



This ADV brochure, dated March 28, 2025  
provides information about the qualifications and business practices of:

## **NEW YORK LIFE INVESTMENT MANAGEMENT LLC**

**51 Madison Avenue  
New York, NY 10010  
(888) 474-7725**

*The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority and references to New York Life Investment Management LLC as a “registered investment adviser” are not intended to imply a certain level of skill or training. If you have any questions about the content of this brochure, please contact us at (888) 474-7725 or contact your relationship manager. Additional information about New York Life Investment Management LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **ITEM 2: SUMMARY OF MATERIAL CHANGES**

New York Life Investment Management LLC (“NYLIM”) is updating this brochure as part of an annual updating amendment dated March 28, 2025. Included in this amendment are updates to our assets under management, affiliates, description of methods of analysis and investment strategies used in formulating investment advice or managing assets and risk disclosures and other clarifying items. In addition, since the last annual update dated March 28, 2024, the following material changes were made:

The following material changes were made effective September 12, 2024, in connection with the reorganization of IndexIQ Advisors LLC, a NYLIM affiliate, with and into NYLIM (the “Reorganization”):

- Item 4: Updated to disclose changes to NYLIM’s advisory business, including advisory services offered and types of clients.
- Item 5: Updated to disclose that NYLIM charges certain clients a fixed management fee.
- Item 7: Types of clients.
- Item 8: Updated certain strategy-specific risks.
- Item 10: Updated to disclose insurance company affiliation with New York Life (as defined below) and change in registrant names.
- Item 12: Updated the description of brokerage practices.
- Item 13: Updated to disclose monitoring practices with respect to registered funds.
- Item 16: Updated to disclose subadviser investment discretion with respect to client accounts.
- Item 17: Updated proxy voting guidelines.

### ITEM 3: TABLE OF CONTENTS

<b>ADV Item #</b>	<b>Description</b>	<b>Page #</b>
1	Cover Page.....	Cover
2	Summary of Material Changes.....	2
3	Table of Contents.....	3
4	Advisory Business.....	4
5	Fees and Compensation.....	7
6	Performance Based Fees and Side-By-Side Management.....	9
7	Types of Clients.....	9
8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
9	Disciplinary Information.....	14
10	Other Financial Industry Activities and Affiliations.....	14
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	18
12	Brokerage Practices.....	19
13	Review of Accounts.....	22
14	Client Referrals and Other Compensation.....	24
15	Custody.....	24
16	Investment Discretion.....	25
17	Voting Client Securities.....	25
18	Financial Information.....	26
19	Requirements for State-Registered Advisers.....	26

## **ITEM 4: ADVISORY BUSINESS**

New York Life Investment Management LLC (“NYLIM” or the “Firm” or “we”) is an indirect wholly-owned subsidiary of New York Life Insurance Company (“New York Life”) and a wholly-owned subsidiary of New York Life Investment Management Holdings LLC. As of December 31, 2024, NYLIM managed \$111,227,003,177 of client assets on a discretionary basis, and \$1,935,973,086 of client assets on a non-discretionary basis.

Founded by New York Life in April 2000, NYLIM is comprised of (i) Multi-Assets Solutions team (“MAS”), (ii) Managed Accounts Group (“Managed Accounts Group”), and (iii) registered funds division, referred to as the “NYLI Funds” and the “NYLI ETFs”. Through these business units, we provide a broad array of investment advisory to third-party institutional clients, investment companies, other pooled investment vehicles, individuals through wrap/managed account programs sponsored by affiliated and unaffiliated entities, and other clients including retirement accounts (pensions, profit sharing plans and other retirement plans), insurance companies and corporations (see “*Types of Clients*” section below). These investment advisory services will generally be tailored to meet our clients’ needs. For example, a client may prohibit the purchase of specific securities or prohibit the purchase of securities within a specific sector or industry. Client imposed restrictions are detailed in the respective client’s investment advisory agreement. With respect to our Managed Accounts Group clients, client restrictions are typically communicated to us through a program sponsor. In addition, NYLIM also develops and maintains proprietary financial indices (the “NYLI Indices”) and provides investment advisory services to collective investment trusts (“CITs”).

### **Multi-Assets Solutions Team**

MAS offers asset allocation and multi-asset advisory services typically through fund-of-funds, customized separate accounts, model portfolio delivery or multi-manager structures. MAS has experience in tactical asset allocations utilizing macro-economic views as well as knowledge of investment risks and correlation of various asset classes across equities, fixed income and alternative asset classes. MAS seeks to provide active management and risk adjusted active returns relative to a client’s stated benchmark or objective.

MAS is an asset allocator and invests in actively managed and passive underlying funds, including ETFs, and derivative instruments. From time to time, MAS also invests in individual securities, such as stocks and bonds. MAS employs a team-oriented approach to managing multi-asset portfolios for affiliated and unaffiliated clients in the institutional and retail markets. In constructing a portfolio for a client, MAS makes investments in underlying funds that are managed by the Firm or its affiliates and in underlying funds that are managed by unaffiliated managers. Additionally, MAS’s services can include assisting clients with solutions-based investing by working with clients to design a strategic benchmark to fit its intended investment objective.

### **Index Team**

NYLIM develops and maintains proprietary financial indices. Certain NYLIM personnel are responsible for maintaining the NYLI Indices (the “Index Team”). For certain NYLI Indices,

NYLIM has engaged an affiliated entity to act as an index consultant to assist NYLIM with the development, calculation and maintenance of certain NYLI Indices. NYLIM provides investment advisory services to clients, including by utilizing the NYLI Indices.

### **Managed Accounts Group**

Our Managed Accounts Group performs operational, administrative and trading services for high net worth individuals and retail separately managed accounts (“Managed Accounts”). These Managed Accounts are offered through programs sponsored by affiliated and unaffiliated broker-dealers whereby portfolio management, brokerage execution, custodial and administrative services are provided by the sponsor for a single fee (commonly referred to as a “wrap fee program”). As an investment adviser to Managed Accounts in a wrap fee program, NYLIM receives a portion of the wrap fee charged by the sponsor. For this fee, we perform operational, administrative and trading services, and engage subadvisers to provide subadvisory and trade execution, as applicable. In certain cases, a client pays an advisory fee directly to us rather than through the sponsor.

The program sponsor bears responsibility for determining whether advisory services provided to participants in a wrap fee program are suitable in light of the participants’ particular facts and circumstances.

With respect to Managed Accounts, we currently have subadvisory agreements with affiliated and unaffiliated SEC registered investment advisers. We also retain a third-party vendor, SEI Global Services Inc. (“SEI”), to provide certain non-advisory administrative services. SEI is compensated for those services out of the fees the Firm receives for the services it renders in a wrap fee program.

Our Managed Accounts Group currently offers the following investment strategies: (i) convertible securities; (ii) municipal bonds; (iii) large cap equity; (iv) all cap equity; (v) global choice equity; (vi) global equity yield; (vii) U.S. equity yield; (viii) capital growth equity; (ix) global oncology equity; (x) global climate action equity; (xi) global demographics equity; (xii) global infrastructure equity; (xiii) enduring capital equity; (xiv) multi-asset income 35/65; (xv) multi-asset income 50/50; (xvi) multi-asset income 65/35; (xvii) focused income; (xviii) active/passive tax-aware conservative; (xix) focused tax-free income; (xx) active/passive tax-aware moderate; (xxi) active/passive tax-aware conservative growth; (xxii) active/passive tax-aware growth; (xxiii) active/passive tax-aware aggressive growth; (xxiv) active/passive tax-aware capital preservation; (xxv) active/passive tax-aware moderate growth; (xxvi) active/passive moderate; (xxvii) active/passive conservative growth; (xxviii) active/passive capital preservation; (xxix) active/passive moderate growth; (xxx) active/passive conservative; (xxxi) active/passive aggressive growth; (xxxii) active/passive growth; and (xxxiii) multi-strategy hedge.

Our Managed Accounts Group also provides advisory services to sponsors of Unified Management Accounts (“UMA”) and Diversified Managed Accounts (“DMA”), and Multi-Asset Income Models, which are typically non-discretionary. In these cases, our services are generally limited to providing model portfolios to sponsors, but in some cases, we also provide trading services, depending upon the sponsor firm agreement. These model portfolios are generated by NYLIM or the subadvisers described above.

NYLIM has also entered into agreements with unaffiliated investment managers to distribute unaffiliated retail Managed Accounts. In these cases, NYLIM is compensated by the respective investment manager.

For additional information regarding the Managed Accounts Group's investment strategies, processes and procedures for selecting securities and other investment products held in an account, and the associated risks, please refer to each subadviser's Form ADV Part 2A Brochure, which is provided to account owners upon entering into an investment management agreement and offered annually thereafter.

### **Registered Investment Companies**

Our mutual fund and ETF divisions offer fixed income, equity and administrative services to various registered investment companies ("RICs") advised by NYLIM, including: The New York Life Investments Funds (File No. 811-04550); New York Life Investments VP Funds Trust (File No. 811-03833-01); New York Life Investments Funds Trust (File No. 811-22321); NYLI MacKay Defined Term Municipal Opportunities Funds (File No. 811-22551); NYLI CBRE Global Infrastructure Megatrends Term Fund (File No. 811-23654), NYLI MacKay Municipal Income Opportunities Fund (File No. 811-23905), New York Life Investments ETF Trust (File No. 811-22227) and New York Life Investments Active ETF Trust (File No. 811-22739).

NYLIM—manages certain portfolios of the NYLI Funds and NYLI ETFs directly. For all other portfolios, we engage affiliated and unaffiliated subadvisers to provide investment management services. The Firm makes recommendations to the respective boards of the NYLI Funds and NYLI ETFs regarding subadvisers to retain to provide subadvisory services, and the boards approve the subadvisory agreements periodically, as required by the Investment Company Act of 1940, as amended (the "1940 Act"). Subadvisers are recommended by the Firm based on a number of factors, including, an evaluation of their skills and investment results in managing assets for specific asset classes, investment styles and strategies.

For additional information regarding the NYLI Funds' and NYLI ETFs' fees, investment objectives, investment strategies and associated risks please refer to applicable NYLI Funds' and NYLI ETFs' Prospectuses and Statements of Additional Information ("SAIs"), which are available on our website at [www.newyorklifeinvestments.com](http://www.newyorklifeinvestments.com). This ADV brochure does not constitute an offer to sell, or a solicitation of an offer to buy, shares of the NYLI Funds or NYLI ETFs.

### **Other Activities**

NYLIM maintains a cross border discretionary investment management ("DIM") license and cross border investment advisory license in Korea and provides a range of discretionary and non-discretionary investment management services to certain Korea based institutional clients. In connection with certain Korea based clients, as relevant, NYLIM obtained a Korean Delegation pursuant to which we hired our advisory affiliate, NYL Investors, to serve as the sub-adviser to these DIM accounts.

As a result of such subadvisory arrangements, certain personnel within NYL Investors have been dual hatted to NYLIM in order to facilitate the management and administration of the Korean based accounts. NYL Investors is an SEC registered investment adviser and maintains a separate Form ADV Brochure that describes the investment process, risks, conflicts and fees associated with the management of the Korean based accounts.

From-time-to-time, NYLIM will enter into support agreements with unaffiliated entities that provide for, among other things, the use of the unaffiliated entity's name and trademarks by NYLIM and a NYLI ETF and contributions by NYLIM to the unaffiliated entity. With respect to such relationships, the unaffiliated entity will be allowed to review and provide feedback on the selection criteria of the applicable underlying index for a NYLI ETF that has a license agreement to use the unaffiliated entity's name and trademarks. However, the unaffiliated entity will not (i) select any individual companies for inclusion or exclusion from the index or (ii) have any right to approve or modify the index, once constructed. The unaffiliated entity will not have any influence on the day-to-day operations of a NYLI ETF or NYLIM's management of an ETF.

## **ITEM 5: FEES AND COMPENSATION**

### **FEES**

Clients are billed for advisory services according to the fee schedule agreed to by the client and included in their investment management agreement ("IMA"), in the case of a RIC, or governing documents. Generally, a management fee (the "Management Fee") is payable either monthly or quarterly in arrears, based on the value of assets under management at the end of the period or an average. Where we are responsible for valuing a client's portfolio for fee billing or investment performance purposes, we generally use pricing information provided by an independent pricing vendor. In the event that a vendor is unable to provide a price for a security, or provides a price that we do not believe is accurate, we will apply fair valuation procedures, as applicable, to determine a value for the security. When this occurs, we could have an incentive to apply a value to a security that could be higher than a valuation that would otherwise be applied by a pricing vendor or an independent third party, as a higher valuation would contribute to better investment returns and a higher asset base on which our Management Fee would be based. All advisory agreements may be terminated by the client upon assignment or by either party upon prior written notice, according to the termination provisions outlined in the IMA. If a contract is terminated, all Management Fees are subject to pro-rata adjustment, based upon the date of termination.

In certain cases, NYLIM will agree with a client to a fixed Management Fee. The rate of a fixed Management Fee will depend on, among other things, the size of an account, whether the client has other assets managed by NYLIM, and the other terms agreed upon by the client and NYLIM. The Management Fee typically will be charged monthly or quarterly, as of the last day of each calendar month or quarter, based on the average assets under management for the month or quarter, before reduction for the Management Fee as of such date. The Management Fee shall be appropriately pro-rated for any termination of the Account Agreement as of a date other than a calendar month-end or quarter-end.

## **Multi-Assets Solutions Team**

The fees associated with funds and strategies are typically based on a percentage of assets under management, as disclosed in each fund's governing documents, offering materials or investment advisory agreements. Fees for custom separate account management services are negotiable and typically range from 0.10% to 0.45% of assets under management based on account size, objective and other parameters.

## **Managed Accounts Group**

With respect to our Managed Accounts, clients pay a third-party sponsor a single "wrap" fee. Other than execution charges for certain transactions as described below, the wrap fee typically covers asset management, execution, custody, performance monitoring, and administrative services. In some wrap programs, our Management Fee is included in the wrap fee. We also participate in wrap programs where the client pays our Management Fee separately from the wrap fee charged by the sponsor in certain circumstances.

For our services, the sponsor or client, as applicable, pays us an annual Management Fee ranging from 0.25% to 0.80% of assets under management. Our annual fee varies from program to program depending on the sponsor, the investment strategy, the type of account, the services provided, and the amount of assets in the program. Upon receiving our fee from the sponsor, we pay a portion of our fee to each subadviser that provides subadvisory services for program participants.

Managed Accounts Management Fees are generally charged and payable quarterly in advance, or in arrears, as determined by the sponsor, based on a percentage of the value of assets under management at the end of the quarter. In certain cases, fees are paid less frequently than quarterly but not more than six months in advance. The compensation schedules for the Managed Accounts are dictated by the sponsor's billing practices. Please see the applicable sponsor's Form ADV, Part 2A brochure for more information on the sponsor's billing practices.

For clients that invest through the Managed Accounts, the wrap fee charged by the sponsor typically covers commissions and certain transaction costs on trades executed through the sponsor (or its affiliates). As a result, we anticipate that client transactions ordinarily will be executed through the sponsor (or its affiliates), consistent with the sponsor's obligation to seek best execution of transactions for client accounts. The Firm, or the subadviser we retain, however, will submit transactions for client accounts to be executed through a broker-dealer other than the sponsor (or its affiliates) when the Firm or the subadviser, as applicable, reasonably believes doing so will allow it to seek best execution. This includes, for example, (i) situations where a more favorable execution offered by another broker-dealer appears likely to offset any added transaction or other charges of trading through that broker-dealer or (ii) the sponsor's (or its affiliates) inability to provide execution or best execution for a given transaction through their pre-determined execution channels. Transactions for clients in the convertible securities and municipal bond strategies will generally be executed through a broker-dealer other than the sponsor (or its affiliates). When a transaction is executed through another broker-dealer, clients will incur any applicable transaction costs, such as commissions, markups, markdowns, and dealer spreads, which are in addition to the wrap fee.

## **COMPENSATION**

There will be instances where registered representatives of our affiliated broker-dealer NYLIFE Distributors LLC (“NYLIFE Distributors”), who in certain cases are employees of the Firm, recommend that an advisory client, or prospective advisory client, invest in (a) a NYLI Fund or NYLI ETF, or (b) a private fund or other investment product that we or an affiliate sponsor. When this occurs, neither NYLIM nor any of our supervised persons receive transaction-based compensation – whether asset-based sale charges, service fees or other direct payments – for the sales that result from these recommendations to the advisory client. However, NYLIM generally benefits from additional investments made in the NYLI Funds or NYLI ETFs, given that Management Fees in these vehicles are based on a percentage of assets under management. The same is true for (i) any affiliate that is a subadviser to a series of the NYLI Funds that receives additional investments, (ii) the Firm or an affiliate that manages or subadvises a private fund, or (iii) an affiliate that sponsors a UCITS, that receives additional investments in this way.

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

We do not receive any performance-based fees relating to the management of any advisory client accounts.

## **ITEM 7: TYPES OF CLIENTS**

As discussed in detail in the “*Advisory Business*” section above, NYLIM provides a broad array of investment advisory services to institutional clients, investment companies, other pooled investment vehicles, individuals through wrap/managed account programs sponsored by affiliated and unaffiliated entities, retirement accounts (pensions, profit sharing plans and other retirement plans), insurance companies and corporations and other institutions.

### **Multi-Assets Solutions Team**

The minimum investment in a fund managed by MAS is generally disclosed in the relevant disclosure contained in the fund’s prospectus and/or SAI. The minimum for custom separate account management services is negotiable and varies based on the stated investment guidelines of the custom separate account.

### **Managed Accounts Group**

The minimum initial account size for our Managed Accounts is typically \$100,000. This minimum, however, will generally be lower in the case of the UMAs, DMAs, and Multi-Asset Income Models.

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

All investments involve a risk of loss, even in circumstances where measures are taken for the purpose of mitigating that risk. The following risk factors are not intended to be exhaustive. For complete information regarding the NYLI Funds' and NYLI ETFs' risks, please refer to the NYLI Funds' and NYLI ETFs' prospectuses and SAI. For complete information regarding the Managed Accounts associated risks please refer to each subadviser's ADV Part 2A Brochure.

### **Multi-Assets Solutions Team**

MAS relies upon a combination of valuation metrics, technical indicators, and macro-economic views when developing return estimates, and applies risk modeling to the portfolio management process. Depending on investment strategies and guidelines, underlying investments will include open-end mutual funds, ETFs, or derivatives. MAS may also invest in individual equity securities or bonds.

MAS uses a top-down driven investment process to determine asset allocation and portfolio analytics in an effort to construct and implement investment portfolios that take into consideration MAS's view of certain risks. MAS believes that careful analysis of economic and market data can provide insight into the prospects for corporate earnings growth broadly and the direction of potential price changes across large populations of securities. MAS attempts to identify macro themes with systemic influence over market pricing and looks for fund investments, composites of individual securities, or derivatives based upon those composites that can be used to take advantage of these systematic themes.

MAS is also engaged in multi-asset advisory services, which entails identifying strategies with the goal of improving risk and return versus a client's stated benchmark. MAS seeks to combine those strategies in a manner that it believes is reasonably designed to minimize, to the extent possible, risk of significant loss. Steps taken include the modeling of historic return series, estimating risk and return, designing and implementing hedging strategies, seeking to optimize portfolio construction within certain constraints, and monitoring the activity of underlying managers on an ongoing basis. There can be no assurance that these measures, whether alone or in the aggregate, will be successful in minimizing risk of significant loss. Moreover, it is possible that, in certain market conditions, measures that MAS may implement for the purpose of limiting significant losses may magnify the risk of, or result in, significant loss.

MAS's investment process begins with the collection of data and ideas as they relate to business, consumer, government activity and market pricing. From this information, MAS seeks to find segments of the securities markets that it believes are attractively valued, are populated to a significant degree by issuers poised to benefit from developing economic conditions and are likely to experience favorable net capital flows from investors.

MAS considers realized volatility and correlation patterns, trends, and information embedded in derivatives pricing when developing risk /return profiles for investment portfolios. The portfolio construction process incorporates not only MAS's return and risk projections, but also reflects an

optimization process that is designed to take into consideration certain limitations on forecasting future financial performance.

### **Managed Accounts Group**

Our Managed Accounts Group currently offers the following investment strategies: (i) convertible securities; (ii) municipal bonds; (iii) large cap equity; (iv) all cap equity; (v) global choice equity; (vi) global equity yield; (vii) U.S. equity yield; (viii) capital growth equity; (ix) global oncology equity; (x) global climate action equity; (xi) global demographics equity; (xii) global infrastructure equity; (xiii) enduring capital equity; (xiv) multi-asset income 35/65; (xv) multi-asset income 50/50; (xvi) multi-asset income 65/35; (xvii) focused income; (xviii) active/passive tax-aware conservative; (xix) focused tax-free income; (xx) active/passive tax-aware moderate; (xxi) active/passive tax-aware conservative growth; (xxii) active/passive tax-aware growth; (xxiii) active/passive tax-aware aggressive growth; (xxiv) active/passive tax-aware capital preservation; (xxv) active/passive tax-aware moderate growth; (xxvi) active/passive moderate; (xxvii) active/passive conservative growth; (xxviii) active/passive capital preservation; (xxix) active/passive moderate growth; (xxx) active/passive conservative; (xxxi) active/passive aggressive growth; (xxxii) active/passive growth; and (xxxiii) multi-strategy hedge.

For additional information regarding the Managed Accounts Group's investment strategies, processes and procedures for selecting securities and other investment products held in an account, and the associated risks, please refer to each subadviser's Form ADV Part 2A Brochure, which is provided to account owners upon entering into an investment management agreement and offered annually thereafter.

### **Registered Funds**

Our advisory services to the NYLI Funds and NYLI ETFs, as well as conflicts of interest and risks, are described in each fund's prospectus and SAI. Please refer to applicable NYLI Funds' and NYLI ETFs' Prospectuses and SAIs, which are available on our website at [www.newyorklifeinvestments.com](http://www.newyorklifeinvestments.com).

### **General Related Risks**

*Market Event Risk:* Market risks include political, regulatory, market and economic developments, including developments that impact specific economic sectors, industries or segments of the market, which may affect the value of a client's investment. Turbulence in financial markets, tariffs and other protectionist measures, central bank policy, and reduced liquidity in equity, credit and fixed income markets may negatively affect many issuers worldwide, which could have an adverse effect on a client's investment. During a general downturn in the securities markets, multiple asset classes may be negatively affected. Geopolitical and other events, including war, terrorism, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and in the future may lead, to disruptions in the US and world economies and markets, which may increase financial market volatility and have significant adverse direct or indirect effects on an account and its investments. Market disruptions could cause an account to lose money, experience significant redemptions, and encounter operational difficulties. Although multiple asset classes

may be affected by a market disruption, the duration and effects may not be the same for all types of assets.

Moreover, political developments, such as the impact of both executive and legislative elections around the world could create significant uncertainty with respect to legal, tax and regulatory regimes in which a registered fund, as well as the Firm, will operate. Changes in policy resulting from new governments and administrations could result in a number of changes to US and non-US economic, national security, fiscal, tax and other policies, as well as the global financial markets generally. Any significant changes in, among other things, economic policy, the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on a client's investments.

Technology and Cyber Security: NYLIM is dependent on information technology, telecommunication and other operational systems, including both proprietary or internal systems and systems used or provided by third-party service providers (e.g., administrators, custodians, financial intermediaries, transfer agents and other parties to which we or they outsource the provision of services or business operations). These systems may become disabled or fail to operate properly as a result of events or circumstances wholly or partly beyond our or their control. Further, despite implementation of a variety of risk management and security measures, our information technology and other systems, and those of service providers, could be subject to unauthorized access or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. In addition, NYLIM or its third-party service providers may process, store or transmit electronic information, including information relating to the transactions and personally identifiable information. NYLIM has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Moreover, third-party service providers of NYLIM are subject to the same electronic information security threats as NYLIM. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of clients and personally identifiable information may be lost or improperly accessed, used or disclosed.

While NYLIM has established risk management systems and business continuity policies designed to reduce the risks associated with cyber security breaches and other operational disruptions, there can be no assurances that such measures will be successful, particularly since NYLIM does not control the cyber security and operational systems of issuers or third-party service providers and certain security breaches may not be detected. NYLIM and its service providers, as well as exchanges and market participants through or with which our products trade and other infrastructures on which our products or their service providers rely, are also subject to the risks associated with technological and operational disruptions or failures arising from, for example, processing errors and human errors, inadequate or failed internal or external processes, failures in systems and technology, errors in algorithms used with respect to our products, changes in personnel, and errors caused by third parties or trading counterparties. In addition, there are inherent limitations to these plans and systems, and certain risks may not yet be identified, and new risks may emerge in the future.

Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers, could have a material adverse effect on our business and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

*Other Business Interruptions:* Our investment advisory activities or operations could be interrupted or adversely affected by extraordinary events, emergency situations or circumstances beyond our control, including, without limitation, outbreaks of infectious diseases, pandemics or any other serious public health concerns, war, terrorism, failure of technology, accidents, disasters, government macroeconomic policies or social instability. In order to mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plans. These plans may, for example, require our employees to work and access our information technology, communications or other systems from their homes or other remote locations. However, our business continuity and disaster recovery plans may not be successful, or we could be delayed in implementing or recovering our investment advisory activities or operations. For example, we may have issues or delays in accessing our information technology, communications or other systems, which could have a material adverse effect on our business.

*Dependence on NYLIM and Subadvisers:* The success of a client portfolio depends upon the ability of NYLIM and a subadviser, if any, to develop and implement investment strategies that achieve the client's investment objectives, to select instruments, interpret market data correctly, predict future market movements and otherwise implement their investment strategies. Subjective decisions made by NYLIM and/or a subadviser, if any, may cause the client portfolio to incur losses or to miss profit opportunities on which it would otherwise have capitalized. The success of a client portfolio is also affected by turnover in NYLIM's (or a subadviser's, if any) personnel who are responsible for the client's investment portfolio. While personnel turnover is expected in the industry, clients should consider the effect of past and future personnel turnover on performance. Clients should also consider the experience and success of departing and any new personnel. The loss of services of any such senior officers or other key personnel could have a material adverse effect on a client portfolio.

*Operational Risk:* Our investment advisory operations are exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of service providers, counterparties or other third parties, failed or inadequate processes and technology or systems failures. NYLIM seeks to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address significant operational risks.

*Use of Artificial Intelligence and Machine Learning:* Recent technological advances in artificial intelligence, generative artificial intelligence, and machine learning technology (collectively, "Machine Learning Technology") pose risks to the Firm and our business. Our advisory business could be further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to the Firm, also use Machine Learning Technology in their business activities. The Firm will not be in a position to control the operations

of third-party service providers or counterparties, the manner in which third-party products are developed or maintained or the manner in which third-party services are provided.

The Firm's use of Machine Learning Technology and the use by any of the parties described in the previous paragraph could include the input of confidential information (including material non-public information) — either by third parties in contravention of non-disclosure agreements (or similar undertakings or obligations of confidentiality) or by personnel of the Firm in contravention of the Firm's policies — into Machine Learning Technology applications, resulting in such confidential information becoming part of a dataset that is accessible by other third-party Machine Learning Technology applications and users. Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning Technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error — potentially materially so — and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent that the advisory business is exposed to the risks of Machine Learning Technology, any such inaccuracies or errors could have adverse impacts on the Firm's business. Machine Learning Technology and its applications, including in the private investment and financial sectors, continue to develop rapidly, and it is impossible to predict the future risks that will from time to time arise from such developments.

