <p>Optimize utilization of key asset classes.</p> <p>Risk management is a central consideration.</p> <p>Normal rebalancing against tactical targets.</p> <p>Benchmark: Blend of the S&amp;P 500 (50%) and the Barclays Capital Aggregate Total Return Index (50%).</p>	<p>Equity securities risk</p> <p>Commodity risk</p> <p>Derivatives risk</p> <p>Fixed income securities risk</p> <p>Investment discretion risk</p> <p>Market and regulatory risk</p> <p>Turnover risk</p>

## B. Types of Investments

Through the application of the investment strategies described above, FTAM typically invests in the following securities:

Equity securities	Future and forward contracts
Exchange listed securities	Swaps
Over-the-counter securities	Domestic convertible preferred shares
Securities of foreign issuers (including ADRs)	Mortgage-related and other asset-backed securities
Rights and warrants	Collateralized debt obligations
Corporate debt securities	Collateralized mortgage obligations
Commercial paper	Foreign debt
Certificates of deposit	Participation notes
Municipal securities	Repurchase agreements
Investment company securities, including open-end and closed-end funds and exchange traded funds (ETFs)	Private placements and restricted securities (144A securities)
U.S. Government securities	Financial derivatives contracts
Options contracts, option writing included covered calls	Real estate investment trusts (REITs)





FTAM may invest in other security types including new investment products. FTAM maintains internal controls to screen investments in new security types to ensure risks are properly mitigated and to verify that these investments are appropriate for specific client investment mandates.

In certain strategies and from time to time FTAM may engage in frequent trading. This trading activity may result in higher brokerage and other transaction costs, have tax implications, and lower performance results due to increased brokerage costs.

As part of its services as adviser to the Fifth Third Funds, FTAM may be involved with the lending of securities to approved counterparties.

**C. Sources of Investment Information**

Sources of information used by portfolio managers in the investment decision-making process include:

Meetings with company management	Meetings with brokers and securities analysts
Company press releases	Annual reports
Third-party research	Regulatory filings
Optimization studies and reports	Financial publications
Trade journals and services	Government publications

All investments include the potential loss of the principal amount invested and unrealized profits. FTAM employs risk-based investment approaches focused on risk/return principles. FTAM does not guarantee any performance results or ensure that clients will not incur a financial loss. Accordingly, clients should be prepared to bear such losses. Past performance is not a guarantee of future performance.

**D. Allocation of Investment Opportunities**

Due to the fact that FTAM manages several accounts in multiple strategies, a potential conflict of interest may arise with regard to the allocation of investment opportunities. An investment opportunity may not be available in sufficient quantities for all eligible accounts to fully participate. Similarly, there may be limited opportunity to sell an investment held by multiple clients. FTAM has adopted policies and internal controls reasonably designed to allocate investment opportunities across client accounts on a fair and equitable basis over time.



#### ITEM 9 - DISCIPLINARY INFORMATION

Neither FTAM nor any of its management persons have been involved in any material legal or disciplinary events.



## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A. Fifth Third Bank Affiliation

Fifth Third Bank is a diversified financial services company with four main businesses: Commercial Banking, Branch Banking, Consumer Lending, and Investment Advisors. FTAM's affiliates, including Fifth Third Securities, Inc. and several insurance subsidiaries, provide an array of financial products. Although FTAM attempts to operate independently from Fifth Third Bank and its affiliates, these affiliations, particularly within Fifth Third Bank's Investment Advisors division, create potential conflicts of interest. At the client's discretion, Fifth Third Bank may act as the custodian for certain FTAM client accounts and may receive fees or other compensation for providing custody, investment advisory, and related services. Fifth Third Bank's Investment Advisors division has hired FTAM to sub-advise a significant number of client assets and accounts.

FTAM employees are also dual employees of Fifth Third Bank. Certain employees may be involved in the investment decision making, trading processes, and/or administration for accounts managed by Fifth Third's Investment Advisors division. FTAM has implemented controls to address the supervision of its dual employees and to reasonably ensure compliance with client investment guidelines and applicable regulatory requirements. Generally, taken in the aggregate, FTAM's dual employees spend an insignificant amount of time on non-FTAM related activities.

FTAM personnel may provide research and investment support to Fifth Third Bank personnel, Fifth Third Securities, and other affiliates. FTAM may also receive investment research and advice from its affiliates. In some instances, FTAM and Fifth Third Bank have shared arrangements with investment research vendors. More information regarding these arrangements is available in Item 12.B.

Furthermore, FTAM may have common management and officers with some of its affiliates. FTAM shares facilities with Fifth Third Bank and relies on Fifth Third Bank for various administrative support, including information technology, human resources, business continuity, legal, finance, enterprise risk management, and internal audit.

### B. Fifth Third Securities

Fifth Third Securities, Inc. (FTS) is a registered broker/dealer, FINRA member, and a direct wholly owned subsidiary of Fifth Third Bank. FTS is also an investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. FTAM operates independently from FTS, although the two entities may share certain resources such as technology applications. FTS is the sponsor for the Passageway wrap fee program, for which FTAM is an adviser. FTAM generally does not trade with FTS but may do so if instructed by a client or in circumstances where the transaction is deemed to be in the client's best interest and complies with applicable regulatory requirements. FTS has a selling agreement to distribute shares of the Fifth Third Funds.