## **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events involving NYLIM that are material to our advisory business or to the management of client accounts. In the event that your account is managed by a subadviser hired by NYLIM, please refer to the Form ADV of the subadviser for a description of material disciplinary events, if any, involving such subadviser.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The following relationships or arrangements with related persons are material to our business and will create potential conflicts of interest in certain circumstances:

### **Broker-Dealers**

Some of our employees, including some of our executive officers, and certain employees of our affiliated investment advisers, are registered with the Financial Industry Regulatory Association ("FINRA") as representatives and principals of NYLIFE Distributors, an affiliated registered broker-dealer. NYLIFE Distributors serves as the principal underwriter and distributor of the NYLI Funds, and as a distributor of the NYLI ETFs. By virtue of their FINRA registrations, certain employees promote the sale of the NYLI Funds and the NYLI ETFs to registered representatives of other broker-dealers who recommend that their customers purchase these funds. NYLIFE Distributors compensates registered employees who promote the sale of the funds for their efforts, and NYLIM provides an allocation to NYLIFE Distributors to help fund such compensation.

We do not use affiliated broker-dealers to execute securities transactions for our clients. However, in instances where our advisory clients purchase the NYLI Funds directly through the transfer agent or via a New York Life agent, NYLIFE Distributors or NYLIFE Securities LLC may be listed as the dealer of record on the account.

### **Insurance Company**

NYLIM is an indirect wholly-owned subsidiary of New York Life. Our Board of Managers includes certain senior executives of New York Life. Some of our employees are also officers of New York Life or other affiliated companies. We leverage the resources and services of New York Life, for certain key functions, including certain legal, compliance, risk and other support functions. NYLIM pursuant to investment management agreements, serves as investment manager for separately managed accounts of New York Life and its affiliates.

### **Investment Companies**

We serve as the investment adviser for the NYLI Funds and NYLI ETFs (see Advisory Business).

### **Investment Advisers and Other Affiliations**

We are affiliated with, and have material relationships with, the following SEC registered investment advisers:

- Ausbil Investment Management Limited) acts as a subadviser for Managed Accounts for which NYLIM serves as adviser.
- Candriam S.C.A. acts as a subadviser for certain mutual funds for which NYLIM serves as adviser. Candriam also provides advisory services to Managed Account clients who participate in wrap programs that are sponsored by unaffiliated investment advisers or broker-dealers. Furthermore, NYLIM has engaged Candriam as an index consultant to assist NYLIM with the development, calculation and maintenance of certain NYLI Indices. As an index consultant, Candriam assists NYLIM with the identification, formulation and construction of potential NYLI Indices, the testing of potential NYLI Indices, documentation of index methodologies, and ongoing calculation and maintenance of certain NYLI Indices.
- MacKay Shields LLC acts as a subadviser for certain mutual funds and ETFs for which NYLIM serves as adviser. MacKay also provides advisory services to Managed Account clients who participate in wrap programs that are sponsored by unaffiliated investment advisers or broker-dealers. MacKay also serves as the investment manager of various limited partnerships and also engages in other advisory services. From time to time clients of NYLIM are solicited to invest in such limited partnerships or in others for which MacKay serves in a similar capacity.

- Apogem Capital LLC MAS serves as subadvisor for a private fund for which Apogem serves as adviser. Apogem also serves as the investment manager of various limited partnerships, manages portfolios of commercial loans and related debt and equity investments and also engages in other advisory services in which clients of NYLIM generally invest. From time to time clients of NYLIM are solicited to invest in such limited partnerships or in others for which Apogem serves in a similar capacity.
- NYL Investors LLC acts as a subadvisor for certain mutual funds and institutional accounts for which NYLIM serves as adviser. As noted above, in some cases, employees of NYL Investors are dual-hatted and acting in an advisory and administrative capacity with respect to the Korean based accounts managed by NYLIM.
- Eagle Strategies LLC acts as an adviser for products for which NYLIM serves as a model portfolio provider.
- NYL Investments Europe Limited is an investment adviser through which NYLIM markets certain NYLIM products in the European Union.
- New York Life Insurance and Annuity Corporation (“NYLIAC”) offers certain NYLI Funds in certain separate accounts to fund variable annuity policies and variable universal life insurance policies issued by NYLIAC.

From time to time, we enter into arrangements with our affiliated investment advisers to recommend clients to each other. If we pay a cash fee to anyone for soliciting clients on our behalf (such persons, “promoters”) or if we receive a cash fee from another investment adviser for recommending clients to it, we comply with the requirements of Rule 206(4)-1 (the “Marketing Rule”) under the Investment Advisers Act of 1940 (the “Advisers Act”) to the extent that they apply. Subject to certain exemptions, the Marketing Rule requires a written agreement between the investment adviser and the promoter and that the promoter provide clear and prominent disclosures concerning the identity of the promoter, the nature of the compensation and applicable conflicts of interests to the potential client at the time that the solicitation is made. As required by the Marketing Rule, except for uncompensated or “de minimis” compensation (as defined in the Marketing Rule) arrangements, we will not engage a promoter if that person has been subject to securities regulatory or criminal sanctions within the preceding ten years.

Certain personnel within NYL Investors facilitate the management and administration of the Korean based accounts. In addition, the Index Team ultimately reports to the NYLIM Chief Investment Officer, who is a named MAS portfolio manager and also oversees the MAS portfolio managers. MAS portfolio managers manage certain NYLI Funds (including NYLI Funds that invest in NYLI ETFs), institutional separate accounts and unregistered funds directly and are involved in asset allocation decisions with respect to certain NYLI Funds’ or accounts subadvised by affiliated subadvisers. In these instances, MAS portfolio managers will not direct or have involvement in the maintenance of the propriety NYLI Indices or investment management of the affiliated subadvisor’s respective portfolio, except to the extent that the MAS portfolio managers discuss derivative overlay investments to adjust the applicable asset allocation exposures for certain Funds. Our policies do not preclude routine interactions regarding investment and

operational matters between MAS portfolio managers and the portfolio managers of affiliated subadvisers. Except for the relationships described above, the investment management and operations functions at NYLIM and our affiliates are generally separate. NYLIM and our affiliates have implemented policies that are designed to limit the dissemination of inside information and to prevent, to the extent possible, trading restrictions from having to be placed on NYLIM and its affiliated investment firms when NYLIM or a firm comes into contact with inside information. To support this policy, we have adopted procedures, including portfolio information barriers between us and these other affiliated investment firms. In the event such information is shared, appropriate controls are placed around the information, such as the erection of “walls” in order to limit any potential conflicts of interest and restrict the flow of issuer specific information. In addition, NYLIM has implemented Index Team procedures and other monitoring processes, including, but not limited to, monitoring personal trading against trading blotters, which are designed to contain material non-public information within NYLIM.

From time to time, NYLIM and New York Life enter into arrangements pursuant to which NYLIM or New York Life will make a capital commitment to seed an investment fund managed by NYLIM or an affiliated adviser. In this role, neither NYLIM nor New York Life receives special considerations in exchange for this commitment. Neither NYLIM nor New York Life will have any responsibility for the investment operations of a fund subadvised by an affiliated adviser.

### **Banking Institution**

New York Life Trust Company is our affiliate and is a New York State chartered trust company. Some officers and employees of NYLIM are also officers, employees or directors of New York Life Trust Company.

### **Sales and Marketing Support Services**

NYLIM has entered into services agreements with certain of its affiliated investment advisers and with NYLIFE Distributors for the provision of sales and marketing support services. Pursuant to the agreements, NYLIM provides administrative agent, referral, sales, and marketing support services, and NYLIFE Distributors provides distribution services, with respect to certain pooled investment vehicles and managed accounts managed by NYLIM’s affiliated investment advisers. Such services include introducing prospective investors to affiliated investment advisers and providing written materials about an affiliated investment adviser or an investment product. NYLIM’s institutional distribution team renders such services and each team member is dual hatted to certain affiliated investment advisers in order to provide the services. NYLIM receives compensation for the provision of its services, which creates a conflict of interest to the extent that NYLIM has a financial incentive to recommend an affiliated investment adviser or particular investment product that results in additional compensation to NYLIM, and any applicable conflict of interest is disclosed if required by the Marketing Rule, as described above.

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

### **Code of Ethics and Personal Trading**

NYLIM has a fiduciary relationship with our clients that requires that we and our employees place the interests of our clients first and foremost. As such, our Code of Ethics (the “Code”) covers all employees and sets forth guidelines that promote ethical conduct generally. In addition to the Code’s policies regarding personal securities trading, the Code requires our employees to follow various policies and procedures relating to the conduct standards of our Code. Employees are also required to adhere to New York Life’s Integrity – Standards of Business Conduct Policy, conflicts of interest, inside information and information barriers, electronic communications and social media, gifts and entertainment, personal political contributions, foreign corrupt practices and selective disclosure of portfolio holdings.

While we permit our employees to engage in personal securities transactions, we recognize that these transactions raise potential conflicts of interests in certain circumstances. This is particularly true when they involve securities owned by, or considered for purchase or sale for, a client account.

We address potential conflicts of interests in our Code by requiring that, with regard to investments and investment opportunities, our employees’ first obligation is to our clients. Our Code requires that all of our employees adhere to the highest duty of trust and fair dealing. All employees: (i) must conduct their personal securities transactions in a manner that does not interfere with any client’s portfolio transactions, or take inappropriate advantage of an employee’s relationship with a client; (ii) may not trade while in possession of material, non-public information; (iii) may not engage in short-term trading (the purchase and sale or sale and purchase within 30 days) of any mutual fund advised or subadvised by us; and (iv) must certify annually to compliance with the Code and related policies.

Some provisions of our Code, particularly with respect to personal trading, apply only to Access Persons and Investment Personnel. Access Persons are defined as officers or directors of NYLIM, or employees who have access to non-public information regarding any clients purchase or sale of securities, or who have non-public information regarding the portfolio holdings of any mutual fund that we advise. Investment Personnel are defined as employees who, in connection with their regular functions, participate in making recommendations regarding the purchase or sale of securities for client accounts (*i.e.*, portfolio managers, traders and analysts). Access Persons and Investment Personnel are required to adhere to certain guidelines and restrictions with respect to personal trading.

A copy of our Code is available to clients and prospective clients upon request.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

In the ordinary course of providing our investment advisory services, we recommend that clients purchase or sell securities or interests in which our affiliates have a material financial interest. For example:

- We purchase or sell shares of our proprietary registered funds, the NYLI Funds or the NYLI ETFs, for client accounts from time to time.
- We recommend investments to our clients that the clients of our advisory affiliates also own.

To address potential conflicts of interest across affiliates, each adviser affiliate operates independently with respect to investment strategy, and trading, except as outlined in Item 10. Furthermore, affiliates are generally not privy to another affiliate's investment information (*i.e.*, investment decisions, research) that potentially pose conflicts of interest. Specifically, NYLIM and our affiliated investment advisers have established information barrier policies designed to limit the dissemination of material non-public information. In the event such material non-public information is shared, the Firm's policies call for appropriate controls to be placed around the information in an effort to limit the effects of any potential conflicts of interest that may arise. However, NYLIM and its affiliates may share information concerning counterparty risk.

In addition, NYLIM's Chief Investment Officer ("CIO") participates in discussions with MAS's portfolio managers and with the portfolio managers of affiliated underlying funds. As a result, the CIO is in a position to come into possession of material non-public information or restricted information. The CIO and MAS's portfolio managers are subject to the restrictions and limitations on the communication and use of such information. The CIO and each MAS portfolio manager have discretion to determine when, under the circumstances, it would be prudent to exercise recusal from any discussion of matters that bear on MAS managed accounts and the affiliated underlying funds about which he or she possesses material non-public information or restricted information.

## **ITEM 12: BROKERAGE PRACTICES**

NYLIM's policy is to obtain the best execution of client transactions over the long-term, considering the full range and quality of services offered by executing brokers.

NYLIM will give primary consideration to obtaining the most favorable prices and efficient executions of transactions in implementing our trading policy. NYLIM believes that a requirement to seek the lowest possible commission cost could impede effective portfolio management and preclude accounts from obtaining a high quality of brokerage services. In seeking best execution, NYLIM considers the full range of brokerage services applicable to a particular transaction, which includes, but is not limited to: liquidity, price, commission, timing, aggregated trades, competent block trading coverage, ability to position the trade, capital strength and stability, reliable and accurate communications and settlement processing, speed of automation, knowledge of other buyers or sellers, administrative ability, underwriting and provision of information on a particular security or market in which the transaction is to occur.

NYLIM does not consider a broker's or dealer's sale of the NYLI Funds or NYLI ETFs, when determining whether to select such broker or dealer to execute fund portfolio transactions.

Furthermore, we also do not consider its sale of shares of (i) any private funds that we or any of our affiliates advise or (ii) other registered products (e.g., UCITS) sponsored by an affiliate. We have trading relationships with broker-dealers that have consulting or other divisions, which refer clients or investors to us or our affiliates on their own accord. NYLIM does not consider these referrals when selecting a broker-dealer for executing trades for its client accounts. When evaluating compensation (e.g., commissions), we are not required to solicit competitive bids, and do not have an obligation to seek the lowest available commission cost, but rather best overall execution.

On a semi-annual basis, NYLIM's Trade Management Oversight Committee reviews portfolio management and brokerage practices.

With respect to accounts managed by a subadviser, the subadviser is responsible for decisions to buy and sell securities, for broker-dealer selection and for negotiation of brokerage commission rates pursuant to a subadvisory agreement. The subadvisory agreement permits the subadviser to consider several factors in selecting brokers and dealers when executing portfolio trades. The overall reasonableness of brokerage commission paid is evaluated by the subadviser based upon its knowledge of available information as to the general level of commissions paid by other institutional investors for comparable services.

### **Managed Accounts Group**

As discussed above, for clients that invest through the Managed Accounts, the Firm anticipates that client transactions ordinarily will be executed through the sponsor (or its affiliates) because the wrap fee charged by the sponsor typically covers commissions and certain transactions costs on trades executed through the sponsor (or its affiliates). The Firm executes transactions for client accounts through a broker-dealer other than the sponsor (or its affiliates) where we, or the applicable subadviser, reasonably believe doing so will allow us to seek best execution. See Item 5 for more information. Subadvisers consider execution costs or trade pricing as part of evaluating the overall execution quality of transactions that are executed outside of the broker-dealer channel typically available through a given wrap fee program.

For wrap programs, to avoid systematic favoring of one sponsor or product over another and to trade similarly situated accounts fairly over time, we implement a reasonably designed rotation methodology. We note however, that there may be instances when prevailing market conditions or the nature of an order requires us to deviate from our standard rotation. In addition, deviations from the Firm's standard rotation may result from operational variances, due to technology failures or to the failure of Managed Account personnel to implement the standard rotation properly.

The subadvisers who provide models with respect to trades in the Managed Accounts generally execute trades for other clients with similar strategies prior to our placing trades with wrap sponsors. In addition, we and our subadvisers do not conduct transactions on behalf of our wrap accounts as frequently as we do on behalf of other clients. Among other reasons, the wrap program transactions are generally de minimis due to the wrap fee programs' lower minimum account balances and/or minimum size order requirements. NYLIM may not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with our investment approach. Clients are encouraged to consult their own financial advisors and legal and tax

professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager and a particular strategy and participating in a wrap or other program. In the course of providing services to program clients who have a financial advisor, we typically rely on information or directions communicated by the financial advisor acting with authority on behalf of its clients.

For clients that invest through an UMA, DMA, or Multi-Asset Income program, NYLIM provides the program sponsor with a copy of the model portfolio. The program sponsor, which typically has investment discretion with respect to the trading conducted in the underlying accounts, then implements the model in accordance with its internal investment and trading procedures. In the event that NYLIM serves as investment manager to more than one UMA, DMA, or Multi-Asset Income program that follows the same investment strategy, we will implement the rotation methodology described above in order to ensure that all clients are treated fairly and reasonably over time.

### **SOFT DOLLARS**

As permitted by Section 28(e) of the Exchange Act of 1934 Act, as amended, (“Exchange Act”), NYLIM from time to time will cause an account to pay a broker-dealer a commission for effecting a securities transaction that is in excess of the commission that another broker-dealer would have charged for effecting the transaction if NYLIM makes a good faith determination that the broker’s commission paid by the account is reasonable in relation to the value of the research and/or brokerage products and services provided by the broker-dealer, viewed in terms of either the particular transaction or NYLIM’s overall responsibilities to the account and its other investment advisory clients.

An inherent conflict of interest exists with respect to the use of soft dollars because of an investment adviser’s ability to purchase certain products and services on a cash basis using its own resources. Thus, the adviser has an incentive to disregard its best execution obligation when directing transactions and an incentive to generate more trades to earn soft dollar credits for services.

To manage the conflicts related to soft dollar usage, we, and each subadviser to the NYLI Funds and NYLI ETFs, have policies and procedures in place relating to brokerage commission uses in compliance with Section 28(e) of the Exchange Act of 1934 (“Section 28(e”). Soft dollar arrangements are only entered into for services and products that qualify under the safe harbor provisions set forth in Section 28(e).

Certain accounts managed by NYLIM generate soft dollars used to purchase research and brokerage products and services that ultimately benefit other accounts managed by NYLIM, effectively cross subsidizing the other accounts managed by NYLIM that benefit directly from the product. NYLIM will not necessarily use all of the research and brokerage products and services in connection with managing the account whose trades generated the soft dollars used to purchase such products and services. Some of these products and services are also available to NYLIM for cash and some will not have an explicit cost or determinable value. The products and services received do not reduce the advisory fees paid to NYLIM for services provided to the accounts.

NYLIM's expenses would likely increase if it had to generate these products and services through its own efforts or if it paid for these products or services itself.

In addition, NYLIM participates in so-called "commission sharing arrangements," under which NYLIM executes transactions through a broker-dealer and requests that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research or brokerage products and services to NYLIM. Related to these commission sharing arrangements, NYLIM has engaged an independent third-party vendor for commission aggregation and third-party research payment in association with our use of soft dollars.

Sometimes, a portion of the brokerage and research products and services used by the Firm and our subadvisers are eligible under Section 28(e) and another portion is not eligible. These are referred to as "mixed-use" products and services. When this occurs, we and the subadviser will make a good faith allocation between the research and non-research portion of services and will use its own funds to pay for the percentage of the service that is used for non-research purposes.

### **AGGREGATION AND ALLOCATION**

If we believe that the purchase or sale of the same security is in the best interest of more than one client, we will aggregate the securities to be sold or purchased. We will not aggregate trades unless we believe that doing so is consistent with our duty to seek best execution for our clients.

When we allocate bunched trades to client accounts, we do not favor the interest of one client over another. In addition, it is not permissible to allocate or re-allocate an order to enhance the performance of one account over another, or to favor one account over another. In making the determination to aggregate trades, NYLIM will take into consideration a number of factors, including, but not limited to investment objectives; guidelines and restrictions; risk management requirements; amount of each client's assets; liquidity and availability of securities; and eligibility to participate in the transaction.

To the extent possible, orders are pre-allocated prior to execution. However, there may be instances where pre-allocating certain trades may not be feasible or practicable given the unique nature of the respective market. In these instances, such allocation will never unfairly discriminate against or advantage one account over another.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **MONITORING**

#### **Registered Funds**

For RIC accounts, NYLIM will monitor the overall management of a RIC including the services provided by the subadvisers as outlined in each RIC's prospectus and SAI.

## **Multi-Assets Solutions Team**

All MAS managed accounts are monitored on a regular basis in an effort to ensure that client objectives are being pursued in accordance with applicable investment strategies and guidelines. In addition, MAS personnel meet periodically to review prevailing markets conditions, to reassess existing positioning, and to discuss new investment ideas.

## **Managed Accounts Group**

For our Managed Accounts, certain elements of the account maintenance and reconciliation functions have been outsourced to a third-party vendor. Nonetheless, our Managed Accounts Group continues to be responsible for overseeing client accounts. In addition, investment guidelines are monitored via SEI's system. On a daily basis, the Managed Accounts Group also reviews: (i) trade reconciliation reports; (ii) new account activity; (iii) cash reports; and (iv) trade settlement.

## **Trade Errors**

NYLIM has a policy in place pertaining to the correction of trade errors. In the event that an error occurs, it is identified and corrected as soon as practicable. Generally, client accounts are made whole for any losses. However, pursuant to the policy, we will generally not reimburse for a de minimis error, which we define as a loss of \$25 or less per account. NYLIM will not be liable for errors caused by a third-party. If a transaction resulting from a third-party error cannot be cancelled or modified, any resulting losses should be absorbed by the third-party. Accordingly, NYLIM will attempt to recover any losses associated with the error from the third-party.

With respect to trade errors that occur in the wrap fee accounts managed by our Managed Accounts Group, such errors are typically corrected in accordance with each sponsor's trade error policy. This will generally include the use of a trade error account that is maintained at the sponsor.

## **Compliance Oversight**

New York Life's Investments Compliance area ("Investments Compliance") is an extension of the New York Life Corporate Compliance Department. The Chief Compliance Officer ("CCO") of NYLIM is responsible for the oversight and maintenance of the compliance function. Under this structure, certain compliance and other support functions within NYLIM are supported by the infrastructure within the Corporate Compliance Department of New York Life.

NYLIM is an investment adviser registered with the SEC under Section 203 of the Advisers Act. In this regard, pursuant to Rule 206(4)-7 under the Advisers Act (the "Rule") it is unlawful for us to provide investment advice to clients unless we: (i) have written policies and procedures in place that are reasonably designed to detect and prevent violations of the Advisers Act; (ii) review no less frequently than annually, the adequacy of our policies and procedures and the effectiveness of their implementation; and (iii) designate a Chief Compliance Officer responsible for administering the policies and procedures under the Rule. Also pursuant to the Rule, we have put in place a compliance program tailored to our business that includes written policies and

procedures that we believe are reasonably designed to detect and prevent violations of the Advisers Act and other governing laws and regulations. Such policies and procedures include, but are not limited to, those relating to code of ethics, personal trading, information barrier, books and records, sales and marketing, proxy voting, anti-money laundering, privacy and information security (the “Compliance Program”).

Although we acknowledge that compliance is the responsibility of all employees, Investments Compliance is primarily responsible for overseeing the implementation of the Compliance Program. As such, Investments Compliance has created an assessment program that is reasonably designed to analyze the adequacy of each policy and procedure and to ensure that each policy and procedure is being implemented in an effective manner. The assessment program includes evaluations and tests of the effectiveness of the Firm’s Compliance Program, including ensuring that each policy and procedure properly reflects current implementation practices and applicable rules and regulations. Procedures are revised as needed throughout the year, or as we deem necessary or appropriate, to enhance implementation practices or to reflect rule changes. The results of these reviews, including procedural revisions that are made, are reported to the NYLIM Compliance Committee on a semi-annual basis.

#### **CLIENT REPORTING**

The content, frequency and form of client reports varies by client. Such reporting requirements are typically part of the contract negotiations and are memorialized in the client’s investment management agreement. Our written client reports typically include portfolio holdings, transaction and performance information, and information covering capital markets and portfolio outlook. Customized reporting is typically provided as frequently as desired by clients.

With respect to our Managed Accounts, account holders typically receive client reports from the account sponsor and do not receive client reports from us.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, we enter into solicitation agreements with certain of our other affiliated or unaffiliated investment advisers to refer clients to each other. In this case we generally pay or receive a cash fee for such referrals. If we pay or receive a cash fee for client referrals, we comply with the requirements of the Marketing Rule to the extent applicable. See Item 10 for more information.

#### **ITEM 15: CUSTODY**

We do not have direct or indirect custody of client funds or securities. All client accounts are maintained at qualified custodians, such as banks or broker-dealers that are chosen by the client. Clients receive account statements directly from their custodians. In addition, clients may receive duplicate account statements from us. When a client receives an account statement from us, the

client should carefully review the statement and compare it to the account statement that the client received from its custodian. The two statements should be consistent.

## **ITEM 16: INVESTMENT DISCRETION**

We have discretion to manage investments on behalf of client accounts. Clients may impose restrictions on this discretion by, among other things, prohibiting the purchase of specific securities, or prohibiting the purchase of securities within a specific industry. We also manage client accounts on a non-discretionary basis.

When a subadviser is selected by NYLIM, unless otherwise directed in writing by the client, the subadviser has discretion with respect to the investment of a client's assets.

Client imposed restrictions are detailed in the client's investment advisory agreement. Prior to onboarding a new client account, we obtain all necessary information to ensure that the account, including any relevant restrictions, is properly established on our trading and accounting systems.

## **ITEM 17: VOTING CLIENT SECURITIES**

NYLIM has adopted a Proxy Voting Policy designed to ensure that all proxies are voted in the best interest of our clients without regard to our interests or the interests of our affiliates. In voting proxies, NYLIM takes into account long term economic value in evaluating issues relating to items such as corporate governance, including structures and practices, accountability and transparency, the nature of long-term business plans, including sustainability policies and practices to address environmental and social factors that are likely to have an impact on shareholder value, and other non-financial measures of corporate performance. With respect to the NYLI Funds and NYLI ETFs where NYLIM has retained the services of a subadviser to provide day-to-day portfolio management for a NYLI Fund or NYLI ETF, NYLIM will generally delegate proxy voting authority to the subadviser; provided that the subadviser (i) follows NYLIM's Proxy Voting Policy and the NYLI Funds' Procedures; or (ii) has demonstrated that its proxy voting policies and procedures are consistent with NYLIM's Proxy Voting Policy or are otherwise implemented in the best interests of NYLIM's clients and appear to comply with governing regulations.

To assist us in researching and voting proxies for those accounts for which we have retained voting rights, we have engaged Institutional Shareholder Services ("ISS"), a third party proxy service provider. Except where instructed by a client to use client-specified proxy voting guidelines or where a client has retained proxy voting authority for an account, NYLIM utilizes ISS's pre-determined voting guidelines. A copy of our proxy voting policies and procedures or information as to how proxies were voted for securities held in their account is available upon request. NYLIM's contact information appears on the cover page of this brochure.

Certain designated personnel, including portfolio managers, can override an ISS voting recommendation if he/she believes it is in the best interest of the client involved to vote otherwise.

To override an ISS recommendation, a written override request must be submitted to Investments Compliance. Upon receipt of an override request, Investments Compliance reviews the request to determine whether any potential material conflict of interests exist between us and our clients.

If a potential conflict exists, Investments Compliance refers the override requests to our Proxy Voting Committee for appropriate resolution. The Proxy Voting Committee considers the facts and circumstances of the potential conflict and determines how to vote.

A material conflict will likely also exist when we manage a separate account, a fund or other collective investment vehicle that invests in an affiliated fund. When we receive a proxy in our capacity as a shareholder of an underlying portfolio of an affiliated fund, we will vote in accordance with the recommendation of ISS based on our guidelines. If there is no relevant guideline, then we will vote in accordance with the recommendation of ISS based on its research. If ISS does not provide a recommendation, we then will in certain circumstances address the conflict by “echoing” or “mirroring” the vote of the other shareholders in those underlying funds.

Generally, NYLIM is not responsible for voting and does not vote proxies for clients in Sponsored Programs for which we provide a Model Portfolio, nor does NYLIM receive proxy solicitations for such clients. However, in circumstances when Sponsored Program clients authorize NYLIM to vote proxies for such Sponsored Program client accounts, NYLIM will use ISS guidelines.

## **ITEM 18: FINANCIAL INFORMATION**

At this time, NYLIM is not required to file a balance sheet for our most recent fiscal year because we do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. NYLIM has no financial condition that impairs its ability to meet contractual commitments to clients and has never been the subject of a bankruptcy proceeding.

## **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

NYLIM is registered with the SEC and provides notice filings to certain states. We are not registered with any state securities authorities.



BROCHURE SUPPLEMENT

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Form ADV Part 2B

March 28, 2025

New York Life Investment Management LLC

51 Madison Ave

New York, NY 10010

<http://www.newyorklifeinvestments.com>

(888) 474-7725

GREGORY GRANT BARRATO

Director, Senior Portfolio Manager

This Brochure Supplement provides information about Gregory Barrato that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GREGORY GRANT BARRATO  
Director, Senior Portfolio Manager  
51 Madison Ave  
New York, NY 10010  
(212) 576-8247

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### **Educational Background and Business Experience**

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Gregory Grant Barrato is a Senior Portfolio Manager at NYLIM. Mr. Barrato served as Senior Portfolio Manager at IndexIQ Advisors LLC (“IndexIQ”) from 2018 to 2024 (effective August 28, 2024, NYLIM assumed the duties and obligations of IndexIQ). Mr. Barrato served as Portfolio Manager at IndexIQ from 2010 to 2018. Prior to IndexIQ, Mr. Barrato served as Head Trader at Lucerne Capital Management and Assistant Trader at Reach Capital Management from 2004 to 2010.

Mr. Barrato received his B.S. from University of Connecticut.

Mr. Barrato was born in 1980.

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### **Disciplinary Information**

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Mr. Barrato does not have any legal or disciplinary events to report.

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### **Outside Business Activities**

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Mr. Barrato does not have any other business activities to report.

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### **Additional Compensation**

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Mr. Barrato does not have any additional compensation to report.

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### **Supervision**

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The advice to clients provided by Mr. Barrato is supervised in accordance with the firm’s policies and procedures. Jack Benintende, Managing Director and Head of Retail Operations for NYLIM, is responsible for supervising Mr. Barrato. Mr. Benintende is responsible for the accounting and financial reporting for the NYLI Mutual Funds and NYLI ETFs and for the Transfer Agent Operations and the Separately Managed Accounts Trading and Operations. He is also President of New York Life Trust Company. Mr. Benintende can be reached at (888) 474-7725.



## BROCHURE SUPPLEMENT

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Form ADV Part 2B

March 28, 2025

## New York Life Investment Management LLC

51 Madison Ave

New York, NY 10010

<http://www.newyorklifeinvestments.com>

(888) 474-7725

## JACK BENINTENDE

Managing Director

This Brochure Supplement provides information about Jack Benintende that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

JACK BENINTENDE  
Managing Director  
30 Hudson street  
Jersey City, NJ 07302  
(201) 685-6305

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### **Educational Background and Business Experience**

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Mr. Benintende is a Managing Director of NYLIM since May 2007 and is currently responsible for the accounting and financial reporting for the NYLI Mutual Funds and NYLI ETFs. He is also the Head of Retail Operations and responsible for the Transfer Agent Operations; the Separately Managed Accounts Trading and Operations; and serves as the President of New York Life Trust Company. Prior to joining NYLIM, Mr. Benintende worked at Prudential Financial as a Vice President in Mutual Fund Administration.

Mr. Benintende received a B.B.A degree in Accounting from Pace University. In addition, he is a Certified Public Accountant, as well as a non-practicing Certified Financial Planner.

Mr. Benintende was born in 1964.

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### **Disciplinary Information**

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Mr. Benintende does not have any legal or disciplinary events to report.

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### **Outside Business Activities**

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Mr. Benintende does not have any other business activities to report.

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### **Additional Compensation**

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Mr. Benintende does not have any additional compensation to report.

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### **Supervision**

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The advice to clients provided by Mr. Benintende is supervised in accordance with the firm's policies and procedures. Kirk Lehneis, Senior Managing Director and Chief Operating Officer of NYLIM, is responsible for supervising Mr. Benintende. Mr. Lehneis also Head of U.S. Retail and serves as President of the NYLI Funds and NYLI ETFs (the "Funds"). Mr. Lehneis is responsible for overseeing the Funds - including product development, portfolio analytics and risk oversight, administration, broker/dealer and shareholder services, marketing, and creative/digital services. Mr. Lehneis can be reached at (888) 474-7725.



## BROCHURE SUPPLEMENT

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Form ADV Part 2B

March 28, 2025

## New York Life Investment Management LLC

51 Madison Ave

New York, NY 10010

<http://www.newyorklifeinvestments.com>

(888) 474-7725

## POUL KRISTENSEN

Managing Director, Portfolio Manager

This Brochure Supplement provides information about Poul Kristensen that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

POUL KRISTENSEN  
Managing Director, Portfolio Manager  
51 Madison Ave  
New York, NY 10010  
(212) 576-6355

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### **Educational Background and Business Experience**

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Mr. Kristensen, a Managing Director and Chief Economist within the Multi-Asset Solutions team, joined NYLIM in 2011. He previously worked as senior investment strategist for Danske Bank where he advised major pension funds on asset allocation.

Mr. Kristensen holds a Master's degree in economics from Aarhus University (Denmark), is a CFA charter holder and is also certified in quantitative finance (the CQF designation). For an explanation of minimum qualifications required for these designations, please go to [cfainstitute.org](http://cfainstitute.org) and [www.cqf.com](http://www.cqf.com), respectively.

Mr. Kristensen was born in 1974.

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### **Disciplinary Information**

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Mr. Kristensen does not have any legal or disciplinary events to report.

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### **Outside Business Activities**

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Mr. Kristensen does not have any other business activities to report.

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### **Additional Compensation**

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Mr. Kristensen does not have any additional compensation to report.

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### **Supervision**

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The advice to clients provided by Mr. Kristensen is supervised in accordance with the firm's policies and procedures. Jae Yoon, Senior Managing Director and Chief Investment Officer of NYLIM, is responsible for supervising and overseeing all activities of the Multi Assets Solutions team. Mr. Yoon meets regularly with the investment team to discuss portfolio holdings, characteristics and account performance. Mr. Yoon can be reached at (888) 474-7725.



BROCHURE SUPPLEMENT

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51 Madison Ave

New York, NY 10010

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(888) 474-7725

SUNGHO MAENG

Director, Head of Trading and Operations

This Brochure Supplement provides information about Sungho Maeng that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

SUNGHO MAENG  
Director, Head of Trading and Operations  
51 Madison Ave  
New York, NY 10010  
(212) 576-6018

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**Educational Background and Business Experience**

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Mr. Maeng, a Director and Head of Trading and Operations within the Multi-Asset Solutions team, joined NYLIM in 2013.

Mr. Maeng holds a Master's degree in international finance and economic policies from Columbia University and a BS degree from Kelly School of Business at Indiana University. He is also a CFA charterholder since 2022.

Mr. Maeng was born in 1984.

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**Disciplinary Information**

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Mr. Maeng does not have any legal or disciplinary events to report.

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**Outside Business Activities**

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Mr. Maeng does not have any other business activities to report.

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**Additional Compensation**

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Mr. Maeng does not have any additional compensation to report.

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**Supervision**

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The advice to clients provided by Mr. Maeng is supervised in accordance with the firm's policies and procedures. Jae Yoon, Senior Managing Director and Chief Investment Officer of NYLIM, is responsible for supervising and overseeing all activities of the Multi-Assets Solutions team. Mr. Yoon meets regularly with the investment team to discuss portfolio holdings, characteristics and account performance. Mr. Yoon can be reached at (888) 474-7725.



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New York, NY 10010

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(888) 474-7725

## FRANCIS OK

Managing Director, Senior Portfolio Manager

This Brochure Supplement provides information about Francis Ok that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

FRANCIS OK  
Managing Director, Senior Portfolio Manager  
51 Madison Ave  
New York, NY 10010  
(212) 576-7602

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**Educational Background and Business Experience**

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Francis Ok is a Managing Director and Senior Portfolio Manager at NYLIM. Mr. Ok was a Managing Director and Senior Portfolio Manager at IndexIQ Advisors LLC (“IndexIQ”) from 2022 to 2024 (effective August 28, 2024, NYLIM assumed the duties and obligations of IndexIQ). Prior to IndexIQ, Mr. Ok served as Managing Director, Head of Equity Trading and Portfolio Manager at MacKay Shields LLC from 2018 to 2022. Mr. Ok was formerly with Cornerstone (including predecessor entities) from 1994 through 2017 and was the Lead Portfolio Manager for the firm’s Passive Equity strategies. Mr. Ok was also the Head of Trading for the company. Prior to joining Cornerstone, Mr. Ok managed the trading desk at Monitor Capital Advisors LLC. Mr. Ok has worked in the investment industry since 1994.

Mr. Ok received his B.S. in Economics from Northeastern University.

Mr. Ok was born in 1970.

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**Disciplinary Information**

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Mr. Ok does not have any legal or disciplinary events to report.

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**Outside Business Activities**

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Mr. Ok does not have any other business activities to report.

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**Additional Compensation**

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Mr. Ok does not have any additional compensation to report.

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**Supervision**

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The advice to clients provided by Mr. Ok is supervised in accordance with the firm’s policies and procedures. Jack Benintende, Managing Director and Head of Retail Operations for NYLIM, is responsible for supervising Mr. Ok. Mr. Benintende is responsible for the accounting and financial reporting for the NYLI Mutual Funds and NYLI ETFs and for the Transfer Agent Operations and the Separately Managed Accounts Trading and Operations. He is also President of New York Life Trust Company. Mr. Benintende can be reached at (888) 474-7725.



## BROCHURE SUPPLEMENT

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Form ADV Part 2B

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## New York Life Investment Management LLC

51 Madison Ave

New York, NY 10010

<http://www.newyorklifeinvestments.com>

(888) 474-7725

### AMIT SONI

Director, Portfolio Manager

This Brochure Supplement provides information about Amit Soni that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

AMIT SONI  
Director, Portfolio Manager  
51 Madison Ave  
New York, NY 10010  
(212) 576-7943

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### **Educational Background and Business Experience**

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Mr. Soni, a Director within the Multi-Asset Solutions team, joined NYLIM in 2013. Prior to that, he worked as an Investment Associate in the Global Asset Allocation group at Putnam Investments.

Mr. Soni holds a Master's degree from Massachusetts Institute of Technology and a Bachelor's degree from the Indian Institute of Technology Kanpur (India). He is a Chartered Financial Analyst and has been in the investment industry since 2008. For an explanation of minimum qualifications required for this designation, please go to *cfainstitute.org*.

Mr. Soni was born in 1984.

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### **Disciplinary Information**

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Mr. Soni does not have any legal or disciplinary events to report.

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### **Outside Business Activities**

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Mr. Soni does not have any other business activities to report.

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### **Additional Compensation**

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Mr. Soni does not have any additional compensation to report.

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### **Supervision**

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The advice to clients provided by Mr. Soni is supervised in accordance with the firm's policies and procedures. Jae Yoon, Senior Managing Director and Chief Investment Officer of NYLIM, is responsible for supervising and overseeing all activities of the Multi-Assets Solutions team. Mr. Yoon meets regularly with the investment team to discuss portfolio holdings, characteristics and account performance. Mr. Yoon can be reached at (888) 474-7725.



## BROCHURE SUPPLEMENT

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Form ADV Part 2B

March 28, 2025

## New York Life Investment Management LLC

51 Madison Ave

New York, NY 10010

<http://www.newyorklifeinvestments.com>

(888) 474-7725

## JONATHAN SWANEY

Managing Director, Portfolio Manager

This Brochure Supplement provides information about Jonathan Swaney that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

JONATHAN SWANEY  
Managing Director, Portfolio Manager  
51 Madison Ave  
New York, NY 10010  
(212) 576-2683

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**Educational Background and Business Experience**

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Mr. Swaney is a Managing Director and Portfolio Manager for the NYLIM Multi-Asset Solutions team. He has been with New York Life Investments, or an affiliate, since 1997. Prior to that, he performed manager research for a fund-of-hedge-funds operator Pine Grove Partners from 1996 to 1997 and worked on the fixed income desk at The Vanguard Group from 1994 to 1996.

Mr. Swaney earned his BA in Political Science from The College of William & Mary.

Mr. Swaney was born in 1969.

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**Disciplinary Information**

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Mr. Swaney does not have any legal or disciplinary events to report.

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**Outside Business Activities**

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Mr. Swaney does not have any other business activities to report.

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**Additional Compensation**

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Mr. Swaney does not have any additional compensation to report.

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**Supervision**

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The advice to clients provided by Mr. Swaney is supervised in accordance with the firm's policies and procedures. Jae Yoon, Senior Managing Director and Chief Investment Officer of NYLIM, is responsible for supervising and overseeing all activities of the Multi-Assets Solutions team. Mr. Yoon meets regularly with the investment team to discuss portfolio holdings, characteristics and account performance. Mr. Yoon can be reached at (888) 474-7725.



## BROCHURE SUPPLEMENT

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Form ADV Part 2B

March 28, 2025

## New York Life Investment Management LLC

51 Madison Ave

New York, NY 10010

<http://www.newyorklifeinvestments.com>

(888) 474-7725

## MIKIAS TESFA

Senior Associate, Junior Portfolio Manager

This Brochure Supplement provides information about Mikias Tesfa that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

MIKIAS TESFA  
Senior Associate, Junior Portfolio Manager  
51 Madison Ave  
New York, NY 10010  
(212) 576-5872

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### **Educational Background and Business Experience**

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Mikias Tesfa is a Junior Portfolio Manager at NYLIM. Mr. Tesfa served as Junior Portfolio Manager at IndexIQ Advisors LLC from 2021 to 2024 (effective August 28, 2024, NYLIM assumed the duties and obligations of IndexIQ). Prior to IndexIQ, Mr. Tesfa served as Junior Trader at WallachBeth Capital from 2019 to 2021.

Mr. Tesfa received his B.B.A from CUNY Baruch College.

Mr. Tesfa was born in 1997.

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### **Disciplinary Information**

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Mr. Tesfa does not have any legal or disciplinary events to report.

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### **Outside Business Activities**

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Mr. Tesfa is a registered representative of NYLIFE Distributors LLC, which is a registered broker-dealer affiliated with NYLIM conducting sales of certain NYLIM products.

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### **Additional Compensation**

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Mr. Tesfa does not have any additional compensation to report.

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### **Supervision**

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The advice to clients provided by Mr. Tesfa is supervised in accordance with the firm's policies and procedures. Jack Benintende, Managing Director and Head of Retail Operations for NYLIM, is responsible for supervising Mr. Tesfa. Mr. Benintende is responsible for the accounting and financial reporting for the NYLI Mutual Funds and NYLI ETFs and for the Transfer Agent Operations and the Separately Managed Accounts Trading and Operations. He is also President of New York Life Trust Company. Mr. Benintende can be reached at (888) 474-7725.



BROCHURE SUPPLEMENT

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March 28, 2025

New York Life Investment Management LLC

51 Madison Ave

New York, NY 10010

<http://www.newyorklifeinvestments.com>

(888) 474-7725

JAE SUNG YOON

Senior Managing Director

Chief Investment Officer of New York Life Investment Management LLC

Chairman of NYL Investments Asia

This Brochure Supplement provides information about Jae Yoon that supplements the New York Life Investment Management LLC (“NYLIM”) Brochure. You should have received a copy of that Brochure. If you have any questions about the contents of the Brochure or this Brochure Supplement, or did not receive NYLIM’s Brochure, please contact us at (888) 474-7725. Additional information about NYLIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

JAE SUNG YOON  
Senior Managing Director  
Chief Investment Officer of NYLIM  
Chairman of NYL Investments Asia  
51 Madison Ave  
New York, NY 10010  
(212) 576-3730

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### **Educational Background and Business Experience**

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Mr. Yoon is a Senior Managing Director and Chief Investment Officer of NYLIM. Additionally, Mr. Yoon serves as the Chairman of the Investment Governance Committee and Chairman of NYL Investments Asia.

Mr. Yoon obtained a BS and a Masters degree from Cornell University and attended New York University's Stern School of Business MBA program. He is a Chartered Financial Analyst and has been in the investment industry since 1991. For an explanation of minimum qualifications required for this designation, please go to [cfainstitute.org](http://cfainstitute.org).

Mr. Yoon was born in 1967.

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### **Disciplinary Information**

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Mr. Yoon does not have any legal or disciplinary events to report.

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### **Outside Business Activities**

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Mr. Yoon is a registered representative of NYLIFE Distributors LLC, which is a registered broker-dealer affiliated with New York Life Investments conducting sales of certain New York Life Investments products.

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### **Additional Compensation**

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Mr. Yoon does not have any additional compensation to report.

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### **Supervision**

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Mr. Yoon is responsible for overseeing all activities of the NYLIM Multi-Asset Solutions team. Mr. Yoon meets regularly with the investment team to discuss portfolio holdings, characteristics and account performance. The advice to clients provided by Mr. Yoon is supervised in accordance with the firm's policies and procedures. Naïm Abou-Jaoudé, Senior Managing Director and Chief Executive Officer of NYLIM, is responsible for supervising Mr. Yoon. Mr. Abou-Jaoudé can be reached at (888) 474-7725.

# FACTS

## WHAT DOES NEW YORK LIFE INVESTMENTS DO WITH YOUR PERSONAL INFORMATION?

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Name, address, birth date, social security number, income and household information.
- Information about your account balances and financial transactions with us, such as types of products you purchased, account status, or trading history.
- Information gathered from our websites, such as through online forms, site visit data and information collection devices ("cookies").
- Information from outside sources, such as public information.
- Information collected from consumer reporting agencies.

### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons New York Life Investments chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does New York Life Investments share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We do not share
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For affiliates to market to you</b>	No	We do not share
<b>For nonaffiliates to market to you</b>	No	We do not share

### Questions?

Apogem Capital LLC	<b>(212) 601-3614</b>
MacKay Shields LLC	<b>(212) 758-5400</b>
NYLI Funds	<b>(800) 624-6782</b>
New York Life Investment Management LLC	<b>(888) 474-7725</b>
NYL Investors LLC	<b>(212) 576-7915</b>



## Who we are

<b>Who is providing this notice?</b>	<p>“New York Life Investments” is both a service mark, and the common trade name, of certain investment advisors affiliated with New York Life Insurance Company. The products and services of New York Life Investments’ boutiques are not available to all clients and in all jurisdictions or regions.</p> <p>New York Life Investments includes the following:</p> <p><b>Apogem Capital LLC                      NYLI Funds</b>  <b>Mackay Shields LLC                      NYL Investors LLC</b>  <b>New York Life Investment Management LLC</b></p>
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## What we do

<b>How does New York Life Investments protect my personal information?</b>	We maintain physical, electronic, and procedural safeguards that meet state and federal regulations. Access to customer information is limited to people who need the information to perform their job responsibilities. We regularly update and improve our security standards, procedures, and technology to protect against unauthorized access to your information.
<b>How does New York Life Investments collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• Open an account</li> <li>• Conduct transactions in your account, such as trades, deposits or withdrawals</li> <li>• Provide us your income information</li> <li>• Show us your government-issued ID for verification purposes</li> <li>• Provide account information</li> </ul>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• sharing for affiliates’ everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

## Definitions

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <i>Our affiliates include companies listed on the New York Life Family of Companies.*</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <i>New York Life Investments does not share with nonaffiliates for marketing purposes.</i></li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• <i>New York Life Investments does not jointly market.</i></li> </ul>

**\*The New York Life Family of Companies currently includes the following insurance and financial service affiliates and funds:**

New York Life Insurance Company	NYLI CBRE Global Infrastructure Megatrends Term Fund
New York Life Insurance and Annuity Corporation	NYLI MacKay DefinedTerm Municipal Opportunities Fund
New York Life Investment Management LLC	NYLI MacKay Muni Opportunities Fund
New York Life Enterprises LLC	NYLI Funds Trust
Apogem Capital LLC	NYLI VP Funds Trust
Ausbil Investment Management Limited	New York Life Group Insurance Company of NY
Candriam S.C.A.	New York Life Investment Management Asia Limited
Eagle Strategies LLC	New York Life Trust Company
Flatiron RR LLC, Manager Series	NYLIFE Distributors LLC
NYLI ETF Trust	NYLIFE Insurance Company of Arizona
NYLI Active ETF Trust	NYLIFE Securities LLC
Kartesia Management SA	NYLIM Service Company LLC
Life Insurance Company of North America	NYLINK Insurance Agencies, Inc.
MacKay Shields LLC	NYL Investors LLC
	Tristan Capital Partners

## **NEW YORK LIFE INVESTMENT MANAGEMENT LLC PROXY VOTING POLICY AND PROCEDURES**

### **I. Introduction**

New York Life Investment Management LLC (“NYLIM” or the “Adviser”) has adopted these “Proxy Voting Policy and Procedures” (“Policy”) to ensure compliance with Rule 206(4)-6 under the Investment Advisers Act of 1940 (the “Advisers Act”) and Rule 30b1-4 under the Investment Company Act of 1940 and other applicable fiduciary obligations. The Policy provides guidance with respect to the Adviser’s proxy voting duty and to ensure that proxies are voted in the best interests of NYLIM’s clients.

### **II. Policy**

It is NYLIM’s policy, that where proxy voting authority has been delegated to the Adviser by clients, all proxies shall be voted in the best interest of the client without regard to the interests of the Adviser or other related parties. In voting proxies, NYLIM takes into account long term economic value in evaluating issues relating to items such as corporate governance, including structures and practices, accountability and transparency, the nature of long-term business plans, including sustainability policies and practices to address environmental and social factors that are likely to have an impact on shareholder value, and other non-financial measures of corporate performance. It is further the policy of the Adviser that complete and accurate disclosure concerning its proxy voting policies and procedures and proxy voting records, as required by the Advisers Act, be made available to clients.

### **III. Procedures**

#### **A. Account Set-up and Review**

Initially, the Adviser will determine whether the client seeks to retain the responsibility of voting proxies or seeks to delegate that responsibility to the Adviser. The responsibility to vote proxies and the guidelines that will be followed for such client will be specified in the client’s investment advisory contract with the Adviser. The client may choose to have the Adviser vote proxies in accordance with guidelines selected by the Adviser (see Section B.2. and Appendix A), or the Adviser, in its discretion, may permit a client to adopt modified guidelines for its account (“Custom Guidelines”). Alternatively, the Adviser may decline to accept authority to vote such client’s proxies. Designated personnel within each applicable area will be responsible for ensuring that each new client’s account for which the client has delegated proxy voting authority is established on the appropriate systems.

## B. Proxy Voting

### 1. Use of Third Party Proxy Service

The Adviser has selected Institutional Shareholder Services Inc. (“ISS”), a proxy research and voting service, to assist it in researching and voting proxies. ISS helps institutional investors research the financial implications of proxy proposals and cast votes that will protect and enhance shareholder returns. ISS provides research and analytical services, operational implementation and recordkeeping, and reporting services to research each proxy and provide a recommendation to the Adviser as to how to vote on each issue.

### 2. Guidelines for Recurring Issues

The Adviser has adopted ISS’s Sustainability proxy voting guidelines with respect to recurring issues (“Sustainability Guidelines”) for those Funds<sup>1</sup> without an environmental, social, governance (“ESG”) focus (“Non-ESG Funds”). The Sustainability Guidelines address interests of sustainability-minded investors, which are concerned not only with economic returns and good corporate governance, but also with ensuring corporate activities and practices are aligned with the broader objectives of society. For Funds incorporating ESG factors in their investment strategies, the Adviser has adopted ISS’s Socially Responsible Investing proxy voting guidelines (“SRI Guidelines”), which are designed to address the dual financial and social objectives of ESG focused shareholders (the Sustainability Guidelines and SRI Guidelines are together the “Guidelines”).<sup>2</sup> The Compliance Committee, which also serves as the Proxy Voting Committee, reviews the Guidelines as needed and will make modifications to the Guidelines if it determines a change is appropriate. These Guidelines are meant to convey the Adviser’s general approach to voting decisions on certain issues.

For clients using proxy voting guidelines different from the Guidelines, the Adviser will instruct ISS to make its voting recommendations in accordance with such client guidelines. ISS will cast votes in accordance with its recommendations unless instructed otherwise by a portfolio manager as set forth below.

### 3. Review of Recommendations

The Adviser’s portfolio managers, Separately Managed Accounts group (“SMA group”), or other designated personnel of the Adviser, have the ultimate responsibility to accept or reject any ISS proxy voting recommendation (“Recommendation”). Portfolio managers, the SMA group or other designated Adviser personnel, may override the Recommendation should he/she not believe that such Recommendation, based on all facts and circumstances, is in the best interest of the client(s). The Adviser will memorialize the basis for any

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<sup>1</sup> “Funds” refers to the NYLI Mutual Funds and NYLI ETFs.

<sup>2</sup> NYLI Candriam International Equity ETF, NYLI Candriam U.S. Large Cap Equity ETF, NYLI Healthy Hearts ETF, NYLI Cleaner Transport ETF, NYLI Clean Oceans ETF, and NYLI Candriam U.S. Mid Cap Equity ETF are referred to as the “ESG Funds.” The remaining NYLI ETFs and NYLI Mutual Funds are referred to as the “Non-ESG Funds.”

decision to override a Recommendation or to abstain from voting, including the resolution of any conflicts as further discussed below. The Adviser may have different policies and procedures for different clients which may result in different votes. Also, the Adviser may choose not to vote proxies under certain circumstances, including but not limited to:

- If the effect on the client’s economic interests or the value of the portfolio holding is indeterminable or insignificant;
- If the cost of voting the proxy outweighs the possible benefit; or
- If a jurisdiction imposes share blocking restrictions which prevent the Adviser from exercising its voting authority.

#### 4. Addressing Material Conflicts of Interest

Prior to overriding a Recommendation, the portfolio manager, SMA group, or other designated Adviser personnel, must complete the Proxy Vote Override Form, attached as Appendix B, and submit it to Investments Compliance for determination as to whether a potential material conflict of interest exists between the Adviser and the client on whose behalf the proxy is to be voted (“Material Conflict”). The Proxy Vote Override Form must disclose any potential Material Conflicts known related to a proxy vote.

Material Conflicts may exist based on business relationships or dealings of affiliates of the Adviser. Whether a relationship creates a Material Conflict will depend on the facts and circumstances. Even if these parties do not attempt to influence the Adviser with respect to voting, the value of the relationship to the Adviser can create a Material Conflict.

Material Conflicts may exist when the Adviser manages a separate account, a fund or other collective investment vehicle that invests in affiliated funds. When the Adviser receives proxies in its capacity as a shareholder of an underlying fund, the Adviser will vote in accordance with the recommendation of ISS applying the Adviser’s Guidelines. If there is no relevant Guideline, the Adviser will vote in accordance with the recommendation of ISS. If ISS does not provide a recommendation, the Adviser may address the conflict by “echoing” or “mirroring” the vote of the other shareholders in those underlying funds.

If Investments Compliance determines that there is no potential Material Conflict the portfolio manager, SMA group or designated Adviser personnel may override the Recommendation and vote the proxy issue as he/she determines is in the best interest of clients.