**C. Fifth Third Funds**

FTAM is the adviser for all twenty-four Fifth Third Funds. FTAM also serves as fund accountant and administrator for which it is compensated based on assets under management. Additionally, the Funds pay FTAM an annual fee to monitor shareholder trading and to perform other transfer agency-related activities. FTAM acts as the Funds' C-share class advance commission agent for which it may retain certain monies related to this arrangement. FTAM outsources certain fund accounting and administration responsibilities. Certain FTAM officers, including, but not limited to, its President and Chief Compliance Officer, are also officers of the Fifth Third Funds. Given that FTAM has been engaged to provide investment advisory and other services on behalf of the Funds, generally, the interests of these officers are not in conflict with FTAM's interests.

FTAM may enter into arrangements with various third parties to support fund distribution. Generally, these arrangements assist FTAM in the administration of its fund responsibilities and do not present material conflicts. For example, FTAM may pay dealers or other financial intermediaries for distribution or shareholder servicing activities on behalf of the Fifth Third Funds. These payments are made from FTAM's own resources.

FTAM Funds Distributors, Inc., an unaffiliated broker/dealer owned by ALPS Distributor, Inc., serves as the Fifth Third Funds principal underwriter. Some FTAM employees are registered representatives with FTAM Funds Distributors, Inc. and are involved in fund distribution activities. These individuals are dually supervised by FTAM, related to their advisory responsibilities, and FTAM Funds Distributors, Inc., as it pertains to their fund distribution activities.

**D. Other Industry Affiliations**

FTAM may hire or retain investment managers to sub-advise certain assets, particularly with respect to mutual fund portfolios. FTAM will generally enter into these arrangements when it seeks specific investment expertise that it does not retain in-house.

FTAM also may be retained as an investment adviser or sub-adviser by other financial service companies. These large relationships may present potential conflicts of interest. FTAM seeks to treat all clients fairly and equitably over time regardless of the type of client, level of services provided, or the nature of its fee compensation.



## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

### A. FTAM's Code of Ethics

FTAM has adopted a code of ethics that sets forth standards of business conduct, requires compliance with regulatory and fiduciary obligations, governs employees' personal trading activities, and provides for monitoring of certain other personal activities. FTAM also has policies prohibiting employees from accepting excessive gifts and entertainment. The provisions of the code are intended to avoid or mitigate material conflicts of interest that may arise between employees' personal conduct and the fiduciary duty to our clients. Clients may obtain a copy of FTAM's code of ethics by providing an email request to [james.mautino@53.com](mailto:james.mautino@53.com) or sending a written request to:

Fifth Third Asset Management, Inc.  
38 Fountain Square Plaza, MD1090D2  
Cincinnati, OH 45263  
Attention: Chief Compliance Officer

FTAM employees may serve as directors or officers of public companies whose securities FTAM may buy or sell on behalf of its clients. Employees may also serve in various other roles for public or private companies, including entities for which FTAM acquires investment products or research services. These arrangements create potential conflicts of interest, including the potential to trade on material, non-public information. FTAM monitors these activities to mitigate these potential conflicts of interest.

### B. Securities Transactions for Which FTAM and/or Its Related Persons Have A Financial Interest

FTAM sub-advises client accounts administered by Fifth Third Bank. Generally, neither FTAM nor the Fifth Third Bank has any direct financial interest in these accounts. Fifth Third Bank, however, receives advisory and other service fees. FTAM does not provide these sub-advised accounts with any preferential investment management or trading opportunities.

FTAM and its affiliates provide a variety of services and/or render advice to various clients, including some clients that may be regarded as related accounts. FTAM attempts to manage and trade all accounts equitably over time with no preferential treatment given to potentially related accounts.

Generally speaking, FTAM does not engage in any principal trading. However, when deemed in the client's best interest, FTAM may enter into transactions with affiliated broker/dealers, including Fifth Third Securities. Fifth Third Securities may engage in riskless principal transactions and may maintain a dealer inventory in some securities (e.g., short-term variable rate demand notes). When these transactions take place, FTAM will disclose the trade to the client and the trade will be conducted in accordance with applicable regulatory requirements.



See Item 12.G for more information regarding these transactions. Clients may direct FTAM to trade through a specified broker/dealer, including Fifth Third Securities. FTAM requires such instructions to be in writing and the client is made aware of potential consequences with this arrangement. See Item 12.D for more information regarding directed brokerage arrangements.

As part of its advisory services, FTAM may purchase and sell shares of the Fifth Third Funds, for clients, for which it receives advisory and/or administrative fees. A conflict of interest exists between FTAM's obligation to act in the best interests of its clients and any interest FTAM may have in generating advisory and other mutual fund fees. FTAM has adopted procedures for ensuring that these, and other, investments comply with the client's investment mandate.

**C. FTAM Employees' Personal Securities Trading Activities**

FTAM employees may buy or sell the same securities for their personal accounts as FTAM purchases or sells on behalf of its clients. To mitigate potential conflicts of interest, FTAM's code of ethics imposes trading restrictions on an employee's ability to trade in securities that are in the process of being traded for client accounts. Employees are required to pre-clear reportable securities transactions, submit quarterly transaction reports, and submit annual holdings reports. FTAM collects, retains, and monitors employee personal securities transactions.

FTAM and its affiliates provide a variety of services to various clients, including issuers of securities. In the course of providing these services and through other investment research, FTAM and its affiliates may come into possession of material, non-public information that might affect FTAM's ability to buy, sell, or hold a particular security. Possible sources of inside information include: trading activities performed by FTAM or its affiliates; underwritings and securities offerings; meetings with company management; meetings with investment analysts; access to information related to brokers' advisory services or investment banking activity; relationships with company insiders; and access to various securities positions and trading activity.