If Investments Compliance determines that there exists or may exist a Material Conflict, it will refer the issue to the Compliance Committee for consideration. The Compliance Committee will consider the facts and circumstances of the pending proxy vote and the potential or actual Material Conflict and make a determination (by majority vote) as to how to vote the proxy – i.e., whether to permit or deny the override of the Recommendation, or whether to take other action, such as delegating the proxy vote to an independent third party or obtaining voting instructions from clients. In considering the proxy vote and

potential Material Conflict, the Committee may review the following factors, including but not limited to:

- The percentage of outstanding securities of the issuer held on behalf of clients by the Adviser.
- The nature of the relationship of the issuer with the Adviser, its affiliates or its executive officers.
- Whether there has been any attempt to directly or indirectly influence the portfolio manager's decision.
- Whether the direction (for or against) of the proposed vote would appear to benefit the Adviser or a related party.
- Whether an objective decision to vote in a certain way will still create a strong appearance of a conflict.

The Adviser may not abstain from voting any such proxy for the purpose of avoiding conflict.

In the event ISS itself has a conflict and thus, is unable to provide a recommendation, the portfolio manager may vote in accordance with the recommendation of another independent service provider, if available. If a recommendation from an independent service provider other than ISS is not available, the portfolio manager, SMA group or other designated Adviser personnel, will make a voting recommendation and complete a Proxy Vote Override Form. Investments Compliance will review the form and if it determines that there is no potential Material Conflict mandating a voting recommendation from the Compliance Committee, the Adviser may instruct ISS to vote the proxy issue as has been determined to be in the best interest of clients. If Compliance determines that there exists or may exist a Material Conflict, it will refer the issue to the Compliance Committee for consideration.

#### 5. Securities Lending

Generally, if shares of an issuer are on loan, the voting rights are transferred, and the lending party cannot vote the shares. In deciding whether to recall securities on loan, the Adviser will evaluate whether the benefit of voting the proxies outweighs the cost of recalling them. In determining whether to call securities out on loan, the relevant portfolio manager(s) or other designated Adviser Personnel shall consider whether the benefit to the client in voting the matter outweighs the benefit to the client in keeping the securities out on loan. For Funds that adhere to an ESG investment strategy, a loaned security will be recalled for voting purposes, if possible.

#### 6. Use of Subadvisers

To the extent that the Adviser may rely on subadvisers, whether affiliated or unaffiliated, to manage any client account on a discretionary basis, the Adviser may delegate responsibility for voting proxies to the subadvisers, subject to the Adviser's oversight. In such instances, the subadvisers either will follow the Policy and Guidelines or demonstrate

that their proxy voting policies and procedures are consistent with this Policy and Guidelines or otherwise implemented in the best interests of the Adviser's clients and appear to comply with governing regulations. The Adviser retains the right to revoke such delegation. Prior to revoking delegation, NYLIM will convene the Compliance Committee for review.

#### **IV. Compliance Monitoring**

##### **A. Monitoring of Overrides**

Investments Compliance will periodically review ISS reports of overrides to confirm that proper override and conflict checking procedures were followed. All requests for overrides and evidence such approval by signing the completed Proxy Override Request Form (Exhibit A).

##### **B. Monitoring of Alerts**

Investments Compliance will monitor ISS's voting platform (ProxyExchange) for Alerts where an issuer intends to file, or has filed, additional soliciting materials with the Securities and Exchange Commission after ISS's recommendation but before the voting submission deadline. ISS will also notify Investments Compliance via e-mail of any additional information that has been issued in an Alert.

In the event an Alert is issued sufficiently in advance of the voting submission deadline with additional information that may be expected to affect the Adviser's voting determination, Investments Compliance, in conjunction with portfolio management or other designated Adviser personnel, will consider such additional information prior to exercising its voting authority.

##### **C. Oversight of Sub-advisers**

Investments Compliance will annually review the proxy voting policies and procedures of the Adviser's sub-advisers and report to the Compliance Committee its view as to whether such policies and procedures appear to comply with governing regulations. The Compliance Committee will also review the voting records of the Adviser's sub-advisers, as necessary.

##### **D. Oversight of Service Providers**

Investments Compliance will review ISS to ensure that it has implemented effective compliance policies and procedures administered by competent personnel. These steps will include, but are not limited to:

- 1) Maintaining an active working relationship with ISS personnel and ensuring that NYLIM has direct access to such personnel;

- 2) Reviewing ISS's policies and procedures, including those related to conflicts of interest, and other documentation the Adviser may request from time to time to conduct general due diligence;
- 3) Reviewing copies of regulatory comment, deficiency letters and any material litigation concerning ISS;
- 4) Reviewing SSAE 18/SOC reports (or equivalent);
- 5) Reviewing ISS's cybersecurity program; and
- 6) Reviewing ISS's business continuity and disaster recovery plans.

E. Annual Proxy Voting Committee and Compliance Reporting

Annually, Investments Compliance will provide the Compliance Committee, which also serves as Proxy Voting Committee, with a report of relevant proxy voting matters, including a discussion of Guidelines and any proposed changes to the Policy or Guidelines, the voting record of the Adviser, any overrides, votes presenting Material Conflicts, and a due diligence review of ISS.

#### **IV. Regulatory and Client Reporting**

A. Disclosure to Advisory Clients

The Adviser will provide a copy of this Policy and the Guidelines upon request from a client. In addition, the Adviser will provide any client who makes a written or verbal request with a copy of a report disclosing how the Adviser voted securities held in that client's portfolio. Reports will be available for each twelve month period from July 1 to June 30 of the following year. The report will be produced using ISS's services and will generally contain the following information:

- The name of the issuer of the security;
- The security's exchange ticker symbol;
- The security's CUSIP number;
- The shareholder meeting date;
- A brief identification of the matter voted on;
- Whether the matter was proposed by the issuer or by a security holder;
- Whether the Adviser cast its vote on the matter;
- How the Adviser voted; and
- Whether the Adviser voted for or against management.

B. Regulatory Disclosures

For each investment company that the Adviser manages, the Adviser will ensure that the proxy voting record for the twelve-month period ending June 30 for each registered

investment company is properly reported on Form N-PX. Similarly, NYLIM is required to report on Form NP-X say-on-pay items where “voting power” is exercised over a security for shareholder meetings during July 1 through June 30 (the “Reporting Period”), including portfolio securities on loan as of the record date for the meeting. ISS assists NYLIM in preparing both the Funds’ and the Adviser’s Form NP-X filings. Form NP-X must be filed for both the Funds and the Adviser no later than August 31<sup>st</sup> of each year.

The Adviser will also ensure that each such fund states in its Statement of Additional Information (“SAI”) and its annual and semiannual report to shareholders that information concerning how the fund voted proxies relating to its portfolio securities for the most recent twelve-month period ending June 30, is available through the fund’s website and on the SEC’s website.

The Adviser will ensure that proper disclosure is made in each fund’s SAI describing the policies and procedures used to determine how to vote proxies relating to such fund’s portfolio securities. The Adviser will further ensure that the annual and semiannual report for each fund states that a description of the fund’s proxy voting policies and procedures is available: (1) without charge, upon request, by calling a specified toll-free telephone number; (2) on the fund’s website; and (3) on the SEC’s website.

## **V. Recordkeeping**

Either the Adviser or ISS, as indicated below, will maintain the following records:

- A copy of the Policy and Guidelines (Adviser);
- A copy of each proxy statement received by the Adviser regarding client securities (ISS);
- A record of each vote cast by the Adviser on behalf of a client (ISS);
- A copy of all documents created by the Adviser that were material to making a decision on the proxy voting (or abstaining from voting) of client securities or that memorialize the basis for that decision including the resolution of any conflict, a copy of all Proxy Vote Override Forms and all supporting documents (ISS and Adviser);
- A copy of each written request by a client for information on how the Adviser voted proxies on behalf of the client, as well as a copy of any written response by the Adviser to any request by a client for information on how the adviser voted proxies on behalf of the client. Records of oral requests for information or oral responses will not be kept. (Adviser); and
- Minutes of Compliance (Proxy Voting) Committee meetings with supporting documents (Adviser).

Such records must be maintained for at least eight years.

**Responsible Parties:** Portfolio Management/Other Designated Adviser Personnel, Investments Compliance, Fund Operations, Compliance Committee

*Reviewed: Q4 2024*

*Revised: January 2025*

**Proxy Vote Override Form**

Portfolio Manager Requesting Override: \_\_\_\_\_

Security Issuer: \_\_\_\_\_ Ticker symbol: \_\_\_\_\_

CUSIP #: \_\_\_\_\_ # of Shares held: \_\_\_\_\_

Percentage of outstanding shares held: \_\_\_\_\_

Type of accounts holding security: Mutual Funds (name each fund): \_\_\_\_  
ETFs (name each ETF): \_\_\_\_  
Separate Accounts (specify number): \_\_\_\_  
NYLIC/NYLIAC General Account: \_\_\_\_  
Other (describe): \_\_\_\_\_

Applicable Guidelines (check one):  Sustainability  
 Socially Responsible Investing  
 Other (specify): \_\_\_\_\_

Shareholder Meeting Date: \_\_\_\_\_

Response Deadline: \_\_\_\_\_

Brief Description of the Matter to be Voted On:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Proposal Type (check one):  Management Proposal  
 Shareholder Proposal (identify proponent:  
\_\_\_\_\_)

Recommended vote by issuer's management (check one):  For  Against

Recommended vote by ISS (check one):  For  Against  Abstain  
 No Recommendation

Portfolio manager recommended vote (check one):  For  Against  Abstain

Describe in detail why you believe this override is in the client's best interest (attach supporting documentation):

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Are you aware of any relationship between the issuer, or its officers or directors, and NYLIM or any of its affiliates?

No  Yes (describe below)

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Are you aware of any relationship between the issuer, including its officers or directors, and any executive officers of NYLIM or any of its affiliates?

No  Yes (describe below)

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Are you aware of any relationship between the proponents of the proxy proposal (if not the issuer) and NYLIM or any of its affiliates?

No  Yes (describe below)

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Are you aware of any relationship between the proponents of the proxy proposal (if not the issuer) and any executive officers of NYLIM or any of its affiliates?

No  Yes (describe below)

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Has anyone (outside of your portfolio management area) contacted you in an attempt to influence your decision to vote this proxy matter?

No  Yes

If yes, please describe below who contacted you and on whose behalf, the manner in which you were contacted (such as by phone, by mail, as part of group, individually etc.), the subject matter of the communication and any other relevant information, and attach copies of any written communications.

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Are you aware of any facts related to this proxy vote that may present a potential conflict of interest with the interests of the client(s) on whose behalf the proxies are to be voted?

No  Yes (describe below)

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Certification:

The undersigned hereby certifies to the best of his or her knowledge that the above statements are complete and accurate, and that such override is in the client's best interests without regard to the interests of NYLIM or any related parties.

Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

Supervisor Concurrence with Override Request:

Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

Compliance Action:

- Override approved
- Referred to Compliance Committee

\_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## INVESTMENT ADVISOR BROCHURE

Form ADV Part 2A

This Brochure, dated March 31, 2025  
provides information about the qualifications and business practices of

### **Mackay Shields LLC**

299 Park Avenue

New York, NY 10171

<https://www.newyorklifeinvestments.com/mackay-shields>

If you have any questions about the contents of this Brochure, please contact:

**Christopher P. Fitzgerald, Esq.**

Managing Director and Chief Compliance Officer

**T:** 212-758-5400

**E:** [Compliance-DB@mackayshields.com](mailto:Compliance-DB@mackayshields.com)

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. In addition, registration with the SEC does not imply a certain level of skill or training.

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

## ITEM 2: MATERIAL CHANGES

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Please note that MacKay Shields LLC updated this Brochure on January 21, 2025, to reflect the following material changes since the Brochure filed on July 2, 2024:

Effective January 1, 2025, Alison Micucci was appointed as Chief Executive Officer of Mackay Shields LLC, succeeding Naïm Abou-Jaoudé, Chairman of MacKay Shields Board of Managers, who served as Interim Chief Executive Officer since March 8, 2024.

Also effective as of January 1, 2025, ownership of NYL Investments Europe Limited (formerly MacKay Shields Investment Management Limited) and NYL Investments UK LLP (formerly MacKay Shields UK LLP) was transitioned from MacKay Shields LLC to its parent company, New York Life Investment Management Holdings LLC. As a result of the transition, NYL Investments UK LLP is no longer a “participating affiliate” of MacKay Shields LLC, and instead investment professionals of NYL Investments UK LLP have been appointed as dual-hatted officers of MacKay Shields LLC to provide investment management services to clients of MacKay Shields LLC.

There are no material changes to this Brochure since the last update, dated January 21, 2025. Nonetheless, we would like to identify the following non-material update to our business:

Two of MacKay Shields’ investment teams, Global Fixed Income and Global Credit, have merged into a single Global Fixed Income team. The Global Fixed Income team was primarily responsible for multi-sector and securitized debt mandates, while the Global Credit team was primarily responsible for credit portfolios. Each team’s investment process combined the blend of top-down and bottom-up research and were both under the supervision of the Co-Heads of Global Fixed Income and supported by the same Research and Trading teams. References to MacKay Shields’ Global Credit team have been removed from this Brochure and the summary of the Global Fixed Income team’s investment strategy have been updated accordingly. Please refer to “Item 8- Methods of Analysis, Investment Strategies and Risk of Loss” below.

## ITEM 3: TABLE OF CONTENTS

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ITEM 2:	MATERIAL CHANGES.....	2
ITEM 3:	TABLE OF CONTENTS.....	3
ITEM 4:	ADVISORY BUSINESS.....	4
ITEM 5:	FEES AND COMPENSATION.....	5
ITEM 6:	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	8
ITEM 7:	TYPES OF CLIENTS.....	9
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	9
ITEM 9:	DISCIPLINARY INFORMATION.....	28
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	28
ITEM 11:	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	32
ITEM 12:	BROKERAGE PRACTICES.....	37
ITEM 13:	REVIEW OF ACCOUNTS.....	43
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION.....	43
ITEM 15:	CUSTODY.....	44
ITEM 16:	INVESTMENT DISCRETION.....	45
ITEM 17:	VOTING CLIENT SECURITIES.....	45
ITEM 18:	FINANCIAL INFORMATION.....	46

## ITEM 4: ADVISORY BUSINESS

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### History

The original predecessor to MacKay Shields LLC (“MacKay Shields” the “Firm” “we” “us” “our”), MacKay-Shields Economics, was founded in 1938 as an economic consulting firm. In 1969, MacKay-Shields Economics became MacKay Shields Financial Corporation, a Delaware corporation, and registered with the SEC as an investment adviser.

In 1984, MacKay Shields Financial Corporation was purchased by New York Life Insurance Company (“NYLIC”). New York Life Insurance Company established New York Life Investment Management Holdings LLC (“NYLIM Holdings”) in 1999 and transferred ownership of MacKay Shields Financial Corporation to NYLIM Holdings. In 1999, MacKay Shields Financial Corporation was converted to MacKay Shields LLC, a Delaware limited liability company. The ownership, control and management of MacKay Shields did not change as a result of this conversion.

MacKay Shields is 100% owned by NYLIM Holdings, which is wholly owned by NYLIC.

### Clients and Investment Services

MacKay Shields offers a variety of fixed income strategies and products that clients can select depending on their investment objectives. We maintain independently managed investment strategy teams with their own distinct investment process. Certain investment teams consist of Portfolio Managers, Research Analysts, and Traders, while certain other investment teams share Research Analysts and/or Traders. Investment strategies may be available through separately managed accounts and/or collective investment vehicles, including, without limitation, Mutual Funds, ETFs, Collective Investment Trusts, and other private investment funds (referred to herein as “collective investment vehicle(s)” or “fund(s)”).

Clients for whom we provide separately managed account services may adopt bespoke investment guidelines and objectives, subject to our approval. These restrictions generally appear either in the client’s investment management agreement, investment guidelines, or other agreed upon documents. Clients and prospective clients are advised to carefully review the proposed guidelines for an investment strategy and to review the securities and instruments generally used by MacKay Shields when implementing that strategy. The information contained in this Brochure is subject in its entirety to and superseded by the investment management agreement and investment guidelines (or similar document(s)) entered into by MacKay Shields and a Client.

MacKay Shields’ advice with respect to collective investment vehicles is given in accordance with the investment objectives and guidelines set forth in the applicable collective investment vehicle’s offering documentation, advisory agreement, and/or other governing document, as applicable. Except as otherwise set forth in the commingled vehicle offering documentation, advisory agreement, and/or other governing document, MacKay Shields does not tailor its advisory services to the individual needs of the commingled investment vehicle’s investors, who are generally prohibited from imposing restrictions on investing in certain securities or types of securities. Investors or potential investors in collective investment vehicles should refer to the offering memorandum, prospectus, or similar document for those funds for a description of the investment strategies and risks associated with those funds. The information contained in this Brochure is subject in its entirety to and superseded by the disclosure in such offering memoranda or prospectuses. Collective investment vehicles may be subject to restrictions on the types of investors who may invest.

MacKay Shields may agree to enter in an arrangement with a client to manage a non-discretionary mandate. MacKay Shields does not currently manage any non-discretionary accounts, but clients that choose to engage MacKay Shields for a non-discretionary relationship generally will not achieve the same results as discretionary accounts.

For our clients subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), please be advised that MacKay Shields meets the definition of a Qualified Professional Asset Manager as defined in Part IV of

Prohibited Transaction Exemption 84-14 “Plan Asset Transactions Determined by Independent Qualified Professional Asset Managers” for purposes of ERISA.

The descriptions set forth in this Brochure of specific advisory services that we offer, investment strategies pursued, and investments made by us on behalf of clients, are general descriptions and should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client’s investment objectives and guidelines. The investment strategies pursued by MacKay Shields are speculative and entail substantial risks. There can be no assurance that the investment objectives will be achieved.

Persons reviewing this Brochure should not consider it to be, and this Brochure should not be construed as, impartial investment advice, an offer to sell or any solicitation to buy securities of any collective investment vehicle managed by MacKay Shields or its affiliates. Such an offer in connection with any such collective investment vehicle will only be made by means of an offering document delivered to eligible qualified investors.

For more information about the management of client accounts, please refer to “Item 7 – Types of Clients,” and for more information about MacKay Shields’ investment strategies, please refer to “Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss,” below.

### **Wrap Fee Programs**

We participate in wrap fee programs by providing portfolio management services. In these arrangements, we act as a sub-adviser when our affiliate New York Life Investment Management LLC (“NYL Investments”) is the adviser. In wrap fee programs, clients typically pay a single wrap fee to the sponsor firm that covers advisory fees as well as trade and execution services, including commission costs. Our fee is typically paid out of that single wrap fee. We receive our fee from NYL Investments as we are appointed by NYL Investments as a sub-adviser.

MacKay Shields is not responsible for determining whether a particular wrap fee program or a specific strategy is suitable or advisable for any particular wrap program client. Such determinations are generally the responsibility of the wrap fee program sponsor and we are responsible only for managing the account in accordance with the selected investment strategy and any reasonable restrictions imposed by the wrap fee program client. Termination procedures and information regarding the refund of prepaid fees for any wrap fee program are described in the wrap fee program sponsor’s brochure.

### **Assets Under Management**

As of December 31, 2024, MacKay Shields had approximately \$152 billion of regulatory assets under management on a discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

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We typically receive fees for our services based on a percentage of the value of the assets in the client’s account. These are referred to as “asset-based fees.” Certain clients also have performance-based fees, as more fully described under “Performance-Based Fees and Side-by-Side Management,” below. Advisory fees, including any performance fees, are set forth in the investment management agreement, offering document, or similar agreement between each client and MacKay Shields.

### **Asset-Based Fees**

MacKay Shields generally charges asset-based fees based on the value of the client’s assets under management and/or the value of the client’s and its affiliates’ or related person’s assets under management. Asset-based fees are generally negotiated and tailored with clients on a case-by-case basis and are described in the separately managed account client’s investment advisory agreement or the fund’s offering document. Asset-based fees generally range from 0.030% to 1.500% annually of assets under management, depending

on the strategy(ies) involved and vehicle(s) in which the assets are held (e.g., a separately managed account, collective investment vehicle, or registered investment company). In our sole discretion, we have, and anticipate that in the future we will, negotiate a performance-based fee, agree to a fee schedule other than within the range described above, and/or waive, rebate, or reduce fees for clients. Factors taken into consideration when tailoring fees may include, but are not limited to, the investment strategy, portfolio composition, and structure of the account (e.g., lock up or liquidity terms, incentive allocation); existing contractual commitments with other clients; whether the client is an affiliate of NYLIC or MacKay Shields; the client's other relationships to MacKay Shields and its affiliates; related accounts under management; servicing requirements; and investment strategy capacity.

### **Performance-Based Fees**

MacKay Shields receives performance-based fees in connection with the advisory services we provide to certain separately managed account clients in a manner designed to comply with Rule 205-3 under the Investments Advisers Act of 1940 ("Advisers Act"). We further receive performance-based fees in connection with the advisory services we provide to certain funds not registered with the SEC. Performance fees are generally negotiated and tailored with clients on a case-by-case basis and are described in the separately managed account client's investment advisory agreement or the fund's offering document. Performance-based fees generally range from 5.000% to 15.000% of returns and may be subject to performance hurdles, loss carry forward, and other restrictions. See "Item 6 - Performance-Based Fees and Side-by-Side Management," below for more information regarding performance-based fees.

### **Wrap Fee Programs**

In wrap fee programs, clients typically pay a single wrap fee to the sponsor firm that covers custody, investment management and trading and execution costs, including commission costs. As a result, the sponsor and client typically request that transactions for clients' accounts be executed by the sponsor of the wrap fee program (or its affiliate) or a broker-dealer designated by the sponsor firm. In the event that the sponsor or designated broker-dealer cannot provide "best execution" for a given transaction, we, as sub-adviser for the wrap fee program, have the discretion to trade away (that is, trade with a different broker-dealer), and the client may incur a commission cost. As the majority of transactions in the wrap fee programs are fixed income securities that trade over-the-counter, there are no additional mark-ups or commissions on these transactions beyond the customary structure of the bid/offer prices and we believe these transactions are executed on behalf of these clients in such a manner that the client's total cost or proceeds in each transaction was the most favorable under the circumstances. Prospective clients should refer to the applicable sponsor's wrap fee program brochure for fee information and additional disclosures.

### **Payment of Fees**

We bill clients for advisory services according to the fee schedule contained in their investment management agreement or other written document. As agreed to with our clients, fees are typically payable either: (i) in advance based on the value of assets under management at the beginning of the month, quarter, year, or other period; or (ii) in arrears based on the value of assets under management at the end of any such period. Fees are generally calculated using average asset values during the billing period at agreed upon intervals. Clients may choose to have the calculation of their fees be based upon their custodian's or MacKay Shields' valuation of their assets. Generally, we may make adjustments in the fee calculation in the event of significant withdrawals from, or deposits into, a client's account during a calculation period, in accordance with our policy then in effect or as otherwise agreed to with a client. We generally bill our clients for our advisory services, but clients may elect for MacKay Shields, subject to our client's consent, to instruct the client's custodian to deduct fees from their account.

With respect to commingled investment vehicles for which MacKay Shields, or its controlled affiliates, serves as General Partner, Managing Member, or similar capacity, we direct the custodians and/or prime brokers to deduct and pay to MacKay Shields our asset-based fees and any performance fees pursuant to the fee schedule contained in the applicable offering agreement or similar agreement (including fee arrangements with specific investors).

For commingled investment vehicles that are Mutual Funds or UCITS, payment of fees is generally made by each fund's administrator, who is responsible for calculating and processing the payment pursuant to the fund's prospectus.

### **Other Fees and Expenses**

Other fees and expenses that clients are responsible for can vary significantly among clients based on the investments and types of transactions executed on behalf of clients, as well as what is permitted to be borne by the client pursuant to the specific advisory agreements for separately managed account clients or offering materials and governing documents applicable to collective investment vehicles. Clients and investors in collective investment funds should review such documents for precise information relating to the fees and expenses borne by a specific client account or collective investment vehicle.

For example, a client's custodian or prime broker charges a custodial fee and may also charge transaction or other fees for services it provides. In addition, the broker-dealers that we select or recommend to execute transactions charge a spread, commission or transaction fee, as the case may be, that an account pays. Further, clients are responsible, to the extent applicable, for other costs, fees, and taxes associated with transactions executed on their behalf, such as, but not limited to, withholding and transfer taxes, clearing and settlement charges, interest expenses, sales and use taxes, transfer and registration fees, or similar charges. More detailed information about our brokerage practices is found under "Item 12 - Brokerage Practices," below, including the factors that we consider when selecting or recommending broker-dealers for client transactions, including the use of client commissions to acquire research and brokerage services.

If a fund's offering documents or a separately managed account client's investment management agreement permit, we may add leverage to a client's portfolio in the form of borrowing. In doing so, a client's portfolio will incur interest expense on the borrowings used to leverage its positions. To the extent that a client engages in derivatives transactions that require initial margin, interest expense may be required to be paid on initial margin posted in the account's favor.

From time-to-time we engage outside counsel and financial advisors (including, without limitation, tax advisors and third-party valuation providers), with regards to matters relating to particular instruments held in client portfolios (such as, among others, a workout situation). Certain clients are contractually obligated to pay a proportionate amount of the fees of such counsel and financial advisors. We pay the balance of such fees not borne by those clients, which results in a benefit to our clients who are not contractually obligated to pay a portion of such fees. From time-to-time, certain clients or consultants request that we pay certain costs and expenses relating to analytical services that the consultant provides to us or client accounts. Such clients do not incur any additional fees or expenses in instances where we agree to pay such consultants.

Investors in commingled investment vehicles are subject to their proportional share of the fund's organizational and operating expenses, which, subject to each fund's offering or similar document, typically include, but are not limited to: (i) its operation, administration and management, including, without limitation, the management fees and incentive allocations, fees and expenses of an administrator; (ii) investment expenses, such as expenses incurred in the buying, selling, packaging, structuring and holding of securities and other investments; (iii) legal expenses, including the costs of drafting and maintaining the operative agreements or other related documents; (iv) risk management expenses; (v) the fund's insurance premiums; (vi) internal and external accounting expenses, including fees associated with the valuation or pricing of securities or other instruments in which the fund invests; (vii) audit and tax preparation expenses; (viii) consulting fees, custodian or prime broker fees, brokerage commissions, interest related to margin transactions, leverage and borrowing costs, any fees of the transfer agent and registrar, taxes imposed on the fund; and (ix) the cost of acquiring a surety bond and any extraordinary expenses. Collective investment vehicles that are feeder funds as part of a master-feeder structure indirectly bear the portfolio and other expenses of the master fund (including, without limitation, the types of expenses described above and the fees and expenses of such master fund's administrator) pro rata based on the feeder fund's interest in such master fund. Certain collective investment vehicles may also utilize trading vehicles or other special purpose

vehicles, and all portfolio and other expenses relating to such vehicles are borne by the collective investment vehicles, and in turn by such fund's investors.

If a fund's offering documents or a separately managed account client's investment management agreement permit, we may invest all or a portion of their assets in one or more collective investment vehicles. Such clients bear their proportionate share of the fund's expenses in connection with such investments. When we invest on behalf of a client in a collective investment vehicle not registered with the SEC that is sponsored and/or managed by MacKay Shields, we do not receive a management fee, or incentive allocation (if applicable) from the investment fund with respect to those clients' investments. Instead, such clients pay us a fee in accordance with the applicable offering document or investment management agreement, and which is typically based on all the assets of the client account, including the amounts invested in the collective investment vehicle. With respect to investments in collective investment vehicles that we do not manage, the management fee(s) paid to the third-party investment manager of such investment fund is in addition to the management fee payable to MacKay Shields.