## ITEM 12 - BROKERAGE PRACTICES

### A. Broker/Dealer Selection

Where FTAM has discretionary management authority, it is authorized to determine, without specific client consent, the broker/dealer used for placing trades. FTAM's discretionary authority over the account may be subject to guidelines and limitations imposed by the client or a wrap fee program sponsor. Such limitations may include requiring FTAM to use a particular broker/dealer, to seek specific commission rates or dealer spreads, and/or other guidelines or restrictions in various areas, including, but not limited to, investments in particular companies, industries, geographies, security types, or asset classes, etc. In certain client arrangements, FTAM also provides model portfolio investment recommendations or allocations without providing trade execution and related services.

FTAM's objective in selecting broker/dealers and in effecting portfolio transactions is to seek the best combination of price and execution with respect to its clients' portfolio transactions. The best net price, giving consideration to brokerage commissions, spreads and other costs, is an important factor in this decision, but a number of other factors are also considered. These factors include, but are not limited to: (1) FTAM's knowledge of negotiated commission rates and spreads currently available; (2) the nature of the security to be traded; (3) the size and type of transaction; (4) the nature and character of the markets for the security to be purchased or sold; (5) the desired timing of the trade; (6) the activity existing and expected in the market for the particular security; (7) confidentiality and anonymity; (8) execution; (9) clearance and settlement capabilities as well as the broker/dealer's reputation and perceived financial soundness; (10) FTAM's knowledge of broker/dealer operational problems; (11) the broker/dealer's execution services rendered on a continuing basis and in other transactions; and (12) the reasonableness of spreads or commissions. To the extent that the executing broker provides research services, FTAM also considers the quality and usefulness of these services. The relationships with brokerage firms that provide soft dollar research services to FTAM may influence FTAM's judgment in allocating brokerage business and create a conflict of interest. FTAM may also place trades with brokers who generate proprietary research, including buy and sell recommendations on individual securities, if these broker arrangements satisfy FTAM's best execution standards.

FTAM has procedures in place for monitoring best execution for equity trades. While FTAM does not have a set commission rate, commissions typically range from \$.01 to .03 per share for execution-only transactions, up to .04 per share for the purpose of obtaining brokerage and research services. FTAM routinely reviews commission rates, execution, and settlement services by various broker/dealers in order to determine their competitiveness.

Fixed Income portfolio managers execute their own trades due to the unique nature of many fixed income instruments. They often utilize Bloomberg, MarketAxess, TradeWeb and Gov PX as references in determining



best execution. Evaluation of best execution in the secondary market is generally based on comparison of bond structures, state-specific versus national municipal offerings, amount of bonds available, yield, and overall impact on portfolio performance, etc. Fixed Income strategies generally rely on brokers who offer state-specific inventories (municipals); market makers in particular securities; in the case of new issues/deals, the book running manager or underwriter; and for Variable Rate Demand Notes (VRDN), the remarketing agent. Fixed income portfolio managers also often base their broker selection on broker inventory and level of service received.

#### **B. Soft Dollar Arrangements**

When appropriate under its discretionary authority and consistent with its duty to seek best execution, FTAM may direct trades for client accounts to brokers who provide FTAM with brokerage and research services. The client commissions used to acquire brokerage and research services are known as "soft dollars." FTAM seeks to comply with Section 28(e) of the Securities Exchange Act of 1934, which provides a "safe harbor" allowing an investment adviser to pay more than the lowest available commission for brokerage and research services if it determines in good faith that: (1) the brokerage and research services fall within the definitions set forth in Section 28(e); (2) the brokerage and research services provide lawful and appropriate assistance in the investment decision-making process; and (3) the commission paid is reasonable in relation to the brokerage and research services provided. The use of client commissions to pay for research and brokerage services may present FTAM with conflicts of interest because (1) it receives an indirect benefit that it does not have to pay for from its resources, and (2) FTAM may be incented to select brokers based on receiving brokerage and research services rather than receiving the most favorable execution.

The receipt of brokerage and research services in exchange for soft dollars benefits FTAM by allowing it to supplement its own research and analysis activities, to receive the views and information from research experts, and to gain access to persons having special expertise on certain companies, industries, areas of economy, and market factors. Such brokerage and research services are made available to FTAM in connection with its investment decision-making responsibilities and enhance FTAM's capability to discharge those responsibilities. These products and services are useful for FTAM's investment decision-making and generally benefit all client accounts. The ongoing evaluation focuses on the quality and quantity of brokerage and research services provided by brokerage firms and whether the commissions paid for such services are fair and reasonable. Brokerage and research services acquired with soft dollars may include, but not be limited to: written and oral reports on the economy, industries, sectors and individual companies or issuers; appraisals and analysis relating to markets and economic factors; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; on-line quotations, trading techniques, and other trading systems; risk measurement; analyses of corporate responsibility issues; research related on-line news services; seminars; on-site visits; asset allocation software; pricing; indices data; and financial and market database services.