### **Termination for Separately Managed Accounts**

Unless otherwise specified in a client's investment management agreement, our clients have the right to terminate our services any time without penalty. In the event of termination, we will prorate any fees to the date of termination and we will refund any unearned fees for those clients who paid in advance.

### **Sale of Investment Products by Supervised Persons**

There will be instances where registered representatives of our affiliated broker-dealer NYLIFE Distributors LLC ("NYLIFE Distributors"), who in certain cases are employees of our Firm, recommend that a client or investor, or a prospective client or investor, invest in a collective investment vehicle sponsored and/or managed by MacKay Shields. When this occurs, neither MacKay Shields nor any of our supervised persons receive transaction-based compensation – whether asset-based sale charges, service fees or other direct payments – for the sales that result from these recommendations to the advisory client. However, MacKay Shields generally benefits from additional investments made in any such collective investment vehicle, given that management fees in these vehicles are based on a percentage of assets under management. See "Item 14 - Client Referrals and Other Compensation" below.

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

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We receive performance-based fees designed to comply with Rule 205-3 under the Advisers Act in connection with the advisory services we provide to certain separately managed account clients. In addition, we receive performance-based fees in connection with the advisory services we provide to certain collective investment vehicles. Managing accounts that have a performance-based fee at the same time that we manage accounts that only have an asset-based fee is commonly referred to as "side-by-side management." This creates a conflict of interest by giving us an incentive to favor those accounts for which we receive a performance-based fee because we will receive a higher fee if their performance exceeds a designated target or benchmark.

It is our policy not to favor the interest of one client over another. We address the conflicts of interest created by "side-by-side-management" by having a Trade Allocation Policy designed so that all client accounts will be treated fairly and reasonably and no one client account will receive, over time, preferential treatment over another. In addition, it is our policy that we will not permit cross trades between clients unless the portfolio manager instructing the trade deems it in the best interest of both clients at the time and obtains compliance approval of the transaction. Furthermore, we have Short Sale Procedures that require pre-approval of certain short sales and restrict certain short sales.

It is MacKay Shields' goal to provide individualized treatment and customized solutions to our clients and we cannot assure that in every instance an investment will be allocated on a pro-rata basis. Based on the factors listed below, among others, there will be instances in which we allocate a transaction only to certain of the accounts eligible to participate, allocate a larger or smaller portion of a transaction to an account or group of

accounts than to other accounts participating in the transaction, or exclude certain accounts from participating in a transaction that may be suitable for the account(s).

When determining which accounts will participate in a trade, we will consider various criteria which may include, but are not limited to: (i) client cash limitations; (ii) actual and anticipated or potential account inflows and outflows; (iii) duration and/or average maturity; (iv) credit ratings and anticipated credit ratings; (v) account size, deal size, trade lots; (vi) processing costs; (vii) existing exposure to an issuer or industry type, and other concentration limits; (viii) specific investment objectives, investment guidelines and anticipated guidelines changes; (ix) regulatory requirements and/or tax considerations; (x) borrowing capacity; and (xi) other practical limitations.

If an order is filled in its entirety, it will generally be allocated among clients in accordance with the target allocation. If the order is partially filled, it will typically be allocated pro-rata based on the target allocation methodology, subject to the considerations described in the preceding paragraph, unless that would be impractical. For all investment teams, if in our judgment or as a result of factors described above, the amount that would then be allocated to an account would not be suitable or be too small to properly manage, that account may be excluded from the allocation.

We have determined that pre-allocating fixed income trades based on predetermined allocation amounts is not feasible or practicable for all instances given the unique nature of their respective markets and client requirements, or the information limitations specific to a deal. In those cases, an allocation will be made promptly following execution but generally no later than the end of the trading day. Such orders will be based upon the criteria noted above and will not unfairly discriminate against or advantage one account over another over time. More detailed information about our allocation and aggregation practice is found under “Item 12 - Brokerage Practices,” below.

## **ITEM 7: TYPES OF CLIENTS**

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We provide discretionary investment management services primarily to institutions, such as SEC-registered investment companies and other collective investment vehicles, insurance companies, corporate pension funds, endowments and foundations, Taft-Hartley plans, wrap fee programs, non-U.S. collective investment vehicles, non-U.S. clients and high net worth clients. We manage collective investment funds and separate accounts for our affiliates. See “Item 5 - Fees and Compensation,” above, and “Item 10 - Other Financial Industry Activities and Affiliations,” below.

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

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MacKay Shields offers a variety of fixed income strategies and solutions that clients can select depending on their investment objectives. Each of our Firm’s investment teams has their own distinct investment process. Below is a general summary of the investment strategies and the investment process of each of the teams and should not be understood to limit in any way our investment activities.

Investment strategies may be available through separately managed accounts, wrap programs and/or collective investment vehicles. Clients for whom we provide separately managed account services may adopt investment guidelines, subject to our approval, that combine elements of the different investment strategies we offer. To the extent that the information in this Brochure conflicts with an investment management agreement or investment guidelines governing a separately managed account, the investment management agreement and investment guidelines will control.

Investors or potential investors in collective investment vehicles should refer to the offering memorandum or prospectus for those funds for a description of the investment strategies and risks associated with those funds. The information contained in this Brochure is subject in its entirety to and superseded by the disclosure in such offering memoranda or prospectuses. Collective investment vehicles may be subject to restrictions on the types of investors who may invest. Nothing in this Brochure is intended as an offer to sell securities.

Clients participating in a wrap program that MacKay Shields sub-advises should refer to the sponsor's wrap fee program brochure for fee information and additional disclosures.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken will be subject to various market, liquidity, currency, economic, political and other risks and, as a result, investments may lose value. Material risks will vary based on the types of investments purchased for the relevant strategy. Please see "Material Risk Factors" below.

### **Methods of Analysis and Sources of Information**

Our methods of investment analysis include economic and industry analysis, fundamental research concerning specific companies, securities and issuers, quantitative analysis, technical analysis including computerized screening, evaluation and optimization techniques, and any other method that one or more of our investment personnel may deem appropriate from time-to-time. We may not utilize each of the described methods in connection with each investment strategy or with respect to particular portfolios. Our investment professionals obtain information from a variety of sources, including:

- Meetings and discussions with industry analysts and issuers;
- Discussion of publicly available information with issuers and company personnel, on-site inspections and issuer sponsored meetings;
- With respect to new issues and private placements, the underwriter or placement agent;
- Discussion with a company's customers, competitors and suppliers;
- Computerized screening, evaluation, optimization studies and reports, trade journals and services, governmental publications, statistical summaries and analysis;
- Reports from rating agencies, financial analysts and various news and industry sources, as well as on-line articles and periodicals; and
- Such other sources as one or more of our investment personnel deem appropriate from time-to-time.

The investment guidelines for portfolios are generally monitored using security and issuer information that is obtained from external data providers and/or internal sources. We rely on the accuracy of the information obtained from the external data providers and our investment teams. For new issues, we initially rely on the accuracy of the information provided by the issuer and underwriter of the new issue. For the avoidance of doubt, absent specific written direction from a client, MacKay Shields is responsible for determining how to appropriately classify an issue or issuer for purposes of monitoring investment guidelines and reporting, including without limitation, country and industry sector classifications. Such methods of classifications are subject to change in MacKay Shields' sole discretion and without notice.

### **Investment Strategies**

Our Firm has several investment teams that offer a variety of fixed income investment strategies and solutions. MacKay Shields' investment teams are: Convertibles, Emerging Market Debt, Global Fixed Income, High Yield, and MacKay Municipal Managers™. Certain of our investment mandates are managed cooperatively by more than one investment team.

#### ***Convertible Investment Team***

The Convertible investment team seeks to maximize total return while protecting against downside risk. The team uses a bottom-up approach to identify the merits of convertible securities relative to the underlying common stocks. The team's analysis of a convertible security involves, among other considerations, assessing the issuer's fundamental business and financial statements, estimating a reasonable valuation for the issuer's common shares, and the merits of the convertible security as a vehicle through which an investor can

participate in the potential appreciation of the issuer's common shares. In addition, by analyzing the security's bond features, the team seeks to assess the level of downside protection inherent in the security should the common shares decline in value. Such analysis would include scrutinizing a bond's put and call features, the bond's maturity date and the debt structure, asset value, cash flow and fixed obligations of the issuer. The investment team also analyzes the underlying stock volatility, and the value of the securities without the convertibility feature. The combination of evaluating downside and upside potential for each convertible, in conjunction with convertible valuation models and fundamental analysis of the convertible's underlying equity securities, is a hallmark of the investment team's investment approach.

The Convertible investment team may take into account a convertible valuation model, which is a bond and option valuation model that determines the theoretical values of the convertibles based on the price movement of the underlying common stock. It may also utilize third-party models.

Buy and sell decisions are based on both quantitative factors and fundamental judgment. If in the judgment of the Convertible investment team, a convertible no longer has an attractive risk/reward profile, or if the investment team believes that company fundamentals are deteriorating, the security may be sold.

### *Emerging Market Debt Investment Team*

The Emerging Market Debt investment team is comprised of investment personnel employed by NYL Investments UK LLP, an affiliate of MacKay Shields, who have been appointed as dual-hatted officers of MacKay Shields to provide investment management services to clients of MacKay Shields. For additional information regarding NYL Investments UK LLP please see "Item 10 - Other Financial Industry Activities and Affiliations" below.

The Emerging Market Debt investment team incorporates a top down and bottom-up approach, driven by disciplined fundamental research, and is tailored to clients' risk tolerance and constraints. The opportunity set is defined with an emphasis on liquidity and left-tail risk mitigation. As a starting point the team will typically eliminate smaller issuers and issuers with the weakest credit quality. The research process consists of three concurrent pillars: Sovereign research, which is the cornerstone of the team's approach, global macro analysis and corporate credit analysis.

The global macro pillar focuses on exogenous developed-market and global forces influencing emerging markets debt performance. The macro pillar drives top-down portfolio risk budgeting and informs high-level asset class allocation as well as country weights in the portfolio. The sovereign research pillar focuses on idiosyncratic, country-specific factors. This analysis drives top-down country weights and bottom-up sovereign security selection. Sovereign analysis frequently also feeds into corporate security selection. The corporate credit research pillar uses a proprietary quantitative model to help prioritize the team's resources with respect to sovereign, sector or idiosyncratic credit analysis. When putting forward a security selection idea for debate, credit analysts will model how each new idea will impact portfolio risk. This seeks to avoid undesired exposures to certain factors or excessive concentration in regions or countries.

If permitted by a client's investment guidelines and subject to appropriate accounts being opened with third parties, certain of the investment strategies managed by the Emerging Market Debt investment team may use derivatives, including, but not limited to, Treasury futures and currency forwards or may involve shorting instruments such as Treasury securities.

### *Global Fixed Income Investment Team*

The Global Fixed Income investment team incorporates an integrated top-down and bottom-up approach in the decision-making process. The team's philosophy is rooted in the belief that debt markets do not reward for inappropriately high levels of risk, and therefore, the team seeks to identify and mitigate uncompensated risk while seeking diversified sources of excess return.

The top-down element of the Global Fixed Income team's investment process incorporates an analysis of the important economic underpinnings of the market's risk cycle. The investment team believes that monetary

policy, as influenced by central bank actions, is a significant contributor to credit creation and an important driver of the inflection points in the market cycle. However, monetary policy alone is not the only driver of credit and therefore careful attention is paid to other influencing factors.

The bottom-up component of the investment team's investment process feeds into its macro analysis to help identify significant changes in financial market conditions, real economic developments, and available credit. Individual credits are run through a multi-factor analysis of financial and non-financial risk characteristics seeking to gain a complete picture of the credit profile of an issuer. In the case of securitized assets, the team conducts a thorough evaluation of an issuer's underwriting standards, analyzes the level of credit enhancement, the strength of the servicer and the quality of the underlying collateral. Sovereign investments are influenced by a country's current account, rate of economic growth, level of inflation, amount of foreign reserves, political stability and bankruptcy laws to evaluate the attractiveness of the cost of debt of each country relative to the risk factors identified.

When Investment opportunities are analyzed for possible inclusion into a portfolio, the investment team looks to accomplish two important goals: (1) quantify the downside risk; and (2) measure the upside potential in a relative value context. Bottom-up research complemented with a top-down macroeconomic overlay can help identify those securities having the most attractive risk/return profiles. Given the asymmetric risk-return profile of certain investments, the team believes a strong focus on downside protection in the pursuit of diversified sources of excess return is required to invest successfully in the market. The Global Fixed Income investment team has established various forums that meet regularly to discuss specific investments, asset allocation and portfolio exposures in the context of these important risk factors.

If permitted by a client's investment guidelines and subject to appropriate accounts being opened with third parties, certain of the investment strategies managed by the Global Fixed Income investment team may use derivatives, including, but not limited to, Treasury futures, Credit Default Swaps and currency forwards, or may involve shorting instruments such as Treasury or corporate securities.

### *High Yield Investment Team*

The High Yield investment team's strategy employs a bottom-up, value-oriented approach to investing in the high yield market. The investment team seeks to maximize the default adjusted yield and spread of a diversified portfolio.

The team assesses the credit risk of potential investments by reviewing, among other things, capital structure, covenants, asset coverage, cash flow generating profile, risk of default, and anticipated recovery value. The investment team's process focuses on high yield instruments that, in the judgment of the investment team, have a large margin-of-safety represented by excess asset coverage (i.e., the value of the company relative to debt) and the ability to generate free cash flow over time.

The investment team categorizes positions in its portfolios into one of four risk groups. When assessing relative value of investments in the various risk groups for purchase or sale for client portfolios, the team focuses on the appropriate yield and spread differences among risk groups, which depends on the market environment.

The High Yield investment team will generally sell a position for one of the following reasons: 1) when the price or spread makes its relative value unattractive; 2) when a company's fundamentals worsen to a point that, in the judgment of the investment team, asset coverage becomes insufficient; 3) for diversification purposes; or 4) to satisfy investment guidelines and restrictions.

Subject to client constraints, the High Yield investment team may invest in a variety of debt obligations, including, but not limited to, bonds, notes, leveraged loans, convertible securities and preferred stock. Also subject to client constraints, the investment team may invest opportunistically in equities and emerging market debt instruments in certain strategies, as well as derivatives, including, but not limited to, currency forwards.

### *Municipal Investment Team*

The MacKay Municipal Managers™ investment team uses a fundamental value approach combined with a top-down macro view and bottom-up, credit research-driven security selection in the construction of U.S. tax-exempt and taxable municipal portfolios.

The MacKay Municipal Managers™ investment team's investment philosophy is centered on an actively managed, research-driven relative value approach that incorporates: 1) active management designed to capitalize on market inefficiencies, to seek a yield advantage, and to achieve an attractive after-tax total return; 2) a disciplined investment process, focused on reducing volatility; and 3) fundamental, bottom-up credit research that takes into consideration the regulatory, political and tax related factors specific to the municipal market.

Where so directed for client portfolios with specific tax sensitivities, the investment team considers tax effects in its decision-making process by incorporating the client's current and expected effective tax rate, and capital gain and loss restrictions.

The MacKay Municipal Managers™ investment team's process seeks to capitalize on opportunities created by the mispricing of securities and information gaps. The investment team evaluates technical trends and analyzes individual issues, while emphasizing risk control. Their value-oriented, fundamental investment approach focuses on research, risk management, and trading, and their process encompasses sector/security allocation, credit selection, yield curve positioning, and buy/sell trade execution.

The MacKay Municipal Managers™ investment team begins by outlining its macro view regarding the economy, interest rates, inflation, geo-political concerns (including pending legislation that impact taxes and sectors of the municipal market). This top-down component guides the investment team's decisions relating to portfolio weightings for credit ratings, structures, states, yield curve positioning and sectors. The investment team's investment philosophy does not seek to make interest rate calls or duration bets. Instead, the investment team looks to maintain duration neutrality within a certain range of the relevant benchmark.

The MacKay Municipal Managers™ investment team's fundamental bottom-up security selection process includes a review of individual securities, from both a credit perspective and a spread, or relative value, perspective. The investment team's credit review includes examining documentation such as the official statement, financial reports, and/or capital program plans. In addition, the investment team analyzes cash flows, the individual security features of bonds and, when relevant, the demand features of a project. Furthermore, by understanding the political purpose behind a project, the investment team seeks to gain additional insight into the support for the securities should the bonds come under economic pressure (i.e., toll roads, airports, etc.). Depending upon the sector, the investment team reviews collateral such as mortgages, reserve funds, negative pledges and guarantees.

The MacKay Municipal Managers™ investment team incorporates an exit strategy into the evaluation of new prospective holdings. Some reasons to exit a position include, but are not limited to: (1) realization of the full potential return; (2) a change in outlook for the security or if the security no longer fits the investment guidelines of the portfolio; (3) a change in the issuer's financial position; or (4) a change in credit rating.

Subject to client constraints, certain investment strategies managed by the MacKay Municipal Managers™ investment team may use derivatives, such as Treasury futures, currency forwards or Credit Default Swaps, or may involve shorting instruments such as Treasury securities.

## Material Risk Factors

*Below is a summary of material risks that apply to the investment strategies managed by our investment teams. The information set forth below cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular fund or account. Rather, it is a summary of the material risks that apply to the strategies employed by one or more of our investment teams, the securities and other instruments in which one or more of our investment teams may invest, and our business generally.*

## Investment-Related Risks

**Asset-Backed Securities.** Asset-backed securities (“ABS” or “Asset Backed Securities”) are securities the payments on which are provided primarily or exclusively by a discrete pool of financial assets. The financial assets, consisting of consumer or commercial obligations, are transferred into limited-purpose vehicle structures designed to reduce or eliminate risks so that the primary risk of payments on the issued securities is performance by the underlying obligors on the financial assets. Through the use of special purpose trusts, corporations and other vehicles, a broad range of securitization techniques are applied to create different types of securities backed by financial assets. Various types of financial assets are securitized, including consumer obligations in the form of automobile loans and leases, credit card receivables and student loans, and commercial debt obligations in the form of equipment loans and leases, floorplan leases, small business loans, large corporate loans and commercial mortgage loans. Holders of asset-backed securities are exposed to various risks, including credit risk, market risk, liquidity risk, structural and legal risks, interest rate risk, concentration risk, operational risk, regulatory risk, and other risks as more fully described below. Risks also arise from discretionary behavior of the issuer or its service providers performing obligations under securitization agreements, such as remedial decision-making by servicers, voluntary seller buybacks from, or contributions to, an underlying pool of loans, or issuer or collateral manager reinvestments of proceeds of loans that are repaid or sold. An originator or sponsor may perform more than one role in a securitization process, simultaneously serving as originator of loans, servicer, administrator, underwriter, provider of liquidity, provider of hedging, or credit enhancer. A multiplicity of roles may be involved, often through a single firm for one or more securitizations.

**Auction Rate Securities Risk.** Auction rate securities usually permit the holder to sell the securities in an auction at par value at specified intervals. The dividend is reset by “Dutch” auction in which bids are made by broker-dealers and other institutions for a certain amount of securities at a specified minimum yield. The dividend rate set by the auction is the lowest interest or dividend rate that covers all securities offered for sale. While this process is designed to permit auction rate securities to be traded at par value, there is the risk that an auction will fail due to insufficient demand for the securities.

**Build America Bonds Risk.** The Build America Bond (“BAB”) market is smaller and less diverse than the broader municipal securities market. BABs are a form of municipal financing. Bonds issued after December 31, 2010, do not qualify as BABs because the BAB enabling legislation expired on December 31, 2010. It is difficult to predict the extent to which a market for such bonds will develop and there can be no assurance that BABs will be actively traded. BABs may experience greater illiquidity than other types of municipal securities, which may have a negative effect on the value of the bonds.

**Closed-End Fund Risk.** Closed-end funds are investment companies that generally do not continuously offer their shares for sale. Rather, closed-end funds typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market, Inc. Closed-end funds are subject to management risk because the adviser to the closed-end fund may be unsuccessful in meeting the fund's investment objective. Moreover, investments in a closed-end fund generally reflect the risks of the closed-end fund's underlying portfolio securities. Closed-end funds may also trade at a discount or premium to their NAV and may trade at a larger discount or smaller premium subsequent to purchase by a fund. Closed-end funds may trade infrequently and with small volume, which may make it difficult for a portfolio to buy and sell shares. Closed-end funds are subject to management fees and other expenses that may increase their cost versus the costs of owning the

underlying securities. A fund may also incur brokerage expenses and commissions when it buys or sells closed-end fund shares.

[Commercial Mortgage-Backed Securities](#). The risks associated with investments in commercial mortgage-backed securities (“CMBS”) reflect the risks of investing in the real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants. Real property is susceptible to certain specific risks, such as acts of God, including earthquakes, floods and other natural disasters, acts of war or terrorism, changes in governmental laws and regulations, including local zoning ordinances and the related costs of compliance, environmental risks and risk of loss associated with uninsured or under-insured real property. If any of these or similar circumstances arise, it may reduce the return from an affected property which may, in turn, reduce the payments on the securities held by a client.

CMBS obligations represent only an investor’s ownership interests in the issuing entity, whose primary assets are the mortgage loans being securitized. Repayment on the mortgage loans underlying CMBS are generally dependent on the cash flow of the mortgaged properties securing such mortgage loans. Effects on economic, political, environmental and governmental conditions at any given time may have an effect on a mortgaged property’s ability to generate cash flow by reducing occupancy, lowering prevailing market rental rates, increasing defaults among tenants and introducing use restrictions on the mortgaged property, among others. Any such decrease in cash flow at a given mortgaged property may have a negative effect on the related borrower’s ability to pay its monthly debt service payments. Furthermore, as most mortgage loans included in CMBS transactions are interest only for the term of the mortgage loan with balloon payments due at maturity, the ability of a related borrower to sell the mortgaged property or refinance the mortgage loan at the scheduled maturity date may affect the borrower’s ability to repay the principal due at maturity. Additionally, CMBS products generally rely on third-party service providers to enforce yield maintenance charges and prepayment premiums due on the underlying mortgage loans and to make advances in respect of defaulted and/or delinquent loans. Third-party service providers may have interests that are different than those of the holders of the securities, and may, at times, have interests that are adverse to those of the holders of the securities. Holders of CMBS have limited control over the actions of third-party service providers and may not effectively be able to replace any such service provider. There can be no assurance that third-party service providers will act in the best interests of our clients or that MacKay Shields will have the ability to exercise any control rights with respect to such service providers.

[Committee Participation](#). Although we have no obligation to do so, we, on behalf of one or more clients, sometimes participate in ad hoc committees of unsecured creditors, committees of secured creditors, committees of cross-holders or similar bodies or other committees in seeking to improve our clients’ recoveries with respect to borrowers or otherwise negotiate directly with borrowers with respect to restructuring their debt or their capital structure. There can be no assurance of obtaining results that are favorable to our clients. We may participate, on behalf of one or more clients, on official unsecured creditor committees appointed by trustees in bankruptcies, where we are deemed to have duties to other creditors of the borrower, which might thereby expose us or our clients to liability. In connection with some reorganizations or financial restructurings, it is possible that claims are made, or litigation is commenced or threatened, against the borrower, us, and/or our clients who participate in such reorganizations or restructurings. In cases where we are unable to conclude negotiations, we may, but are not obligated to, take actions against a borrower, which may include, declaring default or acceleration, commencing legal action, instituting a proceeding seeking a judgment of insolvency or bankruptcy, or any other relief under applicable laws affecting creditors rights, which actions might expose us or our clients to liability or counterclaims. In certain cases, we may decide not to participate on a committee or may not be permitted or be able to do so, which could limit a client’s recovery. In addition, participation in restructuring activities frequently provides the participant with material non-public information that may restrict our ability to trade in any of the company’s securities on behalf of our clients. Determination of whether information is material and non-public and how long such information restricts trading is sometimes a matter of considerable uncertainty and judgment. Furthermore, participation on such committees may result in MacKay Shields’ clients incurring expenses, including legal fees.

[Convertible Securities Risk.](#) Convertible securities may be subordinate to other securities. In part, the total return for a convertible security depends upon the performance of the underlying stock into which it can be converted. Also, issuers of convertible securities are often not as strong financially as those issuing securities with higher credit ratings, are more likely to encounter financial difficulties and typically are more vulnerable to changes in the economy, such as a recession or a sustained period of rising interest rates, which could affect their ability to make interest and principal payments. If an issuer stops making interest and/or principal payments, the strategy could lose its entire investment.

[Counterparty Risk.](#) MacKay Shields expects to cause clients to establish relationships to obtain financing, derivative execution, derivative intermediation and prime brokerage services that permit MacKay Shields to trade in any variety of markets or asset classes over time. However, there can be no assurance that clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit MacKay Shields' trading activities, create losses, preclude us from engaging in certain transactions or prevent MacKay Shields from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on a MacKay Shields' business due to the need for such counterparties. We effect certain transactions in the "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, MacKay Shields enters into contracts directly with dealer counterparties, which may expose clients to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, clients may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if MacKay Shields had caused such clients to enter into contracts with multiple counterparties. Certain OTC derivative contracts require collateral to be posted. If there is a default by a counterparty, under most normal circumstances clients will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of a portfolio being less than if we had not caused such client to enter into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of securities from such counterparty or the payment of claims therefor may be significantly delayed, and MacKay Shields may recover substantially less than the full value of the securities entrusted to such counterparty. In addition, it is possible that legal and regulatory reforms may impact the laws that apply to insolvency proceedings and may impact whether a client may terminate its agreement with an insolvent counterparty. Collateral that MacKay Shields causes a client to post to its counterparties that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty was to become insolvent, such a client may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return. In addition, we may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to a client's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on a client and its assets. Investors in fund should assume that the insolvency of any such counterparty would result in significant delays in recovering the fund's assets from, or the payment of claims by, such counterparty and a loss to the fund, which could be material.

[Credit Default Swaps.](#) Credit default swaps may be used to implement MacKay Shields' view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, MacKay Shields may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. MacKay Shields may also buy credit default protection with respect to a referenced entity if, in our judgment, there is a high likelihood of credit

deterioration. In such instance, the applicable clients will pay a premium regardless of whether there is a credit event.

**Currency Risk.** The value of a client's assets may be affected favorably or unfavorably by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred by clients when a strategy changes investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments.

**Debt Securities Risk.** The risks of investing in debt securities or loans include (without limitation): (i) credit risk – the issuer may not repay the loan created by the issuance of that debt instrument; (ii) maturity and duration risk – a debt instrument with a longer maturity or duration may fluctuate in value more than one with a shorter maturity or duration; (iii) market risk – low demand for debt instruments may have a negative impact on their price; (iv) interest rate risk – when interest rates go up, the value of a debt security generally goes down, and when interest rates go down, the value of a debt security generally goes up; (v) selection risk – the instruments that we select may underperform the market or other instruments selected by other managers; (vi) call risk – during a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce a strategy's income, if the proceeds are reinvested at lower interest rates; and (vii) extension risk – during a period of rising interest rates prepayments may decrease, thus effectively lengthening the maturity and duration and causing its value to decline even more.

**Derivatives Risk.** The use of derivatives may increase the volatility of the value of a portfolio and may involve a large amount of risk and potential loss relative to a small investment of cash and thus may have a leveraging effect on the client's portfolio. For example, forward commitments pose the risk that the security, currency or other asset subject to the forward commitment may be worth less when it is issued or received than the price agreed to when the commitment was made. Swap agreements may be difficult to value and may be susceptible to liquidity and credit risk. Futures contracts may result in losses in excess of the amount invested in the futures contract, and which may be unlimited. Derivatives may also be subject to counterparty risk, that is, the risk that the other party in the transaction will not fulfill its contractual obligations. Certain derivatives transactions may require the posting of initial and/or variation margin (including, but not limited to, futures, forward settling mortgage transactions, and swaps), which is at risk of loss if the market moves against a portfolio's position. If a portfolio does not provide the required margin within the prescribed time, its position may be liquidated at a loss, and the portfolio will be liable for any resulting deficit in its account which may require it to sell other positions at disadvantageous prices. Derivatives may not perform as intended and, if used for hedging purposes, may not be effective in offsetting losses on the positions being hedged.

**Distressed Securities Risk.** Investments in distressed securities are subject to substantial risks in addition to the risks of investing in other types of high-yield securities. Distressed securities are speculative and involve substantial risk that principal will not be repaid. Generally, a holder will not receive interest payments on such securities and may incur costs to protect its investment. In addition, a holder's ability to sell distressed securities and any securities received in exchange for such securities may be restricted.

**Emerging Markets.** Investing in emerging markets involves certain risks and special considerations which at times may be heightened when compared to investing in other more established economies or securities markets. Such risks may include: (1) the risk of nationalization or expropriation of assets or confiscatory taxation; (2) social, economic and political instability and uncertainty, including war; (3) dependence on exports and the corresponding importance of international trade; (4) price fluctuations and greater price volatility, less liquidity, less available information and smaller capitalization of securities markets; (5) currency exchange rate fluctuations; (6) rates of inflation; (7) controls on foreign investment and limitations on repatriation of invested capital and on the Fund's ability to exchange local currencies for U.S. dollars; (8) governmental involvement in and control over the economies; (9) that governments may decide not to

continue to support economic reform programs generally and could impose centrally planned economies; (10) differences in and/or lack of uniform auditing and financial reporting standards which may result in the unavailability of material information about issuers; (11) less extensive regulation of the securities markets; (12) the settlement period of securities transactions in non-U.S. markets may be longer; (13) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (14) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. sub-custodians and securities depositories; (15) imposition of certain taxes; (16) higher transaction costs; and (17) difficulty in enforcing contractual obligations.

Taxation of interest, dividends, capital gains, and other income, as well as gross sale or disposition proceeds, received by non-residents varies among emerging countries and, in some cases, tax rates may be high. In addition, emerging countries typically have less well-defined tax laws and procedures. With respect to certain countries, there is a possibility of expropriation and confiscatory taxation.

In emerging markets, there may be less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in other more established countries. Whatever supervision is in place may be subject to manipulation or control. While many emerging market countries have mature legal systems comparable to those of more developed countries, others do not. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in certain countries. There may also be difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

**Equity Securities Risk.** Investments in common stocks, other equity securities and convertible securities are particularly subject to the risk of changing economic, stock market, industry and company conditions and the risks inherent in our ability to anticipate such changes that can adversely affect the value of a strategy's holdings. Opportunity for greater gain often comes with greater risk of loss.

**Exchange Traded Fund ("ETF") Risk.** The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile than the underlying portfolio of securities. Disruptions in the markets for the securities underlying ETFs purchased or sold by the strategy could result in losses on the strategy's investment in ETFs. ETFs also have management fees that increase their costs versus owning the underlying securities directly.

**Extension Risk.** Extension risk is the risk of a security's expected maturity lengthening in duration due to the deceleration of prepayments. This may magnify the effect of increases in interest rates, as securities may be likely to be prepaid when interest rates rise.

**Floating and Variable Rate Debt Risk.** Floating and variable rate debt, which includes floating rate loans, provide for a periodic adjustment in the interest rate paid. The rate adjustment intervals may be regular and range from daily up to annually, or may be based on an event, such as a change in the prime rate. Although certain floating rate loans are collateralized, there is no guarantee that the value of the collateral will be sufficient to repay the loan. In times of unusual or adverse market, economic or political conditions, floating rate loans may experience higher than normal default rates. Floating and variable rate debt may be subject to greater liquidity risk than other debt instruments, meaning that there may be limitations on the strategy's ability to sell the instruments at any given time. The presence of a floor (which typically is based on LIBOR) in floating rate and variable rate debt instruments may result in coupon payments that remain unchanged when interest rates rise. While floors ensure a minimum yield, they can also act as an anchor until the reference rate of the floating rate and variable rate debt instrument breaches the level established by the floor. So long as the underlying reference stays below the floor, floating rate and variable rate debt instruments with this

feature will behave more like conventional bonds in that coupon payments will remain unchanged. Such instruments also may lose value.

[Foreign Investment Risk.](#) Investments in foreign securities or loans are subject to risks that differ from those of U.S. issuers. These risks may include, but are not limited to: fluctuating currency values; less liquid trading markets; greater price volatility; political and economic instability; less publicly available information about issuers; changes in U.S. or foreign tax or currency laws; and changes in monetary policy. Foreign securities or loans may be more difficult to sell than U.S. securities or loans. These and other risks may be greater in emerging market countries, the economies of which tend to be more volatile than the economies of developed countries. To the extent a strategy invests to a significant extent in a particular country or region, a strategy's performance may be affected by political, social and economic conditions in that country and/or geographical region or operational risks particular to that country or region.

Investments in foreign securities or loans may also involve higher brokerage and custodian fees and may also incur higher expenses and costs, which could affect a strategy's total return. The risks of investing in foreign securities or loans in emerging market countries are likely to be greater than in foreign countries with developed securities markets and more advanced regulatory regimes.

Additionally, investments in depositary receipts may entail the special risks of foreign investing, including currency exchange fluctuations, government regulations, and the potential for political and economic instability. Furthermore, it may be difficult to invoke legal protections across borders.

[High-Yield Securities Risk.](#) Investments in high-yield securities (i.e., rated Ba3 or lower by Moody's Investors Service, Inc., BB- or lower by Standard & Poor's Ratings Services or comparably rated by another nationally recognized statistical rating organization ("NRSRO") or those that are not rated by a NRSRO, but that have characteristics of high-yield securities), are sometimes considered speculative as they present a greater risk of loss than higher quality securities. Such securities may, under certain circumstances, be less liquid than higher rated securities. These securities pay investors a premium (a high interest rate or yield) because of the increased risk of loss. These securities can also be subject to greater price volatility. In times of unusual or adverse market, economic or political conditions, these securities may experience higher than normal default rates.

[Interest Rate Risk.](#) Interest rate risk is the risk that the market value of the bonds owned by an account will fluctuate as interest rates go up and down. For example, when interest rates go up, the market value of bonds owned by an account generally will go down. Nearly all fixed income strategies are subject to this type of risk, but investment strategies utilizing bonds with longer maturities are more subject to this risk than an account holding bonds with shorter maturities.

[Investment funds not registered with the SEC Risk.](#) The investment strategies and risks associated with investment funds not registered with the SEC that certain investment strategies may utilize are described in the offering memoranda for those funds. Investors should carefully review the offering memoranda for additional information about the risks associated with those funds.

[Investment Grade Securities Risks.](#) Investment-grade securities (i.e., rated Baa3 or better by Moody's Investors Service, Inc., BBB- or better by Standard & Poor's Ratings Services or comparably rated by another nationally recognized statistical rating organization ("NRSRO") or those that are not rated by a NRSRO, but that have characteristics of investment-grade securities) are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, the market perception of the creditworthiness of the issuer and general market liquidity.

[Investment Management Risk.](#) Our judgments regarding markets and investments may be incorrect, and the investment strategies, practices and risk analysis that we use may not produce the desired results.

[Leverage and Borrowing Risk.](#) Leverage, including borrowing, will cause the value of an account to be more volatile than if the account did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the account's portfolio securities. Where permitted by a client's investment guidelines, we may engage in transactions or purchase instruments that give rise to forms of leverage. In addition, where permitted by the client's investment guidelines, we may borrow money for the purpose of leveraging the portfolio. The use of leverage may cause an account to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations.

A portfolio will also incur interest expense on the borrowings used to leverage its positions. To the extent that a portfolio's assets have been leveraged through the borrowing of money, the purchase of securities on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by the account fail to cover such costs the net asset value of the portfolio may decrease faster than if there had been no borrowings.

In addition, to the extent that futures, swaps and other derivative financial instruments are used, it should be noted that they inherently contain much greater leverage than a non-margined purchase of the underlying security, commodity or instrument. These products are typically subject to variation or other interim margin requirements which may force premature liquidation of investment positions.

[Liquidity Risk.](#) The value of illiquid instruments may reflect a discount from the market price of comparable securities and loans for which a liquid market exists, and accordingly may have a negative effect on the value of a strategy's assets. Securities and loans that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the instruments, market events, economic conditions or investor perceptions. To meet client requests to withdraw assets, a strategy may be forced to sell securities or loans at an unfavorable time and/or under unfavorable conditions. Low trading volume, lack of a market maker, large position size or legal restrictions (including price fluctuation limits or "circuit breakers," an affiliation with the issuer of a security or possession of material non-public information about the issuer) may limit or prevent the strategy from selling particular instruments or unwinding derivative positions at desirable prices. Holding less liquid instruments increases the likelihood that the strategy will honor a redemption request in-kind. Legislative and policy developments in the United States and elsewhere are causing dealers in fixed income securities to reduce their inventories, which may make securities less liquid and more volatile and may exacerbate price declines in periods of economic stress.

[Loan Interest Risk.](#) In a typical loan syndication, a number of lenders, usually banks (co-lenders), lend a borrower a specified sum pursuant to terms and conditions of a loan agreement. One of the co-lenders generally acts as the agent bank with respect to the loan; where loans are purchased via assignment, the owner becomes a direct lender. A loan assignment is the actual sale of the loan, in whole or in part, where the owner of the portion of the loan assigned is considered a lender under the loan agreement. A loan participation means that the original lender maintains ownership over the loan and that the owner of the loan participation interest does not have a credit relationship with the borrower. As such, the owner of the participation interest generally will not be entitled to enforce its rights against the agent bank or borrower and must rely on the lending institution for that purpose.

The principal credit risk associated with acquiring a loan interest is the credit risk associated with the underlying borrower. Additional credit risk exists with a loan participation interest rather than a loan assignment because of the risk of insolvency of the co-lender from which the loan participation was originally purchased and that of any person interposed between the owner of the loan participation and the co-lender.

There may not be a readily available market for loan interests, which in some cases could result in the strategy disposing of such interests at a substantial discount from face value or holding such interests until maturity. There is also the credit risk of the underlying corporate borrower as well as the lending institution or other participant from whom the owner purchased the loan participation interests.

In addition, the notional exposure of a client's portfolio may exceed the cash value of the portfolio due to the lengthy settlement period typical for loans (which may be 30 days or more). This leverage is the result of the portfolio having an economic interest in a loan it purchases prior to the date that the cash for such loan is actually paid by the client's account.

Loss of Money Risk. Investing in securities involves risk of loss that clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors.

Market Changes Risk. The value of the strategy's investments may change because of broad changes in the markets in which the strategy invests, which could cause the strategy to underperform other funds or accounts with similar objectives.

Money Market/Short-Term Securities Risk. To the extent a strategy holds cash or invests in short-term securities, there is no assurance that the strategy will achieve its investment objective.

Mortgage Dollar Roll Transaction Risk. Mortgage dollar roll transactions are subject to certain risks, including the risk that securities delivered at the end of the roll, while substantially similar, may be inferior to what was initially sold to the counterparty or may have a lower value. These transactions may involve leverage, as the client may be exposed to changes in value of its current investments as well as those to be delivered at the end of the roll.

Municipal Securities Risk. Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers, and the possibility of future tax and legislative changes that could affect the market for and value of municipal securities. These risks include: (i) General Obligation Bonds Risk – timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base; (ii) Revenue Bonds (including Industrial Development Bonds) Risk – these payments depend on the money earned by the particular facility or class of facilities, or the amount of revenues derived from another source, and may be negatively impacted by the general credit of the user of the facility; (iii) Private Activity Bonds Risk – Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise; the private enterprise pays the principal and interest on the bond, and the issuer does not pledge its full faith, credit and taxing power for repayment; (iv) Moral Obligation Bonds Risk – moral obligation bonds are generally issued by special purpose public authorities of a state or municipality; if the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality; (v) Municipal Notes Risk – municipal notes are shorter-term municipal debt obligations that pay interest that is, in the opinion of bond counsel, generally excludable from gross income for federal income tax purposes (except that the interest may be includable in taxable income for purposes of the federal alternative minimum tax) and that have a maturity that is generally one year or less; if there is a shortfall in the anticipated proceeds, the notes may not be fully repaid and the strategy may lose money; and (vi) Municipal Lease Obligations Risk – in a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation; although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property.

To be tax exempt, municipal bonds must meet certain regulatory requirements. If a municipal bond fails to meet such requirements, the interest received by the strategy from its investment in such bonds may be taxable. It is possible that interest on a municipal bond may be declared taxable after the issuance of the bond, and this determination may apply retroactively to the date of the issuance of the bond, which could cause a portion of prior distributions made by a strategy to be taxable in the year of receipt. It is also possible that future legislation or court decisions would adversely affect the tax-exempt status, and thus the value, of municipal bonds or certain categories thereof.

[Prepayment Risks](#). Prepayment risk is the risk that the issuers of the bonds will prepay them at a time when interest rates have declined. Because interest rates have declined, we may have to reinvest the proceeds in bonds with lower interest rates, which can reduce returns.

[Ratings-Related Risks](#). Ratings assigned by Moody's, S&P, Fitch and/or other nationally recognized statistical rating organizations ("NRSRO") to securities are only the views of those NRSROs and are not a guarantee of quality. NRSROs attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. Also, NRSROs may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. No assurance can be given that ratings assigned will not be withdrawn or revised downward if, in the view of Moody's, S&P, Fitch, or other NRSROs circumstances so warrant. Many issuers do not have their securities rated by the NRSROs in order to save costs and investment in such unrated issues poses risks associated with potential lower levels of credit-related information for investors and absence of or more limited third-party surveillance of such issuers.

[Real Estate Investment Trust Risk \(REITs\)](#). Investments in REITs involve risks associated with direct ownership of real estate, including decline in property values, extended vacancies, increases in property taxes, and changes in interest rates. Additionally, REITs are dependent upon management skills, may not be diversified, may experience substantial cost in the event of borrower or lessee defaults and are subject to heavy cash flow dependency.

[Regional Focus Risk](#). At times, we may increase the relative emphasis of our investments in a particular region or country. Issuers in a particular region or country might be affected by changes in economic conditions or by changes in government regulations, availability of basic resources or supplies, or other events that affect that region or country more than others. If the strategy has a greater emphasis on investments in a particular region or country, it may be subject to greater risks from adverse events than a strategy that is more geographically diversified.

[Short Selling Risk](#). If a security sold short increases in price, the strategy may have to cover its short position at a higher price than the short sale price, resulting in a loss. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited. By contrast, a loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot go below zero.

With respect to our long/short and leveraged strategies, if a security sold short increases in price, the strategy may have to cover its short position at a higher price than the short sale price, resulting in a loss. The strategy will have substantial short positions and must borrow those securities to make delivery to the buyer. The strategy may not be able to borrow a security that it needs to deliver or it may not be able to close out a short position at an acceptable price and may have to sell related long positions before it had intended to do so. Thus, the strategy may not be able to successfully implement its short sale strategy due to limited availability of desired securities or for other reasons.

The strategy also may be required to pay a premium for a security and other transaction costs, which would increase the cost of the security sold short. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the strategy may be required to pay in connection with the short sale.

Until the strategy replaces a borrowed security, it is required to maintain a segregated account of cash or liquid assets with a broker or custodian to cover the strategy's short position. Generally, securities held in a segregated account cannot be sold unless they are replaced with other liquid assets. The strategy's ability to access the pledged collateral may also be impaired in the event the broker fails to comply with the terms of the contract. In such instances the strategy may not be able to substitute or sell the pledged collateral.

Additionally, the strategy must maintain sufficient liquid assets (less any additional collateral pledged to the broker), marked-to-market daily, to cover the short sale obligations. This may limit the strategy's investment flexibility, as well as its ability to meet redemption requests or other obligations.

Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited. By contrast, a loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot go below zero. By investing the proceeds received from selling securities short, the strategy could be deemed to be employing a form of leverage, which creates special risks. The use of leverage may increase the strategy's exposure to long positions and make any change in the strategy's net asset value greater than it would be without the use of leverage. This could result in increased volatility of returns. There is no guarantee that the strategy will leverage a portfolio, or if it does, that any such leveraging strategy will be successful.

Regulatory authorities in the United States or other countries may prohibit or restrict our ability to fully implement the short-selling strategy, either generally or with respect to certain industries or countries, which may impact our ability to fully implement our investment strategies. Certain foreign countries have adopted, and others may adopt, rules restricting the short-selling of certain stocks. Typically, these restrictions have been focused on financial stocks. The duration and scope of these restrictions have varied from country to country.

**Short Term Trading Risk.** Some of our strategies may experience a portfolio turnover rate of greater than 100%. Strategies with high turnover rates (over 100%) often have higher transaction costs and may generate short-term capital gains.

**Synthetic Convertible Securities Risk.** The values of a synthetic convertible and a true convertible security may respond differently to market fluctuations. In addition, in purchasing a synthetic convertible security, the strategy may have counterparty (including counterparty credit) risk with respect to the financial institution or investment bank that offers the instrument. Purchasing a synthetic convertible security may provide greater flexibility than purchasing a traditional convertible security.

**Tender Option Bond Trusts ("TOB Trusts").** In a typical TOB Trust transaction, a client (on its own or together with other depositors) deposits a municipal security or a basket of municipal securities into a special purpose entity, the TOB Trust. The TOB Trust issues certificates that bear interest at floating short-term tax-free rates ("Participations" or "floaters") to outside parties and residual interests ("residual interests" or "inverse floaters") to the client and other depositors, if applicable. The use of inverse floaters creates effective leverage. Due to the leveraged nature of these investments, the value of an inverse floater will increase and decrease to a significantly greater extent than the values of the TOB Trust's underlying municipal bonds in response to changes in market interest rates or credit quality. An investment in inverse floaters typically will involve greater risk than an investment in a fixed rate municipal bond, including, in the case of recourse inverse floaters (discussed below), the risk that the Fund may lose more than its original principal investment. Additionally, the Fund's use of TOB Trusts is subject to the following risks:

**Need of Continued Demand for Trust Certificates.** The TOB Trust structure depends upon the ability of the remarketing agent to successfully remarket tendered trust certificates and the remarketing agent's continued willingness and ability to commit capital to such structures. Additionally, trust certificates are typically purchased by tax-exempt money market funds, which are subject to regulatory requirements regarding the types of investments they can make as well as diversification.

**Duration Risk of TOB Trusts.** The leverage of the TOB Trust residual interests to which the account will have may vary. As a result, the account may be required to directly collateralize or pay the swap counterparty for collateralizing the TOB Trust in a certain amount of the principal value of the municipal securities held by the Trust to support any margin call should the value of these municipal securities decline.

**Effect of Interest Rate Changes Generally and on TOB Trust Residual Interests.** All fixed income securities, including Tax Preferred Securities, entail some degree of interest rate risk. An increase in interest rates will

generally result in a decrease in the prices of bonds. Interest rate risk can be measured by the price change of a security given a one basis point move in the yield of the security. This price change, multiplied by the notional amount of the security, equals the dollar amount of the interest rate risk.

TOB Trust residual interests are “inverse floaters” – their yield is equal principally to the difference between the fixed interest rate on the long-term Tax Preferred Securities held by the TOB Trusts and on the distribution rate on Participations. If municipal short-term rates increase, so will the distribution rate on the short-term floating rate trust certificates, and the yield on the TOB Trust residual interests will be eroded. Without sufficient return on its TOB Trust residual interests to at least defray the account’s interest-rate and duration hedging costs, the portfolio is likely to incur a decline in yield.

[To-Be-Announced Securities \(TBAs\) Risk.](#) The value of the to-be-announced security may decline prior to when the security is received. The Federal Reserve Bank of New York’s Treasury Market Practices Groups (“TMPG”) recommended that market participants exchange two-way variation margin on a regular basis to mitigate counterparty credit and systemic risks. While the counterparty credit risk is significantly mitigated, margin and documentation requirements increase the cost of TBA trades, including costs associated with wiring of cash to meet variation margin calls and interest expense required to be paid on variation margin posted in your favor.

[Turnover/Frequent Trading Risk.](#) Portfolio turnover is a measure of how frequently assets within a portfolio are bought and sold. The turnover rate for a portfolio will vary from year to year and depending on market conditions, turnover could be greater in periods of unusual market movement and volatility. In addition, portfolio turnover rates may vary based on how such rates are calculated. A higher portfolio turnover rate is a result of frequent trading and involves correspondingly greater expenses to the portfolio, including brokerage commissions, dealer mark-ups, or other transactional costs. The use of futures or other forward settling derivatives may result in the appearance of higher portfolio turnover as positions are rolled forward in order to maintain a specific exposure.

[Unit Investment Trusts.](#) Unit Investment Trusts (“UITs”) are a type of registered investment company. UITs typically issue redeemable securities that the UIT will buy back from an investor, at the investor’s request, at the unit’s approximate net asset value. The UITs in which an account may invest may have a relatively fixed portfolio of securities consisting of shares of closed-end municipal bond funds or municipal bonds or other Tax Preferred Securities.

[Valuation Risk.](#) There is no central place or exchange for fixed-income securities trading. Fixed-income securities and loans generally trade on an “over-the-counter” market, which may be anywhere in the world where the buyer and seller can settle on a price. Due to the lack of centralized information and trading, the valuation of fixed-income securities and loans may carry more risk than that of common stock.

Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes may lead to inaccurate asset pricing. In addition, other market participants may value securities and loans differently. As a result, when a security or other instrument is sold in the market, the amount that the fund or account receives may be less than the amount at which it was valued.

Valuations of the assets, which will affect the amount of fees (including, to the extent applicable, performance compensation) payable to MacKay Shields may involve uncertainties and judgmental determinations, and if such valuations prove to be incorrect, client portfolio value could be adversely affected. For example, in the case of an overvaluation of a client’s portfolio, MacKay Shields’ compensation would be greater than if the correct lower valuation had been used.

[When-Issued Securities Risk.](#) The principal risk of transactions involving when-issued securities is that the security will be worth less when it is issued or received than the price the strategy agreed to pay when it made the commitment.

## Non-Investment Related Risks

**Business Interruptions Risk.** Our investment advisory activities or operations could be interrupted or adversely affected by extraordinary events, emergency situations or circumstances beyond our control, including, without limitation, outbreaks of infectious diseases, pandemics or other serious public health concerns, war, terrorism, failure of technology, accidents, disasters, government macroeconomic policies or social instability. In order to mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plans. These plans are designed to ensure that we provide our advisory and other services to our clients without interruption and may require, among other things that our employees work and access our information technology, communications or other systems from their homes or other remote locations.

Although we have a business continuity plan to enable personnel to work remotely and effectively, there is no assurance that this will work effectively at all times. In order for employees to effectively work remotely, our technologies and other operational infrastructure must function properly. Any failure in the proper functioning of such technologies or other operational infrastructure could disrupt remote employees' abilities to adequately carry out their functions, which could have a material adverse effect on our business.

**Cyber Security and Privacy Risk.** Due to the increased use of and dependence on technology in the ordinary course of business, investment managers and any third parties may be susceptible to breaches in cyber security. Such incidents may have an adverse impact on MacKay Shields and/or its clients and portfolio companies and may result in regulatory penalties, reputational damage, business interruption, loss of critical personal or business information, misappropriation of assets, additional compliance costs associated with corrective measures, and/or financial loss. While MacKay Shields has implemented a framework to address such cyber security risks, there are inherent limitations in any cyber security program, including the possibility that certain risks have not been identified, and there is no assurance that the framework implemented by MacKay Shields will be effective. Unintentional cyber incidents can occur, such as the inadvertent release of confidential information, which could expose our client's personal information to third parties and result in financial harm to them and the violation of applicable privacy laws.

As part of its business, Mackay Shield and its service providers, processes, stores and transmits large amounts of electronic information, including information relating to the transactions and personally identifiable information of MacKay Shields' clients and investors in collective investment vehicles. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties may be susceptible to compromise, leading to a breach of the network maintained by a service provider to the Firm. Our service providers' systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided may also be susceptible to compromise. Breach of a service providers' information systems may cause information relating to the transactions of a client or investor and/or their personally identifiable information to be lost or improperly accessed, used or disclosed. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of a client or investor and/or their personally identifiable information may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of MacKay Shields', its client's or its investor's proprietary information may cause financial loss, the disruption of business, liability to third parties, regulatory intervention, or reputational damage.

**Market Event Risk:** Market risks include political, regulatory, market and economic developments, including developments that impact specific economic sectors, industries or segments of the market, which may affect the value of a client's investment. Turbulence in financial markets, tariffs and other protectionist measures, political development and uncertainty, central bank policy, and reduced liquidity in equity, credit and fixed

income markets may negatively affect many issuers worldwide, which could have an adverse effect on a client's investment. During a general downturn in the securities markets, multiple asset classes may be negatively affected. Geopolitical and other events, including war, terrorism, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and in the future may lead, to disruptions in the US and world economies and markets, which may increase financial market volatility and have significant adverse direct or indirect effects on an account and its investments. Market disruptions could cause an account to lose money, experience significant redemptions, and encounter operational difficulties. Although multiple asset classes may be affected by a market disruption, the duration and effects may not be the same for all types of assets.

Moreover, political developments, such as the impact of both executive and legislative elections around the world could create significant uncertainty with respect to legal, tax and regulatory regimes in which a registered fund, as well as the Firm, will operate. Changes in policy resulting from new governments and administrations could result in a number of changes to US and non-US economic, national security, fiscal, tax and other policies, as well as the global financial markets generally. Any significant changes in, among other things, economic policy, the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on a client's investments.

**Regulatory Risk.** U.S. and Foreign Government regulation and/or intervention may change the way MacKay Shields is regulated, may affect the value of its investments, and may limit and/or preclude the Firm's ability to achieve its investment objectives. Government regulation may change frequently and may have significant adverse consequences. Moreover, government regulation may have unpredictable and unintended effects. In addition to exposing MacKay Shields to potential new costs and expenses, additional regulation or changes to existing regulation may also require changes to the Firm's investment practices.

In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased regulatory scrutiny of the private funds industry in general, and greater regulation of the industry has periodically been proposed in the United States. At any time after the date of this Form ADV, legislation may be enacted that could negatively affect the holdings of MacKay Shields and regulation may change the way in which the Firm is regulated. MacKay Shields cannot predict the effects of any new governmental regulation that may be implemented, and there can be no assurance that any new governmental regulation will not adversely affect the Firm's ability to achieve its investment objectives.