Determination and evaluation of the reasonableness of the brokerage commissions paid are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the individual's experience in the securities industry and information available concerning the level of commissions paid by other investors of comparable size and type. FTAM may select brokers based on an assessment of their ability to provide quality executions and its belief that the research, information, and other eligible services provided by these brokers benefit client accounts. It is not possible to place a precise dollar value on the special executions or on the brokerage and research services FTAM receives from brokers. Accordingly, brokers selected by FTAM may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other brokers would have charged for effecting similar transactions if FTAM determines in good faith that such amounts are reasonable in relation to the value of the brokerage and research services provided by those brokers, viewed either in terms of a particular transaction or its overall duty to discretionary accounts.

FTAM may enter into commission sharing arrangements. Through these agreements, FTAM will allocate a portion of its clients' commissions for trade execution services and a portion for research services. The unbundling of commission rates may vary by broker depending on the nature of the orders.

Brokerage and research services obtained with soft dollars are not necessarily utilized for the specific account that generated the soft dollars. Some clients, including, but not limited to directed brokerage clients, UMA program clients, wrap fee program clients, and clients who restrict the use of soft dollars, may benefit from the research and brokerage products obtained from soft dollars despite the fact that their trade commissions may not be used to pay for these services. FTAM does not attempt to allocate the relative costs or benefits of brokerage and research services among client accounts because it believes that, in the aggregate, the brokerage and research services it receives benefit all clients and assists FTAM in fulfilling its overall investment responsibilities.

Brokerage and research services-related costs may be shared with Fifth Third Bank and may benefit Fifth Third Bank clients ("shared use"). Additionally, Fifth Third Bank clients may receive brokerage and research services generated from FTAM client soft dollar commissions that do not necessarily benefit FTAM clients. Similarly, FTAM and its clients may receive brokerage and research services that benefit FTAM and/or its clients, but not necessarily Fifth Third Bank clients, even though the commissions were generated from Fifth Third Bank client transactions. FTAM and Fifth Third Bank clients' trading commission generate soft dollar credits that each party uses, in its respective offices, obtained from shared soft dollar commissions. Further, FTAM portfolio managers and Fifth Third Bank research personnel separately vote on brokerage and research services. FTAM makes a good faith effort to fairly allocate these shared use items.



Selected products or services provided by brokers may have administrative, marketing or other uses that do not constitute brokerage or research services within the meaning of Section 28(e) of the Securities Exchange Act of 1934. These are referred to as “mixed-use” services. FTAM evaluates mixed-use products and services and attempts to make a reasonable allocation of the cost of these products or services according to their use, including the number of people involved, the intended purpose, or the amount time that different functions utilize the product or service. A conflict of interest may arise in allocating the cost of mixed-use items between research and non-research products and services. The portion of a product or service attributable to eligible brokerage or research services will be paid through brokerage commissions generated by client transactions; the remaining cost of the product or service will be paid by FTAM from its own resources.

**C. Client Referral Arrangements**

FTAM does not select brokers or place brokerage transactions based on its, or any of its affiliates', receipt of client referrals or in exchange for transaction flow. Similarly, FTAM does not select brokers or place brokerage transactions based on the executing broker's participation in the distribution of the Fifth Third Funds (also referred to as fund directed brokerage arrangements). FTAM monitors its brokerage arrangements to ensure that it selects brokers by seeking the best combination of price and execution.

**D. Directed Brokerage**

Some FTAM clients use a broker as their custodian. Clients that establish custodial accounts at a broker typically direct FTAM to effect portfolio transactions through that broker at a rate agreed upon between the client and the broker. If a client is referred to FTAM by a broker, has opened a custodial account with a broker/dealer, or otherwise directs FTAM to use a certain broker, it is FTAM's practice not to negotiate commission rates with such brokers unless specifically requested to do so by the client. Clients may select brokers at their discretion.

A client who directs FTAM to use a particular broker/dealer, including a client who directs the use of a broker/dealer as custodian of the client's assets, should consider whether such a direction may result in costs or disadvantages to the client, as further described below. Accordingly, a client should satisfy itself that the broker/dealer provides adequate price and execution of transactions.

If a client directs FTAM to place securities transactions through a broker, the client should consider the following: (1) the client may compromise FTAM's ability to seek best execution; (2) FTAM may not attempt to negotiate commissions on the client's behalf which may result in higher commissions, greater spreads or less favorable net prices than would be the case if FTAM alone selected the brokers; (3) the client's trades may not be aggregated (blocked) with similar trades for other FTAM client accounts and thus the client will not receive any benefits that accrue from such blocked orders; (4) as a result of not being blocked, directed transactions will be traded according to a First-In, First-Out (FIFO) and/or rotational method; (5) the client may pay more in



commissions than if it had not directed FTAM to use a particular brokerage firm; (6) the brokerage firm selected may be a full service, retail brokers and not a discount brokerage firm; (7) the loss of other factors that FTAM considers in selecting its brokers (as discussed in the Trading and Brokerage Practices section above); and (8) because of this direction the client account may not generate returns equal to those of FTAM clients who do not direct brokerage. As a result, such clients may pay higher commissions and/or receive less favorable net prices than might be attained if FTAM were able to maintain trading discretion. FTAM requires written client instructions to direct overall brokerage or specific transactions to a specific broker, including affiliated brokers.

FTAM may “step-out” certain directed brokerage trades to the designated broker, or FTAM may select a broker (see Item 12.A for more information on broker selection) when it determines that doing so is consistent with its duty to seek best execution. In a step-out arrangement, directed brokerage transactions are blocked with other accounts (see Item 12.E for more information regarding FTAM’s trade aggregation procedures) and placed with an executing broker selected by FTAM. The executing broker then steps-out the client’s directed brokerage transaction to the directed broker. The directed broker determines the commissions and settles the transaction.