**Responsible Investing Risks.** Each of our investment teams has adopted Responsible Investing Policies. Due to the breadth of each investment team's investment activities, procedures may vary, not be applicable in certain cases, or MacKay Shields may not have discretion or control with respect to operational and other material decisions related to certain investments. The likely impact on the return of an investment from an actual or potential material decline in the value of an investment due to an environmental, social, and governance ("ESG") related event or condition will vary and depend on several factors including, but not limited to, the type, extent, complexity and duration of the event or condition, prevailing market conditions, and the existence of any mitigating factors. Additionally, certain of MacKay Shields' investment teams do, and in the future may, manage mandates that emphasize Responsible Investing as a primary factor in strategy construction, including, without limitation, investment strategies pursuant to which MacKay Shields will primarily seek to invest in assets that meet its proprietary ESG criteria or as defined by a client. Such Responsible Investing focused investment strategies can cause an account to perform differently compared to accounts that do not utilize a Responsible Investing focused investment strategy. For example, the investment decisions made pursuant to Responsible Investing focused investment strategies may result in an account not participating in certain investment opportunities when it might be otherwise advantageous to do so or selling certain instruments for Responsible related reasons when it might be otherwise disadvantageous to do so.

There are significant differences in interpretation of what it means for a company to have positive or negative ESG characteristics and others may not agree with the assessments conducted by our investment teams. The data used to determine whether companies are managed and behave responsibly is gathered through external

data sources and internal research. The subjective nature of nonfinancial criteria means that a wide variety of financial outcomes are possible and the data available may not adequately address what our investment team(s) believe to be material sustainability factors. The analysis is also dependent on companies disclosing relevant data and the availability of this data can be limited. There is no guarantee that measures taken by MacKay Shields' analysis of ESG-related risk factors will identify certain material deficiencies and/or mitigate or prevent risks from materializing.

[Systems and Operational Risks Generally.](#) MacKay Shields relies heavily on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain investments, to monitor client portfolios and capital, and to generate risk management and other reports that are critical to oversight of its activities. In addition, MacKay Shields relies on information systems to store sensitive information. Certain of MacKay Shields's activities are dependent upon systems operated by third parties, including prime brokers, administrators, custodians, agent banks, market counterparties and other service providers, and MacKay Shields may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by MacKay Shields, prime brokers, administrators, custodians, agent banks, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in MacKay Shields's operations may cause clients to suffer, among other things, financial loss, the disruption of business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on clients.

[Service Provider and Data Source Risk.](#) MacKay Shields relies on third-party service providers to (i) provide information relating to instruments and the markets that MacKay Shields relies on in providing advisory services; and (ii) analyze and review information MacKay Shields provides to them and to produce performance and other data reports (the information, analysis, review, and reports together are "Data"). If Data supplied by these service providers were to be incorrect or incomplete, our investment analysis and reports may be incorrect or adversely impacted and our strategies may not perform as expected. MacKay Shields seeks to detect whether Data are inaccurate or incomplete and reports these issues to its service providers, but cannot always detect problems with Data supplied to it before the Data are used. If Data are discovered to be incorrect or incomplete, MacKay Shields will take all reasonable steps to correct the Data.

While MacKay Shields seeks to protect itself contractually when it engages services providers, these contractual provisions may be insufficient to protect MacKay Shields. For example, MacKay Shields service providers may be affected by viruses, power outages, or other acts beyond MacKay Shields control. They may not be able to prevent an employee or third-party from stealing or affecting MacKay Shields data. Further, any of our service providers could, without notice to MacKay Shields, cease doing business, file for bankruptcy, or sell all or a part of its business to another company. Any of these actions could adversely affect MacKay Shields and may seriously disrupt its business.

[Technology and Licensing Risk.](#) MacKay Shields relies heavily on the use of proprietary and non-proprietary software, data and intellectual property being licensed to us on a non-exclusive basis by commercial software analytics, research and data supply entities. To the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, virus or other outside force, MacKay Shields' business, including its financial condition, and/or client portfolios may be adversely affected. In addition, if the licensed material is found to be owned by a third-party, and not by the licensing company, as represented, MacKay Shields' business, including our financial condition, and/or our client's portfolios could be adversely affected.

[Use of Artificial Intelligence and Machine Learning.](#) Recent technological advances in artificial intelligence, generative artificial intelligence, and machine learning technology (collectively, "Machine Learning Technology") pose risks to the Firm and the companies in which it invests. The Firm, and the companies in which it invests could be further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to the Firm, also use Machine Learning Technology in their business activities. The Firm will not be in a position to control the operations of third-party service

providers or counterparties, the manner in which third-party products are developed or maintained or the manner in which third-party services are provided.

The Firm's use of Machine Learning Technology and the use by any of the parties described in the previous paragraph could include the input of confidential information (including material non-public information) — either by third parties in contravention of non-disclosure agreements (or similar undertakings or obligations of confidentiality) or by personnel of the Firm in contravention of the Firm's policies — into Machine Learning Technology applications, resulting in such confidential information becoming part of a dataset that is accessible by other third-party Machine Learning Technology applications and users. Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning Technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error — potentially materially so — and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent that the Firm and the companies in which it invests are exposed to the risks of Machine Learning Technology, any such inaccuracies or errors could have adverse impacts on the Firm and its investments. Machine Learning Technology and its applications, including in the private investment and financial sectors, continue to develop rapidly, and it is impossible to predict the future risks that will from time to time arise from such developments.

#### **ITEM 9: DISCIPLINARY INFORMATION**

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There are no legal or disciplinary events involving MacKay Shields or its management persons that are material to our advisory business or to the management of client accounts.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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The following relationships or arrangements with related persons are material to our business and have the potential to create conflicts of interest:

##### **Ownership, Management and Compensation**

Mackay Shields is a wholly-owned subsidiary of NYLIM Holdings, which in turn is a wholly-owned subsidiary of NYLIC. Our Board of Managers includes certain senior executives of NYLIC and NYL Investments and their affiliates. In addition, certain non-investment functions consist of employees of, or are otherwise supported by resources and services of, NYL Investments and NYLIC.

MacKay Shields has established and controls various entities whose purpose is to serve as the general partner, managing member, or equivalent role of commingled investment vehicles managed by MacKay Shields or its affiliates. Certain of MacKay Shields' senior employees are Directors or officers of such entities and/or of investment vehicles sponsored and/or managed by MacKay Shields. MacKay Shields does not receive compensation for providing access to such personnel from these entities.

Some of our employees are officers, directors and/or approved persons of NYLIC, NYL Investments or other affiliated companies. Some of our employees are also directors of certain investment funds not registered with the SEC that we or our affiliates sponsor. In addition, some of our senior employees participate in various committees of NYL Investments. Such employees do not receive additional compensation for providing such services.

Employees whose total compensation exceeds a pre-defined threshold may elect to have MacKay Shields allocate up to two-thirds of their long-term incentive compensation to track the investment returns of one or more registered investment companies for which we act as sub-adviser, or private funds not registered with the SEC for which we act as investment adviser. Such investments will be made directly by MacKay Shields in its own name, and applicable employees will not have any ownership interest in such funds in connection with the long-term incentive compensation program. The portion of their long-term incentive compensation that tracks the investment returns in such registered and non-registered investment funds is subject to gains

and losses based on the performance of those investment funds. This creates a conflict of interest as certain employees may have an incentive to favor investment funds in which a portion of their long-term incentive compensation has been invested when allocating investment opportunities. If such favoritism were to occur, it might lead to better performance results for such funds to the detriment of other accounts, which may ultimately result in higher compensation for such employees. MacKay Shields has policies and procedures in place, such as its Trade Allocation and Insider Trading Policies, which are designed to address these conflicts of interest.

Notwithstanding the above, Mackay Shields exercises independent judgment in the management of our clients' investments.

MacKay Shields claims exemptions to the Commodity Pool Operator and Commodity Trading Advisor registration categories under the Commodity Exchange Act of 1936, as amended. Similarly, certain investment funds not registered with the SEC for which we or our affiliates, may act as general partner, managing member, or equivalent role of, claim available exemptions to the Commodity Pool Operator category under the Commodity Exchange Act of 1936, as amended.

### **Investment Management Relationships Involving Affiliates**

MacKay Shields currently acts, or in the future is expected to act, as investment manager, investment adviser, or sub-adviser for:

- Accounts as to which NYLIC, NYL Investments, NYL Investors LLC, the New York Life Foundation, or their affiliates advise, sponsor, act as trustee, or have a substantial interest (including portions of the general accounts of NYLIC and its affiliated insurance companies);
- Investment funds belonging to the NYLI family of funds that include, The NYLI Funds, NYLI VP Funds Trust, NYLI Funds Trust, as well as open-end registered investment companies for which NYL Investments is the investment adviser and administrator and NYLIFE Distributors acts as principal underwriter and distributor;
- Closed-end registered investment companies for which NYL Investments is the investment adviser and administrator and NYLIFE Distributors acts as principal underwriter and distributor;
- ETFs belonging to the NYLI ETF Trust, where NYL Investments acts as the advisor and NYLIFE Distributors provides certain distribution-related services to the Trust;
- UCITS funds for which an affiliate is the investment adviser and/or controls the management company.
- Investment funds not registered with the SEC for which we, our affiliates, or senior officers of any of the aforementioned entities may act as general partner, manager, investment adviser, sponsor or otherwise have a substantial interest;
- Wrap fee programs with respect to which NYL Investments provides advisory services; and
- Accounts that are investment vehicles for insurance products sponsored by NYLIC (or its affiliated insurance companies) or that are subject to contractual insurance arrangements with NYLIC (or its affiliated insurance companies).

Conflicts may arise as to the allocation of investment opportunities among those clients and our other clients that provide an incentive for us to favor those clients. Also, where the client is an account that serves as an investment vehicle for an insurance product sponsored by NYLIC (or its affiliated insurance companies) or that is contractually insured by NYLIC (or its affiliated insurance companies), we may have an incentive to manage the account in a manner that may mitigate the risk of insuring the account but which reduces its return potential. We have adopted a Trade Allocation Policy designed so that trades are allocated among client accounts in a fair and reasonable manner and that no one client account will receive over time preferential treatment over another in the allocation of investment opportunities. For more information regarding these policies and procedures, see "Item 6 - Performance-Based Fees and Side-by-Side Management," above, "Item

11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below, and “Item 12 - Brokerage Practices,” below.

Certain of our investment personnel participate in Asset Allocation Committee discussions with NYL Investments’ portfolio managers as it relates to certain sleeves of affiliated mutual funds that are sub-advised by MacKay Shields. In these instances, the MacKay Shields’ individuals will only have access to the portfolio holdings for the fund sleeve managed by MacKay Shields and not the entire portfolio holdings. The NYL Investments’ portfolio managers will not direct the investment management of the MacKay Shields’ portfolio sleeves, except to the extent that the Asset Allocation Committee discusses derivative overlay investments made by MacKay Shields to adjust the mutual fund’s equity or fixed income exposures. In addition, the NYL Investments’ portfolio managers will not have access to individual securities in the MacKay Shields’ portfolio sleeves prior to their public dissemination. NYL Investments’ portfolio managers may have access to portfolio level details such as duration, credit, sector exposure and can speak to the respective MacKay Shields’ portfolio manager on portfolio characteristics. The NYL Investments’ portfolio managers may also have access to the derivative overlay investments made by MacKay Shields, such as futures, options, forwards and swaps, so long as the underlying reference asset is, for example, a broad-based index (defined as 30 or more names) or U.S. Treasuries. The NYL Investments’ portfolio managers will not have access to derivatives where the underlying is a narrow-based index (i.e., less than 30 names) or on single securities. The NYL Investments portfolio managers’ personal trading is monitored daily against the NYLIM Holdings and MacKay Shields’ trading blotters.

NYL Investments UK LLP (“NYLI UK”) is an affiliate of MacKay Shields and is headquartered in London, United Kingdom. NYLI UK is authorized and regulated as an investment manager under the UK Markets in Financial Instruments Directive with the UK Financial Conduct Authority.<sup>1</sup> NYLI UK employs investment personnel focused on managing emerging market debt assets who have been appointed as dual-hatted officers of MacKay Shields to provide portfolio management, research, trading and related services to certain clients of MacKay Shields. Additionally, MacKay Shields has delegated investment advisory services to NYLI UK for certain client accounts, and NYLI UK’s investment personnel provide investment research services, including investment recommendations, to MacKay Shields’ investment personnel. NYLI UK investment personnel’s duties and responsibilities are dedicated to providing investment advisory services to MacKay Shields and its clients, as well as to NYLIC and its affiliated insurance companies.

MacKay Shields has shared services arrangements in place with NYLI UK and NYL Investments Europe Limited (“NYLI Europe”). NYLI Europe is an affiliate of MacKay Shields, that is headquartered in Dublin, Ireland and is authorized and regulated as an investment manager and Alternative Investment Fund Manager under the European Union’s Alternative Investment Fund Manager Directive with the Central Bank of Ireland.<sup>2</sup> Pursuant to these shared services agreements, MacKay Shields provides support services including but not limited to, technology, finance, legal and compliance, operations, and human resources, to NYLI Europe and NYLI UK.

#### **Affiliated Institutional Distribution Team**

MacKay Shields, as well as certain of its affiliated advisers, has entered into services agreements with NYL Investments and NYLIFE Distributors for the provision of sales and marketing support services. Pursuant to the agreements, NYL Investments provides administrative agent, referral, sales, and marketing support services, and NYLIFE Distributors provides distribution services, with respect to certain pooled investment vehicles and managed accounts managed by MacKay Shields. Such services include introducing prospective investors to affiliated investment advisers and providing written materials about MacKay Shields or an investment product. Employees of NYL Investments comprise an institutional distribution team that renders such services, and certain personnel of NYL Investments have been dual hatted to MacKay Shields in order to

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<sup>1</sup> NYLI UK was previously a subsidiary of MacKay Shields and was named MacKay Shields UK LLP. Effective January 1, 2025, the ownership structure of NYLI UK changed from MacKay Shields to its parent company, NYLIM Holdings, and the name was changed.

<sup>2</sup> NYLI Europe was previously a subsidiary of MacKay Shields and was named MacKay Shields Investment Management Limited prior to June 7, 2024. Effective January 1, 2025, the ownership structure of NYLI Europe changed from MacKay Shields to its parent company, NYLIM Holdings.

provide the services. MacKay Shields provides compensation to NYL Investments for the provision of its services, which creates a conflict of interest to the extent that NYL Investments has a financial incentive to recommend a MacKay Shields investment strategy or product that results in additional compensation to NYL Investments. Any applicable conflict of interest is disclosed if required by the Marketing Rule, as described below.

### **Affiliated Broker-Dealers**

Some of our employees, including some of our senior officers, are registered with the Financial Industry Regulatory Authority (“FINRA”) as representatives and principals of our affiliate NYLIFE Distributors, which, like MacKay Shields, is a wholly-owned subsidiary of NYLIM Holdings. NYLIFE Distributors is registered as a broker-dealer with the SEC.

Registered representatives of NYLIFE Distributors, who may be employees of our Firm or our affiliates, may:

- Promote the sale of various SEC-registered investment companies, such as, but not limited to, NYLI Funds and ETFs, to registered representatives of other broker-dealers, who may recommend that their clients purchase these products;
- Promote the sale of investment funds not registered with the SEC sponsored by MacKay Shields or one or more of our affiliates; and
- Assist NYL Investments in making presentations to investment consultants with respect to our sub-advisory services for wrap fee programs for which NYL Investments provides advisory services.

Registered representatives of NYLIFE Distributors, who may be employees of our Firm or our affiliates, may sell interests in commingled investment vehicles not registered with the SEC (i.e., private funds) that we or our affiliates manage or sub-advise. The sale of interests in these private funds by employees that are registered representatives of NYLIFE Distributors, is a factor that is considered in determining their annual compensation.

We do not execute transactions on behalf of our client accounts with affiliated brokers.

### **Other Arrangements with Affiliates**

From time-to-time, we enter into agreements with our affiliated investment advisers or related persons by which the affiliated investment adviser or related person utilizes the services of one or more of our employees and may pay a fee to us, or we utilize the services of one or more employees of an affiliated investment adviser or related person and may pay a fee to the affiliated investment adviser or related person. In these arrangements, the employee is subject to our supervision and supervision by the affiliated investment adviser or related person.

We have entered into, and in the future may enter into arrangements with our affiliates to recommend clients or investors to each other. If we pay a cash fee to anyone for soliciting clients or investors in private funds on our behalf (such persons, “promoters”) or if we receive a cash fee from another investment adviser for recommending clients to it, we comply with the requirements of Rule 206(4)-1 under the Advisers Act (the “Marketing Rule”) to the extent that they apply. Subject to certain exemptions, the Marketing Rule requires a written agreement between the investment adviser and the promoter and that the promoter provide clear and prominent disclosures concerning the identity of the promoter, the nature of the compensation and applicable conflicts of interests to the potential client at the time that the solicitation is made. As required by the Marketing Rule, except for uncompensated or “de minimis” compensation (as defined in the Marketing Rule) arrangements, we will not engage a promoter if that person has been subject to securities regulatory or criminal sanctions that meet the definition of a disqualifying event under the Marketing Rule within the preceding ten years. Please see “Item 14 - Client Referrals and Other Compensation,” below.

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

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### Code of Ethics

We have adopted the Code of Ethics (the “Code”) of NYL Investments, which includes personal investing activities restrictions and monitoring procedures. The Code of Ethics is designed to comply with Rule 204A-1 under the Advisers Act. MacKay Shields employees are typically considered “Access Persons” under the Code, subject to limited exceptions as may be approved by the General Counsel, Chief Compliance Officer, or their designees. All Access Persons are required to submit at the onset of employment and annually an Acknowledgement of the Code of Ethics. Employees are also required to adhere to additional policies relating to the Code, including, but not limited to: Information Barrier Policy, Insider Trading Policies and Procedures, Gift and Entertainment Policy, Conflicts of Interest Procedures, Policy on Selective Disclosure of Mutual Fund and ETF Portfolio Holdings, Personal Political Contributions Policy, Anti-Bribery and Corruption Policy, Electronic Communications Policy, Social Media Policy, and Standards of Business Conduct.

We permit our personnel to engage in personal securities transactions, including buying or selling securities that we have recommended to, or purchased or sold on behalf of, clients. These transactions raise potential conflicts of interests, including when they involve securities owned or considered for purchase or sale by or on behalf of a client account. Potential conflicts of interest may arise in connection with an employee’s knowledge and timing of transactions, investment opportunities, broker selection, portfolio holdings and investments, including potential conflicts described in “Item 10 - Other Financial Industry Activities and Affiliations” above. All Access Persons are generally required to pre-clear personal trades in covered securities through the automated personal trading system used by the NYL Investments’ Compliance Department. Access Persons deemed Investment Personnel are generally prohibited from executing personal securities transactions in securities within seven days before or after their investment team has made or makes a trade in such securities for a client. Access Persons are generally not permitted to purchase or sell a Covered Security on a day when there is a buy or sell order or transaction for a client. Short-term trading is also generally prohibited, and Access Persons may not engage in a purchase and then sell, or sell and then re-purchase, covered securities within 60 days of the initial transaction. No employee may purchase and sell, or sell and purchase, shares of affiliated mutual funds within 30 days. The 30-day holding period is measured from the time of the most recent purchase of shares of the relevant fund by the Employee. Transactions in affiliated ETFs are subject to a seven-day holding period. In addition, investment personnel are prohibited from trading in options with respect to individual securities.

The NYL Investments Compliance Department conducts reviews of employee trading activity to monitor compliance with the Code. On a quarterly basis, Access Persons are required to submit certain certifications, such as a Quarterly Transaction Certification and a Quarterly Brokerage Account Certification. In addition, annually, all employees are required to file an annual holdings report and certify to their brokerage accounts as of year-end. The NYL Investments Compliance Department maintains a record of documents submitted and conducts a review to identify any issues. The compliance certifications are captured electronically through the automated personal trading system used by the NYL Investments Compliance Department. NYL Investments’ Compliance Department notifies MacKay Shields’ Compliance Department when all employee certifications are completed and will consult with MacKay Shields’ Chief Compliance Officer or his designee if there are any issues.

Certain employees of NYL Investments that are dual-hatted officers of MacKay Shields, or that serve on a MacKay Shields Committee (e.g., Risk Oversight) are subject to the NYL Investments Code of Ethics. In addition, these dual-hatted individuals have their personal trades monitored daily against the NYL Investments and MacKay Shields’ trading blotters. Certain NYL Investments portfolio managers that participate in Asset Allocation Committee discussions with MacKay Shields’ portfolio managers related to mutual funds sub-advised by MacKay Shields also have their personal trades monitored daily against the NYL Investments and MacKay Shields trading blotters.

Certain employees of MacKay Shields are dual-hatted officers of NYL Investments and/or NYLIC and may serve on various NYL Investments and/or NYLIC Committees. These individuals do not have access to the portfolio holdings of accounts owned or managed by NYL Investments or NYLIC. Such employees have their personal trades monitored daily against the MacKay Shields' trading blotter.

MacKay Shields' Chief Compliance Officer has oversight of the daily monitoring of employee personal trades conducted by the NYL Investments Compliance Department and assists in addressing issues and questions that arise. Employees who violate our Code can have their personal securities trading privileges suspended, and we can impose more severe sanctions for violations of the Code and the related policies listed above, including termination of employment. Our Chief Compliance Officer or his designee may grant exceptions to provisions of the Code under special circumstances determined not to present potential harm to clients or conflicts with the spirit and intent of the Code.

We will provide a copy of our Code to any client or prospective client upon request sent to:

MacKay Shields LLC  
299 Park Avenue  
New York, NY 10171  
Attention: Chief Compliance Officer  
Compliance-DB@mackayshields.com

#### **Material Non-Public Information/Information Barrier**

From time-to-time, our personnel or those of our affiliates may come into possession of material, non-public information ("inside information") concerning various companies. We prohibit the use of inside information and maintain a restricted list of securities that may not be purchased or sold by our employees for their own accounts or for client accounts because of the actual or possible possession of inside information. The investment decision making and trading functions at MacKay Shields and our affiliates operate separately from each other. We have established information barrier procedures to limit the sharing of investment decisions among MacKay Shields and its investment affiliates (other than where MacKay Shields is hired by its affiliates to provide investment services), as well as among MacKay Shields' investment teams. In the event such information is shared, appropriate controls are placed around the information in order prevent trading on the basis of such information and to limit any potential conflicts of interest.

Nevertheless, if we, or in certain circumstances our affiliates, possess such information, our ability to buy or sell securities of such issuers for our clients may be restricted, although any such restrictions are expected to be infrequent. We may also impose such restrictions in isolated instances to prevent even an appearance that such information has been used in a manner contrary to law. We are not obligated and may not be permitted to communicate any such information to or for the benefit of our clients or disclose that we are restricted from trading in a particular security or otherwise to act on the basis of any such information in providing services to clients. We may also from time-to-time be subject to limitations on trading in the securities of certain issuers as a result of our clients' holdings or those of our affiliates and their clients.

From time-to-time our investment personnel may serve on the board of directors, a creditors' committee, a bondholders' committee, or similar group associated with an issuer whose securities or other instruments are held in client accounts. This is typically the result of the issuer engaging in a potential refinancing transaction, bankruptcy filing, or reorganization proceeding. MacKay Shields, individually as investment adviser or with other investment advisers or bondholders, may also correspond and enter into discussions and negotiations with issuers, trustees, sponsors, advisors, and/or other parties relating to defaults and alleged defaults by issuers and other parties under the indenture agreements or other documents governing investments held by our clients. As a member of such a committee or engaging in such discussions or negotiations, or as a result of investing in certain securities or assets, we may acquire material non-public information, which may result in restrictions on trading. Investment professionals with material non-public information are prohibited from acting on the basis of any such information in providing services to clients. We may also refrain from receiving material non-public information or from serving on a board of directors, creditors' committee or bondholders'

committee or engaging in such discussions or negotiations in order to avoid restrictions on trading in other securities of the same issuer, even if such material non-public information might otherwise be relevant to our investment decisions.

The investment management and operations functions at MacKay Shields operate separately from our affiliates (other than NYLI UK). These functions include decision-making on what, how and when to buy, sell or hold securities in client portfolios and the trading related to implementation of these decisions and operations. This separation is intended to limit the dissemination of inside information and to permit the investment management, trading and operations functions of each firm to operate without regard to or interference from the other. We believe this separation is in the best interest of clients of the firms as operating independently permits each firm to pursue the investment objectives of clients without reference to limitations resulting from investment activities of the other. To support this structure, we have adopted certain procedures, including a portfolio information barrier between us and these other affiliated investment firms (other than NYLI UK). In the event such information is shared, appropriate controls are placed around the information in order to limit any potential conflicts of interest.

### **Participation or Interests in Client Transactions**

Our employees, their immediate family members, and our affiliates may own and transact in securities that we purchase or sell for our clients, or various instruments of the same issuer. The investments in such issuers could have different rights, for example in the event of a default or restructuring on the part of the issuer, or as a result of a bankruptcy proceeding. These securities include long-term and short-term debt and equity and private securities, and other instruments such as bank loans. The investment strategy for certain clients includes transacting in different securities of the same issuer, different tranches of the same issue or the same issue denominated in different currencies, in the client account. We may purchase a security for one client and sell the same security for another client. Potential conflicts between client accounts are addressed through our procedures for allocating portfolio transactions and investment opportunities, as described under “Item 12 - Brokerage Practices,” below.

In the course of performing investment management services, we may also purchase or sell for our clients’ securities or other investment instruments in which other clients, our affiliates, or the clients of our affiliates have a material financial interest. These practices create conflicts of interest relating to the allocation of limited investment opportunities between affiliated and unaffiliated accounts, allocation of investment opportunities to accounts that pay a performance fee, using information regarding transactions in affiliated accounts to benefit other accounts and placing trades for certain accounts before or after trades for other accounts to take advantage of (or avoid) market impact.

It is our policy not to favor the interest of one client over another. We address the conflicts of interest created by management of affiliated and unaffiliated accounts by having a Trade Allocation Policy designed so that trades are allocated among client accounts in a fair and reasonable manner and that no one client account will receive over time preferential treatment over another. In addition, it is our policy that we will not permit cross trades between clients unless the portfolio manager instructing the trade deems it in the best interest of both clients at the time and obtains advance approval of the transaction from our Compliance Department and, to the extent applicable, the transaction satisfies Rule 206(3)-2 under the Advisers Act. See “Item 6 - Performance-Based Fees and Side-By-Side Management,” above and “Item 12 - Brokerage Practices,” below.

The investment decision making and trading functions at MacKay Shields are autonomous and operate separately from our affiliates (other than NYLI UK). We have established information barrier procedures to limit the sharing of investment decisions among MacKay Shields and its investment affiliates (other than NYLI UK or where MacKay Shields is hired by its affiliates to provide investment services), as well as among MacKay Shields’ investment teams. In the event such information is shared, appropriate controls are placed around the information in order to limit any potential conflicts of interest. The information barrier also limits the dissemination of inside information. See “Item 10 - Other Financial Industry Activities and Affiliations,” above.

Our employees or their immediate family members may personally invest in SEC-registered investment companies and investment funds not registered with the SEC that are managed by the Firm. These investments pose a risk that employees with influence over investment decisions will favor the funds in which they have a personal interest. However, we believe that our Code of Ethics, Trade Allocation Policy, and Insider Trading Policy mitigate these risks. We also believe that employee investments in the funds align the interests of our Firm and our employees with those of our clients.