#### **E. Trade Aggregation Procedures**

FTAM manages accounts with both similar and different investment strategies all of which may trade in the same securities. Although not required to do so, FTAM may combine different client orders for identical securities to be executed as an aggregated (blocked) order. This practice may enable FTAM to seek more favorable executions and net prices. Each client participating in a blocked order will receive an average share price and will share in commissions and/or other transaction costs on a pro-rata basis. Generally, securities will be allocated on a pro-rata basis based on assets under management including in situations where the order is partially filled. Adjustments to this pro-rata allocation may be made to avoid odd amounts of shares in any client account or to avoid deviations from targeted minimum/maximum holdings limits established for any account. FTAM may, in certain cases, use its judgment to aggregate or not aggregate the trade based on the client’s unique investment guidelines. It is FTAM’s policy to allocate investment opportunities, to the extent practical, to similarly situated client accounts over time, in a manner that FTAM believes is fair and equitable to each client’s account. Transactions for any client’s account will not be blocked if the practice is prohibited by, or inconsistent with, the client’s investment instruction. In some cases, clients with account restrictions may not participate in blocked trades if the restrictions prevent the trader or portfolio manager from executing the trade in a timely manner. In such an instance, the accounts with restrictions may be traded after accounts participating in the blocked trade.

Traders seek out natural block orders, looking for indications of interest, advertisements, and broker lists. Traders will work larger orders by piecing them out at their discretion based on market conditions and liquidity. Traders utilize market quotation tools on their desk to determine the best quoted bids and offers from recognized quoted exchanges (NBBO). Traders, if appropriate, will use technical trading indicators to help



gauge best prices and liquidity. Traders may utilize direct market access platforms to help route orders to appropriate exchanges. Traders may utilize trading algorithms if appropriate to help expose best prices and liquidity. Traders, if appropriate, will access dark liquidity pools and block venues to find liquidity. In conjunction with portfolio manager instructions and the trader's discretion, baskets of stocks may be traded in programs to help achieve appropriate prices and liquidity. Traders will monitor market conditions through live news and market cable programs.

The FTAM equity trading area begins to work non-strategy trades received from portfolio managers on a FIFO basis. If similar orders for different accounts are received after the initial first order, the traders can deviate from the FIFO method and begin to aggregate the remaining similar orders only if all accounts would be treated in a fair and equitable manner. To accommodate for investment strategy changes that need to be distributed to wrap fee program sponsors, FTAM employs a Random Ticket Generator (RTG) that automatically creates a random rotation order prior to trade execution. All wrap fee sponsors have the opportunity to trade in the rotation but traders will follow the sponsor's specific trade protocol. In certain cases where trade restrictions or unique account-level requirements jeopardize the fair and equitable treatment of all accounts, the traders will have the ability to use their discretion to deviate from the rotation order. By employing this methodology, FTAM attempts to treat all accounts fairly and equitably over time.

Fixed income portfolio managers generally allocate securities based upon the following methods: pro rata, target durations, portfolio characteristics, sector weightings, cash flows, and/or investment policy. Due to limited supply of certain securities and differing portfolio characteristics among accounts, fixed income portfolio managers may also use any other method as long as it is fair and reasonable and no client is unduly favored over another and all clients are treated fairly over time. Some fixed income accounts may have certain restrictions or requirements that prevent them from participation in an aggregated trade. As a result, trading and execution costs may be different (higher or lower) from those accounts participating in the blocked transaction.

For any client accounts for which an IPO and/or other offerings of securities is appropriate in light of the account's objective and current portfolio composition, the allotment provided to FTAM is generally allocated pro rata among participating accounts based on each account's assets under management. When FTAM does not receive a full allocation, the partial fill is allocated on a pro-rata basis across participating accounts pursuant to procedures that ensure that eligible clients are treated fairly and equitably over time. FTAM will rescind its IPO participation with the underwriter for any deal in which its allocation results in each participating account being allocated less than one share.

For all blocked trades, including IPOs, if FTAM is unable to fully execute a blocked transaction and it determines that it would be impractical to allocate a smaller number of shares among accounts participating in



the transaction on a pro-rata basis, FTAM will allocate such securities in a manner determined in good faith to result in a fair allocation over time.

**F. Wrap Fee Program Trading**

As disclosed under Item 4.E FTAM is an investment manager in a number of Wrap Programs. Under most Wrap Programs, customers are not charged separate commissions or other transaction costs on each trade so long as the Sponsor (or its broker/dealer affiliate) executes the trade. FTAM may have discretion to select the securities purchased or sold but may be required to direct the trade to the Sponsor. A portion of the wrap fee generally is considered in lieu of commissions or other transaction costs. Where permitted by Wrap Program terms, FTAM may execute a transaction through a broker/dealer other than the Sponsor where FTAM believes that such trade would result in the best price and execution under the circumstances. Such trades may take more time to complete than those effected for FTAM's institutional and mutual fund client accounts because, among other things, transactions for Wrap Programs involve substantially greater numbers of underlying client accounts and therefore require specialized trading systems to: (1) determine the quantity of securities to be purchased or sold by each account; and (2) record and confirm each transaction at the individual account level.

In many situations, trades will be blocked into a single trade with related Wrap Program clients and executed with the introducing Sponsor (or its broker/dealer affiliate) so as to avoid incurring additional brokerage costs or other transaction costs associated with using other broker/dealers. In Wrap Programs where FTAM is directed to use the Sponsor or its affiliated broker/dealer, FTAM may be unable, under those circumstances, to obtain volume discounts, best price, or best execution. While it has generally been FTAM's experience that the broker/dealers to which FTAM is required to direct transactions under a Wrap Program can offer best execution under the circumstances, no assurance can be given that this will continue to be the case in the future.

All Wrap Program Sponsors have an opportunity to trade in an unbiased rotation but traders will follow the Sponsor's specific trade protocol. In certain cases where trade restrictions or unique account level requirements jeopardize the fair and equitable treatment of all accounts, the traders will have the ability to use their discretion to deviate from the rotation order.

Depending upon the level of the wrap fee charged by a Wrap Program Sponsor, the amount of portfolio activity in a client's account, the value of the custodial and other services that are provided under the arrangement, a Wrap Program client should consider whether the program fee would exceed the aggregate cost of such services if they were to be provided separately and if FTAM were free to negotiate commissions. Wrap Program clients should review all materials available from the Sponsor concerning the Wrap Program terms, conditions, and fees.



**G. Cross Transactions**

FTAM typically executes trades in client accounts through the open market. However, when deemed in the clients' best interests, permissible by regulation and client agreement, and when it is consistent with FTAM's best execution obligations, FTAM may engage in internal or broker agency-cross transactions. Under such circumstances, FTAM will not receive any brokerage or other related compensation. If FTAM engages in any principal or agency cross transactions, it will seek client consent as required by rule. When a mutual fund is involved, the transactions will be executed in accordance with the requirements, including pricing methodology, of Rule 17a-7 under the Investment Company Act of 1940. FTAM does not intend to engage in cross trades involving ERISA accounts.

FTAM may purchase securities from an underwriting syndicate of which Fifth Third Securities is a member of a divided syndicate. FTAM does not knowingly purchase securities during an underwriting directly from an affiliate or from an undivided syndicate of which the affiliate is a member.

FTAM may acquire securities to resolve trade errors. These may technically constitute principal transactions. See "Other Disclosures" Section D for more specific information regarding FTAM's trade error policies.



### ITEM 13 - REVIEW OF ACCOUNTS

FTAM's Investment Committee monitors and reviews historical investment performance, benchmark comparisons, and portfolio attribution at the investment strategy level on a monthly basis. Portfolio managers and/or client relationship managers oversee all aspects of a client's account including performance and adherence to client-specific investment guidelines. FTAM may also perform automated compliance monitoring of client investment guidelines and restrictions.

FTAM meets with clients on an agreed-upon basis to discuss the performance of the client's account, FTAM's services, investment updates, review client investment objectives, and any other issues of concern to the client.

FTAM offers clients the opportunity to receive at least quarterly written investment reports. Custodians also generally provide separate account and confirmations reflecting investment activity.

FTAM or its designees will periodically review accounts managed under Wrap Programs. Additional reviews will be performed from time to time when market conditions dictate or as FTAM or its designees deem appropriate.

Clients participating in a Wrap Program where FTAM is an investment adviser will receive at least quarterly accounts statements from the Sponsor reflecting asset holdings, values, transaction activity, and performance results.





## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### A. Sub-Advisory Arrangements

Fifth Third Bank has hired FTAM to sub-advise various client accounts. For this service, FTAM is compensated based on assets under management. FTAM manages these accounts consistent with how it manages other client mandates in similar investment strategies. FTAM faces potential conflicts of interest associated with preserving and expanding this sub-advisory relationship. FTAM monitors account performance dispersion within each investment strategy to ensure that all accounts are treated similarly over time.

### B. Solicitor Arrangements

FTAM has a solicitor arrangement with Fifth Third Bank. Fifth Third Bank administers an internal program that rewards employees for making business referrals, including referrals to FTAM. FTAM does not sponsor this program or make any direct payments. All payments are made at Fifth Third Bank's discretion. FTAM requests clients referred by a Fifth Third Bank employee to acknowledge that they received a copy of FTAM's brochure, relevant brochure supplement(s) as well as the disclosure of the affiliation between FTAM and the Fifth Third Bank solicitor.

FTAM does not have any other active solicitation arrangements but there may be times that it compensates a third party for making referrals. These arrangements, when used, are designed to comply with applicable regulatory requirements, including a written disclosure from the solicitor regarding the solicitation arrangement and a description of the solicitor's compensation arrangements.

### C. Other Compensation Arrangements

FTAM may receive distribution fees pursuant to Rule 12b-1 under the Investment Company Act of 1940 for providing services to the Fifth Third Funds. These fees may include distribution, marketing, and other permissible sales activities. For more information regarding these fees, consult the Fifth Third Funds' prospectus at [www.fifththirdfunds.com](http://www.fifththirdfunds.com).

FTAM pays, from its own resources, monies to intermediaries in connection with the marketing and sales of shares of the Fifth Third Fund.

FTAM may receive fees on behalf of others and will remit them to appropriate parties (e.g., Rule 12b-1 fees due to other entities). FTAM does not maintain custody of these assets.

FTAM and its affiliates may sponsor, from their own resources, client activities or events such as fundraisers, golf outings, training programs, etc. or provide some other measure of financial support.





## ITEM 15 – CUSTODY

FTAM does not seek to maintain custody or to exercise control of client assets, nor does it select, recommend, engage, or hire custodians. Although FTAM does not directly debit fees from client accounts, if a client selects Fifth Third Bank as its custodian, the client may direct Fifth Third Bank to pay FTAM's investment management fees directly from the client's custodial account. FTAM's clients are responsible for selecting and managing their custody relationships. Some clients have selected or may select Fifth Third Bank to serve as their custodian. Due to its affiliation with Fifth Third Bank, FTAM is deemed to have custody of client assets when an affiliate, such as Fifth Third Bank, acts as custodian. This affiliated arrangement presents inherent risks. FTAM and Fifth Third Bank mitigate these risks by seeking to properly segregate the advisory and custody activities.

FTAM has implemented the following custody controls that are applicable to its clients who select Fifth Third Bank as their custodian:

1. Quarterly custody account statements: Fifth Third Bank will provide at least quarterly account statements. FTAM recommends that clients carefully review these statements including a comparison to the statement received from FTAM. FTAM and custody account statements may reflect different valuations based on trade versus settlement date reporting differences and price source differences. For tax and other purposes, the custodian's statement reflects your official account and asset balances.
2. Internal controls: FTAM maintains policies and procedures and other controls designed to prevent and/or mitigate it or its employees from having unauthorized access to or potentially misusing client funds or securities.
3. Surprise examinations: FTAM has engaged a qualified, independent public accountant to perform at least annual surprise examinations, to validate assets on a sample basis, and to review the custody controls in place for those client assets where FTAM is deemed to have custody.
4. Custodian internal controls report: FTAM receives and reviews Fifth Third Bank's custody internal control reports. These reports are prepared by a qualified independent public accountant and include an opinion with respect to Fifth Third Bank's internal custody controls. These reports address the appropriateness of the following controls:
  - a. Opening or modification of client accounts;
  - b. Authorizing client transactions, including contributions and withdrawals;
  - c. Authorizing and recording trades;
  - d. Authorizing new and changes to securities;
  - e. Processing income and corporate actions;
  - f. Safeguarding physical securities;
  - g. Reconciling cash and security positions; and



h. Providing account statements.

You may contact your Fifth Third Bank custody representative to request a copy of the internal control report.



## ITEM 16 - INVESTMENT DISCRETION

### A. Discretionary Investment and Brokerage Authority

As prescribed in client advisory contracts, FTAM is given discretionary authority to manage client assets to specified investment objectives. Within the investment mandate, FTAM retains the authority to determine, without obtaining specific client consent, the types and quantities of securities to buy and sell. FTAM also has discretion to select brokers/dealers and other counterparties to execute client transactions. Clients may impose specific investment restrictions, limitations, or prohibitions including specific securities (e.g., socially responsible investment restrictions), asset classes (e.g., derivatives), market restrictions (e.g., limit emerging market exposures), etc. All discretionary accounts are included in composites used to present performance results.

### B. Non-Discretionary Investment Management Activities

FTAM does not generally manage accounts on a non-discretionary basis but may enter into arrangements with wrap fee program sponsors where it provides access to one or more of its investment models for a fee. In these arrangements, FTAM recommends transactions but the program's sponsor retains all investment and trading discretion. The wrap fee program Sponsor maintains the client relationship including suitability determinations and monitoring any client specific requirements. These arrangements are not included in FTAM's performance composites. See Items 4.E and 5.F for more information regarding wrap fee programs. See Item 12.F for more information regarding wrap fee program trading arrangements.



## ITEM 17 - VOTING CLIENT SECURITIES

FTAM recognizes and adheres to the principle that one of the privileges of owning stock in a company is the right to vote in the election of the company's directors and on matters affecting important aspects of the company's structure and operations. FTAM has implemented policies and procedures in order to vote proxies in the clients' best interests, or where employee benefit plan assets are involved, in the best interests of plan participants and beneficiaries.

### A. Proxy Authority

FTAM seeks to vote proxies in the best interests of its clients. FTAM will use its best efforts to vote proxies on behalf of clients and will vote proxies where it is afforded the ability to do so. There may be instances, for example, where, at the time the vote is due, client securities have been loaned or other issues exist that prevent FTAM from voting client proxies.

In some situations, acting in the client's best interest may include abstention from voting. For example, FTAM may not vote proxies where it believes the cost of voting outweighs the benefits (e.g., voting on international securities where personal appearance is required, not having sufficient information to vote the proxy, etc.).

### B. Proxy Voting Policies and Procedures

FTAM has adopted proxy voting policies and guidelines and will generally vote proxies according these standards. FTAM reviews and re-establishes its proxy voting policies and guidelines annually. FTAM believes that this approach reduces material conflicts of interest and ensures voting consistency. In the event that a material conflict of interest exists, FTAM's Investment Committee will address the matter, including soliciting independent advice when deemed appropriate, and determine how to vote in the clients' best interests.

FTAM will generally not vote a proxy if it has sold the affected security between the record date and the meeting date. FTAM will vote Fifth Third Fund proxies as instructed by the Funds' Board of Trustees.

### C. Proxy Voting Controls

FTAM has employed an independent third party (currently Institutional Shareholder Services (ISS)) to (i) research all proxies for which FTAM has authority to vote (except, as described below, for certain proxy votes which pertain to the Fifth Third Funds); (ii) to recommend a vote according to voting policies and guidelines issued by the third party and approved by FTAM; (iii) provide vote execution, reporting, and recordkeeping; and (iv) cast a proxy vote consistent with FTAM's proxy voting policies and guidelines, except in situations where FTAM overrides the recommendation of the independent third party. While FTAM generally follows the recommendations or guidelines made by the independent third party (as set forth in Item 17.B), it will not do so if it determines that the recommendation or guideline is not in the clients' best interests. If the independent third party does not make a recommendation on how to vote or does not vote, FTAM intends to vote in the best interest of clients.



FTAM will monitor the recommendations made and the votes cast by the independent third party to ensure that votes are consistent with: (i) FTAM's fiduciary duty; (ii) the best interests of FTAM clients and Fifth Third Funds shareholders; (iii) the policies and guidelines published by the independent third party and approved by FTAM; and (iv) FTAM's proxy voting policies and guidelines.

**D. Access to Proxy Voting Information**

Clients may obtain a copy of FTAM's proxy voting policies and procedures and/or information regarding how FTAM voted their specific proxies by sending an email request to [james.mautino@53.com](mailto:james.mautino@53.com) or sending a written request to:

Fifth Third Asset Management, Inc.  
38 Fountain Square Plaza, MD1090D2  
Cincinnati, OH 45263  
Attention: Chief Compliance Officer



#### ITEM 18 - FINANCIAL INFORMATION

This Item does not apply. FTAM does not require or solicit prepayment of its investment advisory fees. See Item 5.C for more information regarding FTAM's fees.



#### ITEM 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISORS

This Item does not apply. FTAM is regulated with the SEC as an investment adviser under the Investment Advisers Act of 1940. FTAM makes required notice filings in the states where it engages in investment advisory activities.



## OTHER DISCLOSURES

### A. Privacy Policy

FTAM does not disclose non-public personal information except as permitted or required by law. In order to effectively and efficiently deliver products and services to clients, it is necessary for FTAM to collect and maintain certain client information. The types of personal information we collect and share depend on the products or services you have with us. This information can include:

- Social Security number and client names;
- Client addresses and tax identification numbers;
- Account numbers; and/or
- Account and transaction history.

We collect your personal information, for example, when you:

- Open an account or conduct account transactions;
- Request account information; or
- When our service providers service your account.

All financial companies need to share customers' personal information to run their everyday business. Among the reasons FTAM may share your information are:

- For everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or to report to credit bureaus;
- For our marketing purposes – to offer our products and services to you;
- For our affiliates' everyday business purposes – information about your transactions and experiences (but not information about your creditworthiness).

Federal law gives you the right to limit only:

- Sharing for affiliates' everyday business purposes – information about your creditworthiness;
- Affiliates from using your information to market to you; and
- Sharing for non-affiliates to market to you.

State laws and individual companies may give you additional rights to limit sharing.

When you are no longer our client, we continue to share your information as described in this notice.

To protect your personal information from unauthorized access and use, FTAM uses security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. FTAM requires service providers to maintain technical, physical, and administrative safeguards. Additionally, when client information is shared, FTAM requires third parties to treat and maintain the privacy of that information to the same degree of diligence and careful attention required by FTAM.





**B. Educational Standards**

Portfolio managers must possess experience in money management or other related professions, such as banking or securities research, with demonstrated expertise in economic and investment disciplines. Portfolio managers generally have a college degree with studies concentrated in investment research, research analysis, or other fields that complement their professional activities. While not required, FTAM encourages its investment professionals to earn professional credentials such as the Chartered Financial Analyst (“CFA”) designation.

**C. Performance Presentation Standards**

FTAM calculates its performance returns in compliance with the Global Investment Performance Standards (GIPS®). FTAM has received firm-wide verification from 1/1/1995 through 12/31/2010 by an independent verifying firm. Additional information regarding policies for calculating and reporting returns is available upon request. Past performance is not indicative of future results.

**D. Trade Errors**

FTAM maintains controls designed to timely identify and resolve errors in client accounts. FTAM attempts to resolve errors in a manner that the client is not harmed or unduly enriched by such errors.

In the event FTAM identifies an error prior to the transaction’s settlement date, FTAM may book the correct transaction into the client’s account and reverse and book the incorrect trades into FTAM’s proprietary error account. An open market transaction to offset any incorrect trade will be performed in FTAM’s error account. The correcting transaction will be done in a manner where FTAM bears all market risk (and will absorb any losses or retain any gains), while the client is not financially harmed by the trade error.

In the event FTAM identifies an error after the transaction settles, FTAM will execute an open market transaction in the client’s account to correct the error. The open market transaction will use execution-only commission rates. Any gains resulting from these transactions will be left to the client’s account and any losses, including transaction costs to correct the trade, will be promptly reimbursed to the client’s account. Correcting transactions that yield both gains and losses may be netted and FTAM will reimburse any net loss.

In situations where FTAM has been hired as a sub-adviser, it will look to the adviser for direction on how it should resolve trade errors. For complex errors, FTAM will examine, on a case-by-case basis, corrective measures and will implement a resolution that attempts to provide a fair outcome and avoids the client from incurring any financial harm or unjust gains.



**E. Class Action Procedures**

FTAM does not administer, recommend or otherwise participate in class action settlements on behalf of clients. Clients should receive claims notices from their custodians. FTAM recommends that you consult with your custodian regarding whether class action claims are filed on your behalf or if you are responsible for filing such claims. FTAM does not counsel its clients on whether to participate in the class action claim or whether to seek separate legal remedies.