### **Contemporaneous Trading and Contrary Investment Positions**

We maintain independently managed investment teams, which from time-to-time will compete with each other for the same investment opportunities and/or take positions that are counter to one another. MacKay Shields engages in transactions and investment strategies for certain clients that differ from the transactions and strategies executed on behalf of other clients. At times, two or more of MacKay Shields' investment teams jointly manage the assets of a single client portfolio ("Crossover Mandate"). In such instances, the asset allocation decisions will be discussed amongst the various investment teams, but the day-to-day investment decision-making process will typically be made independently by each team for the portion of the Crossover Mandate that team is responsible for managing.

MacKay Shields invests in all segments of the capital structure on behalf of clients and is not precluded from investing in instruments of a company held in another client account, even if such positions may be adverse to one another. MacKay Shields' client accounts have held, and it is expected that in the future they will at times hold, different investments of the same issuer that have different priorities. These investments create conflicts of interest, particularly because MacKay Shields can take certain actions for clients that can have an adverse effect on other clients (e.g., in connection with refinancing, restructuring, or reorganization situations). For example, certain MacKay Shields clients hold instruments that are senior or subordinated relative to instruments of the same issuer held by other clients in the same or another strategy. This presents a conflict of interest because any action that the portfolio managers of one strategy were to take on behalf of the issuer's senior instrument, for instance, could have an adverse effect on the issuer's junior instrument held by clients of another investment strategy, and vice versa, particularly in distressed or default situations. To the extent MacKay Shields or any of its employees were to serve on a formal or informal creditor or similar committee on behalf of a client, such conflicts of interest may be exacerbated.

MacKay Shields also acts as investment adviser to clients that have issued securities and other instruments, and MacKay Shields may enter into similar investment advisory relationships in the future. Such companies may be investors in collective investment vehicles sponsored or managed by MacKay Shields or its affiliates. MacKay Shields has, and in the future, it is expected that the Firm will, purchase, on behalf of its clients, instruments issued by such companies. However, MacKay Shields is not obligated to purchase or sell or recommend for purchase or sale for any client any security or other asset that we and our employees and affiliates may purchase or sell for their own accounts or for the account of any client.

Additionally, MacKay Shields may make investments for certain clients that we conclude are inappropriate for other clients. For instance, clients within one investment strategy may take short positions in the debt or equity instruments of certain issuers, while at the same time those instruments or other instruments of that issuer are acquired or held long by clients in another investment strategy or within the same strategy.

Accounts may have the same, similar or different investment objectives from one another. The fact that an account will pursue many of the same investment and trading strategies as certain other accounts is likely to have beneficial effects on such other accounts. For example, when multiple accounts establish the same or similar positions, the existence of the accounts' positions could have a beneficial impact on pricing and possibly trading in the relevant market. Such benefits are likely to enhance the value and perhaps the liquidity of other accounts and, consequently, increase the compensation earned by MacKay Shields from such other accounts. Thus, there will be conflicts of interest inherent in managing the multiple accounts simultaneously.

## **Cross Transactions**

We have adopted a policy to provide guidance and direction when we engage in cross trades for any of our client accounts. All cross transactions (i.e., selling a security from one client account to another client account) will be effected in the best interest of each participating client, in accordance with applicable regulations and consistent with our duty to obtain best execution. The appropriateness of a cross transaction will be based on various factors, particularly the type of accounts involved. In certain instances, prior consent must be obtained from the client in writing. Cross trades may be executed for different clients on the same or a different day on which we trade in the same investment for other clients. To the extent that this occurs, it could give rise to a conflict of interest because clients acquiring securities through a cross trade would typically pay lower execution costs than clients purchasing these instruments through a broker-dealer and clients disposing securities through a cross trade would typically receive higher execution proceeds than clients disposing of these instruments through a broker-dealer.

When entering into cross transactions we require, among other things, that the transaction be for no consideration other than cash payments against prompt delivery of the security and is effected at the independent market price of the security determined in accordance with applicable methodology. We may enter into cross transactions involving one or more ERISA accounts only when prior written consent from the plan fiduciary is received, and then only in accordance with applicable law and our written policies. We may enter into cross transactions for registered investment companies if the transactions comply with the exemption provided under Rule 17a-7 of the Investment Company Act of 1940, which sets forth the conditions that must be met.

## **Differing Terms of Investment Products**

MacKay Shields' investment strategies are available through a variety of investment products, including, without limitation, separately managed accounts, private funds, mutual funds, and ETFs. Given the different structures of these products, certain clients are subject to terms and conditions that are materially different or more advantageous than available under different products. For example, mutual funds offer investors the ability to redeem from the fund daily, while private funds typically offer less frequent liquidity. Similarly, a client with a separately managed account will have more transparency regarding the positions held in its account than would be available to an investor in a collective investment vehicle. Further, separately managed account clients have the ability to terminate their investment management agreement with little or no notice (subject to the terms of the investment advisory agreement or similar agreement).

As a result of these differing liquidity and other terms, MacKay Shields may acquire and/or dispose of investments for a client either prior to or subsequent to the acquisition and/or disposition of the same or similar securities held by another client. In certain circumstances, purchases or sales of securities by one client could adversely affect the value of the same securities held in another client's portfolio. In addition, MacKay Shields has caused, and expects that in the future it will cause, certain clients to invest in opportunities with different levels of concentration or on different terms than that to which other clients invest in the same securities. These differences could lead to substantially different investment outcomes among clients investing in the same securities. We seek to tailor our investment advisory services to meet each client's investment objective, constraints and investment guidelines, and MacKay Shields' judgments with respect to a particular client will at times differ from its judgments for other clients, even when such clients pursue similar investment strategies.

## **Non-Exclusive Services**

MacKay Shields' services to each client are not exclusive. Our employees and affiliates may effect transactions for their own accounts and for the accounts of other clients that differ materially from the advice given, or the time or nature of action taken, with respect to a particular client account. Also, it may not always be possible for the same investment positions to be taken or liquidated at the same time or at the same price. Additionally, the nature of managing accounts for multiple clients creates a conflict of interest with regard to time available to serve clients. MacKay Shields and its officers and/or employees will devote as much of their time to the activities of each client as they deem necessary and appropriate. However, a conflict of interest exists as

different clients may often be in competition for the time and effort of MacKay Shields and its officers and/or employees.

MacKay Shields' clients should be aware that although MacKay Shields strives to identify and mitigate all conflicts of interest and seeks to treat its clients in a fair and reasonable manner consistent with its fiduciary duties, there may be times when conflicts of interest are not resolved in a manner favorable to a specific client. Accordingly, MacKay Shields conducts an annual review of its business practices to identify those areas that might pose a conflict of interest between MacKay Shields and its clients. MacKay Shields' Legal and Compliance Departments endeavors to ensure that all relevant disclosures concerning conflicts of interest are included in this Brochure.

## **ITEM 12: BROKERAGE PRACTICES**

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### **Selection and Compensation of Broker-Dealers**

When we select or recommend a broker-dealer for transactions in our clients' accounts, we weigh a combination of criteria regarding the broker-dealer and the reasonableness of its compensation. The factors we may consider in selecting a broker-dealer and determining the reasonableness of its compensation include:

- The broker-dealer's quality of executions, which includes the accuracy and timeliness of executions, clearance of transactions and error/dispute resolution.
- The broker-dealer's ongoing reliability and speed with which transactions are executed.
- The broker-dealer's integrity and its ability to handle transactions and maintain the confidentiality of trading activity and information.
- The broker-dealer's reputation, financial condition, disciplinary history and stability.
- The broker-dealer's compensation, which includes net prices paid or received, negotiated commission rates available and other current transaction costs (e.g., brokerage commission or a mark-up or mark-down). When we evaluate the broker-dealer's compensation, we consider its ability to execute a security transaction in the desired volume, the security price or the spread between the bid and ask prices of the security (fixed income instruments), and the size of a particular security order.
- The broker-dealer's ability to provide access to securities in underwritten offerings and in the secondary market, its willingness to commit its own capital, its trading expertise and market knowledge, and the nature and frequency of its coverage in terms of providing market outlook, quotes on specific securities and sector research.
- The broker-dealer's block trading and block positioning capabilities and ability to execute difficult or complex transactions.
- The broker-dealer's responsiveness to our Portfolio Managers, Traders, and investment operations personnel.
- The nature of the research created or developed by the broker-dealer, which is called "proprietary research" – except where the research results in a mark-up or mark-down of a fixed income security.
- The broker-dealer's access to research that the broker-dealer itself has not created or developed, which is called "third-party research."
- The value and quality of the research and other products and services other than brokerage services that we receive from the broker-dealer or that the broker-dealer pays for (either by cash payments or commission).
- Regulatory, legal and macro-economic matters that may affect the broker-dealer.

When selecting broker-dealers to execute transactions, we seek the best overall execution. In our experience, neither the lowest transaction cost nor the most expeditious execution necessarily correlates to the best trade for the client.

In foreign markets, including those where we regularly purchase and sell securities for clients, commissions and other transaction costs are often higher than those charged in the United States. In addition, we may not have the ability to negotiate commissions in some of these markets. You should also note that services associated with foreign investing, including, but not limited to, custody and administration, are generally more expensive than in the United States.

Certain investment professionals may serve in a dual role and will act in a portfolio manager and trader capacity. In these instances, the same individual will regularly make the investment decision, create the order in the trade order management system, and execute the order.

We have separate investment teams, and certain investment teams compete with each other for the same or similar investment opportunities. In most instances, the broker-dealer will determine the allocation to each team. Where investment opportunities in certain securities and asset classes are limited, a client may not receive an allocation or as large an allocation in respect of limited investment opportunities as it might otherwise receive in the absence of such competition. This can be particularly acute if the market for the securities is illiquid or the supply limited.

Our traders typically do business with broker-dealers who are listed as currently approved brokers-dealers, except where clients have limited or designated specific broker-dealers by appropriate language and such change has been approved by our Firm's Chief Compliance Officer or the General Counsel, or their designee. There may be instances when an investment team may request to transact with a broker-dealer not currently approved. In these instances, the Chief Compliance Officer, the General Counsel, or their designee may grant an exception, subject to certain conditions being met.

We typically effect transactions in over-the-counter ("OTC") instruments directly with principals or market makers by paying a mark-up within the spread of the bid and ask prices of the security and without incurring a commission charge. In addition, we may affect transactions in OTC securities on an agency basis when liquidity permits. The purchase price of an OTC security acquired in an agency transaction could include compensation to the broker-dealer in the form of a mark-up, relative to the broker-dealer's original cost in addition to a commission.

MacKay Shields has policies and procedures in place to limit and monitor gifts and entertainment received from third parties, including broker-dealers that do business with MacKay Shields or wish to do business with MacKay Shields. MacKay Shields' Brokerage Committee routinely reviews its broker-dealers and its efforts to seek best execution in light of current market circumstances and other available information.

### **Soft Dollar Benefits, Proprietary Research**

MacKay Shields does not have any soft dollar arrangements. MacKay Shields does, however, receive, without cost and unrelated to the execution of transactions, a broad range of research services from brokers we transact with, including information on the economy, industries, securities and individual companies, statistical information, market data, complimentary attendance at industry conference and events, access to company management, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information that may affect the economy and/or security prices. We may also pay brokers and their affiliates for certain specialized data and services, such as benchmark information, that are also unrelated to the execution of securities transactions. The research, information and services furnished by these brokers are useful in varying degrees and may be used in servicing our clients. No formula has been established for the allocation of business to such brokers.

MacKay Shields consults with paid (or unpaid) industry experts as part of the Firm's research process. Broker-dealers may also arrange for such meetings. Procedures are in place to monitor the conflicts associated with using such services.

MacKay Shields receives a benefit in connection with the research provided by certain broker-dealers because we do not have to produce or pay for the research ourselves. As a result, we may have an incentive to select

or recommend a broker-dealer based on our interest in receiving the research, rather than on our clients' interest in receiving the most favorable execution of trades. In general, proprietary research furnished by broker-dealers through which we trade are used for the benefit of our clients as a group and not solely or necessarily in all cases for the benefit of the particular client whose trades are handled by the broker-dealer who provides such services. We review the reasonableness of commission and other transaction costs incurred by our clients in light of the facts and circumstances we deem relevant from time-to-time, including information furnished by our traders. Proprietary research that results in a mark-up or mark-down of a fixed income security will not be a factor considered when seeking to execute a transaction with a broker-dealer.

### **Brokerage for Client Referrals**

MacKay Shields has formal and/or informal arrangements in place with brokers and/or affiliates of brokers who market our investment strategies and/or products or otherwise make our investment strategies and/or products available to their respective clients. If we pay a cash fee to anyone for soliciting clients or investors in private funds on our behalf (such persons, "promoters"), we comply with the requirements of Marketing Rule, to the extent that they apply. In certain circumstances, MacKay Shields or our clients compensate these brokers or their affiliates in connection with these arrangements (including, for example, a placement agent fee). In selecting or recommending broker-dealers or other counterparties with whom to execute client transactions, we do not consider a broker-dealer or counterparty's referral of clients to us or to investment funds that we, our related persons or third parties, sponsor or manage. Nonetheless, this practice creates a conflict of interest because we have an incentive to select or recommend a broker based on our interest in receiving client referrals. The allocation of transactions to brokers who (or that have affiliates who) market or otherwise make our investment strategies or products available to their clients is subject at all times to our obligation to obtain best execution.

### **Directed Brokerage**

At a client's request, we may direct trades to broker-dealers or other counterparties, including Futures Commission Merchants. In return for the client's commissions on the transactions, the broker typically provides services directly to the client or pays for certain expenses of the client. A client may also direct us to execute transactions to a specified broker to generate broker commissions in return for which the broker "refunds" a portion of the commission directly back to the client (i.e., "Commission Recapture").

We will not execute directed brokerage transactions on behalf of any client account without written authorization from the client. For all ERISA accounts, these arrangements must be for the "exclusive benefit" of the account directing such brokerage and may not benefit a plan fiduciary. The ERISA plan may be rebated in cash or have the broker pay certain administrative expenses of the plan. We retain the right to refuse to engage in a directed brokerage arrangement where the personnel involved in the management of such client account(s) have concerns about obtaining best execution.

It is important to note that when we satisfy a client's request to direct brokerage, we may not be able to achieve best execution of transactions for that client. Clients who direct us to execute their trades with, or restrict our ability to execute their trades with, certain broker-dealers or counterparties may lose the benefit of more favorable commission rates or more favorable executions that may be obtained, for example, when we bunch or aggregate client orders. In addition, there may be times when trading with a directed broker-dealer or counterparty occurs before or after we have completed the execution of other transactions in that security for other clients. Directing brokerage may cost clients more money.

A directed trade may be executed directly with the broker-dealer or counterparty or may be "stepped out" to that broker-dealer or counterparty. In a step-out transaction, we bunch client-directed brokerage accounts with non-directed brokerage accounts and request that the executing broker allocate a portion of the transaction to the directed broker. In that event, the broker-dealer providing execution services would differ from a particular client's directed broker-dealer or counterparty.

Certain clients may execute trades independently through their broker-dealers or counterparties. Although cost is only one component of best execution analysis, many directed brokerage accounts pay effective rates

or fees that are higher than client accounts that do not have directed brokerage arrangements. In these instances, a client may have an arrangement with the broker-dealer or counterparty to receive a benefit that the client believes justifies the higher expenses.

### **Wrap Fee Programs**

For clients that invest through wrap fee programs, the wrap fee charged by the sponsor firm covers trade and execution services. As a result, the sponsor and client typically request that transactions for clients' accounts be executed by the sponsor of the wrap fee program (or its affiliate) or a broker-dealer designated by the sponsor firm. In the event that the sponsor or designated broker-dealer cannot provide "best execution" for a given transaction, we, as sub-adviser for the wrap fee program, have the discretion to trade away (that is, trade with a different broker-dealer), and the client may incur a commission or other transaction cost. As the majority of transactions in the wrap fee programs are fixed income securities that trade over-the-counter, there are no additional mark-ups or commissions on these transactions beyond the customary structure of the bid/offer prices and we believe these transactions are executed on behalf of these clients in such a manner that the client's total cost or proceeds in each transaction was the most favorable under the circumstances.

It should be noted that in seeking to maintain best execution on behalf of our clients, we may consider factors beyond simply price, commission rates or spreads, including the full range and quality of a broker's services in placing brokerage. These factors might include, among other things, the value of research provided, execution capability, willingness to commit capital, financial responsibility, and responsiveness.

We may execute trades for other clients with similar strategies prior to placing trades with wrap sponsors. In addition, we may not conduct transactions on behalf of these clients as frequently as we do on behalf of other clients due to minimum size order requirements and other factors.

### **Derivatives**

Certain derivatives transactions (including, but not limited to, futures, forward settling mortgage transactions, and swaps) require that clients have proper agreements in place with counterparties. Separately managed account clients typically have their own agreements in place to allow MacKay Shields to transact in such derivatives. However, MacKay Shields has established master agreements with counterparties pursuant to which transactions in certain derivatives may be placed on behalf of commingled investment vehicles sponsored by MacKay Shields or other clients who approve such arrangements and satisfy the account opening process of MacKay Shields and the applicable counterparty. For derivative transactions that require the posting of initial and/or variation margin (including, but not limited to, futures, forward settling mortgage transactions, and swaps), clients will be required to wire cash or other eligible assets (in some cases as often as daily) to the account specified by such counterparties, which will likely result in your custodian charging you a fee for that service. Margin limits are closely monitored by MacKay Shields to ensure that a transaction does not experience a default and the immediate closing-out of the position by a counterparty. Where margin is posted to your account by a counterparty, interest expense may accrue and in such cases you will be required to pay interest on such margin. In all cases where margin exists with a counterparty in your favor, MacKay Shields will make determinations on your behalf as to whether to draw down any margin, as well as the timing and the amount of such margin to be drawn down. The result is that cash management will be even more of an important aspect of portfolio management and that cash holdings may become a larger part of a client's portfolio in order to meet any initial margin requirements and variation margin calls. Certain counterparties may impose a number of important terms and conditions, such as their ability to apply or transfer funds in your margin account(s) to other accounts that you may maintain with such counterparty or its affiliates to reduce any deficit balance or other obligation that you may owe to such parties. Additionally, you may be required to produce certifications and other materials, such as financial statements, on a regular basis to certain counterparties in order to maintain your account. Other counterparties may impose termination and/or default triggers based on certain conditions or events. Your collateral may be commingled by a counterparty with the collateral of other customers of the counterparty. In the event of insolvency or bankruptcy of a counterparty, the extent to which you may recover your collateral may be governed by specified legislation or local rules.

The appropriate use of derivatives within a portfolio is determined by the respective investment team in the execution of their portfolio construction process. The investment teams assess whether the derivatives can be used effectively and efficiently in comparison with the alternatives available as well as the use of derivatives in relation to the other investments within the portfolio. If permitted by a client's investment guidelines, currency spot and forward contracts may be used in the management of portfolios. Currency hedges will be implemented within a reasonable period of time, generally within a day or two of any new purchases of securities that are required to be currency hedged. In general, hedge ratios are maintained within a pre-determined range determined by MacKay Shields and rebalanced when this ratio moves beyond that range, unless a client has more specific requirements. In the event a portfolio's hedge ratio exceeds the thresholds, the hedge will be adjusted within a reasonable period of time. Currency Forwards may also be used to gain exposure to a certain currency, in line with a client's investment guidelines and objectives.

If permitted by a client's investment guidelines and provided that proper agreements are in place with futures commission merchants, Treasury futures (long or short) may be used by certain portfolio management teams as a method to manage the duration of the portfolios. Other derivatives, such as credit default swaps, interest rate swaps and forward settling mortgage transactions, may be used provided that their use is permitted by a client's investment guidelines and proper agreements are in place.

### **Aggregating and Allocating Trades**

It is our policy that all client accounts will be treated fairly and no one client account will receive over time preferential treatment over another. Our policy prohibits any MacKay Shields employee from allocating or re-allocating investments to enhance the performance of one account over another or to favor any affiliated account or any other account in which an employee has any interest. MacKay Shields will not receive any additional compensation or remuneration as a result of aggregating or bunching orders. Individual investment advice and treatment will be accorded to each advisory or sub-advisory account.

Orders within an investment team will typically be aggregated or bunched to reduce the costs of the transactions. Orders are typically not aggregated across investment teams even though there may be orders by separate investment teams to execute the same instrument on the same trading day; provided, however, that orders for the same instrument are typically aggregated across investment teams that are supported by a shared trading desk. It is the investment team's responsibility to determine whether aggregation is appropriate. For the avoidance of doubt, MacKay Shields will not aggregate transactions if it believes that such an aggregation is inconsistent with its duty to seek best price and execution for its clients or is inconsistent with the terms of MacKay Shields' agreement with each client for which trades are being aggregated. Aggregated orders are typically allocated among accounts based upon an average price, with all other transaction costs, if any, shared among the accounts on a fair and reasonable basis. Clients that instruct us to, or restrict our ability to execute transactions with a certain broker dealer may be excluded from certain aggregated orders because of such directed-brokerage arrangements; for additional information, see the section "Directed Brokerage" above.

As a general practice, MacKay will seek to utilize the Firm's trade order management system in selecting the participating client accounts prior to entering an aggregated order. However, pre-allocating fixed income trades based on predetermined allocation amounts is not feasible or practicable for all instances given the unique nature of their respective markets and client requirements, or the information limitations specific to a deal. In those cases, an allocation will be made promptly following execution but generally no later than the end of the trading day. Such allocation will be based upon the criteria noted below and will not be based on the performance of the transaction nor unfairly discriminate against or advantage one account over another over time.

When determining which accounts will participate in a trade, we will consider various criteria which may include, but are not limited to: (i) client cash limitations; (ii) actual and anticipated or potential account inflows and outflows; (iii) duration and/or average maturity; (iv) credit ratings and anticipated credit ratings; (v) account size, deal size, trade lots; (vi) processing costs; (vii) existing exposure to an issuer or industry type, and other concentration limits; (viii) specific investment objectives, investment guidelines and anticipated

guidelines changes; (ix) regulatory requirements and/or tax considerations; (x) borrowing capacity; and (xi) other practical limitations. If the order is partially filled, it will typically be allocated pro-rata based on the target allocation methodology, subject to the considerations described in the preceding sentence, unless that would be impractical.

We cannot assure that in every instance an investment will be allocated on a pro-rata basis, and differences may occur due to the factors mentioned above. It is our goal to provide individualized treatment and customized solutions to our clients. There are conditions under which a portfolio manager and/or trader is permitted to: (i) allocate a transaction only to certain of the accounts eligible to participate; (ii) allocate a larger or smaller portion of a transaction to an account or group of accounts than to other accounts participating in the transaction; or (iii) exclude certain accounts from participating in a transaction that may be suitable for the account(s). Those conditions include, but are not limited to, the following:

- **Odd lots “De Minimis” quantity** - Whenever an allocation would cause an account to receive either an odd lot or an amount that is uneconomical, it need not participate in an allocation. A de minimis amount that does not disadvantage, benefit, nor favor any account over another will be established by each investment area.
- **Cash availability** - The portfolio manager may consider changes in cash flow or cash positions as a basis for allocating investments. If there is an insufficient amount of cash for an account, or if an account is (or it is anticipated that it shortly will be) experiencing cash outflow, then it may not participate or receive a full pro-rata distribution. Conversely, accounts receiving or expected to receive meaningful inflows may receive greater allocations, particularly in the case of “ramp-up” periods, when a portfolio receives a material sum of cash to invest.
- **Specialized Accounts** - An account with an investment mandate, benchmark, style, or model that emphasizes investment in a particular category of securities may have priority over other client accounts for that category of securities. For example, portfolios focusing on certain mandates may have priority as to investment opportunities over other accounts that do not focus on that category of security.
- **Investment Restrictions/Guidelines** - Certain accounts may have client restrictions, regulatory restrictions, tax considerations, contractual obligations, diversification considerations, or internal exposure limit constraints that could prohibit or limit their ability to participate in an allocation.
- **Investment Weighting** - Certain accounts may or may not participate in an allocation because of their current weightings in a particular issuer, industry or asset class. In addition, accounts that are managed in a similar manner may or may not participate in an allocation in order to provide similar size exposure to investments.
- **Issue or Issuer Characteristics** - Certain accounts may or may not participate in an allocation because of the issue or issuer’s duration and/or average maturity, credit ratings and/or anticipated credit ratings, or deal size.
- **Deal Sponsor Considerations** - Certain accounts may or may not participate in an allocation because of deal sponsor discretionary considerations, such as a preference for certain investor profiles.
- **Term Lifecycle of Account** - Certain accounts may or may not participate in an allocation because of the term lifecycle of the account portfolio or vintage year.

The primary responsibility to oversee that all orders are properly allocated in accordance with our Trade Allocation Policy is with each investment team’s portfolio managers. Additionally, MacKay Shields’ Compliance Department monitors compliance with the Trade Allocation Policy by periodically conducting reviews of a sample of trades to confirm these have been allocated on a fair and reasonable basis and by comparing the performance of accounts that have substantially similar investment strategies (e.g., accounts within the same performance composite) to determine whether variations in performance are due to investment factors such as those listed above and not attributable to preferential treatment.

We have independently managed investment teams investing in the same general market that may maintain procedures applied independently of the other. In most instances, the broker-dealer selling securities to these

investment teams will determine the allocation to each team. Although transactions in the same security may take place in accounts across different investment teams, controls are in place to prevent members of an investment team from viewing orders entered by other investment teams; provided, however, that investment teams supported by a shared trading desk may have shared access to trading blotters.

### **Trade Errors**

We have a policy regarding the correction of trade errors. In the event of an error, we attempt to identify, research and correct the error as soon as practicable. We will make a client whole for any losses resulting from a trade error that we have caused. MacKay Shields is not, however, responsible for losses associated with errors of other third parties, including third-party brokers and custodians. If an error results in a gain, the gain will remain in the client's account. We may net gains and losses within a client's account arising from the same or related trade error(s).

MacKay Shields has a conflict of interest when determining how to resolve a trade error because we would be required to reimburse a client for any losses resulting from our error. MacKay Shields will seek to resolve each trade error in a manner it considers appropriate and consistent with its fiduciary duties.

## **ITEM 13: REVIEW OF ACCOUNTS**

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Our Portfolio Managers and Client Services team review client portfolios on a regular basis in light of client objectives and guidelines and in response to market events and the portfolio management team's general policies and strategies. In addition, investment teams meet regularly to consider economic, market and general investment matters not related to specific client accounts.

We have several tools at our disposal to assess and monitor overall compliance of managed portfolios with their stated investment objectives and restrictions. There are both manual and automated supervisory and compliance review procedures in place to monitor accounts. We have a front-end and back-end compliance system that has automated controls to help review investment transactions to confirm they are made in accordance with client investment mandates. We have also developed exception reports to assist in performing next day reviews.

Separately managed account clients (or their designated agent) typically receive a comprehensive quarterly reporting package that typically includes, but is not limited to, performance and comparative benchmark returns, a detailed summary of transactions and holdings, and market and portfolio commentary. Upon request, separately managed account clients may receive similar reporting packages on a monthly basis. Customized reports may also be provided upon request.

We conduct periodic meetings with clients of separately managed accounts (or their designated agent), as well as advisers of registered and non-registered investment funds for which we act as sub-adviser, to discuss the market, portfolio(s), and outlook. In general, at least one member of the investment team and one member of the client group participate in these meetings. We also may report to the advisors and/or boards of the investment funds we advise, which may include a variety of materials concerning the portfolios, including the materials made available to fund investors.

We review client portfolios no less frequently than monthly for the purpose of reconciling our records of our clients' account holdings with those of their custodian banks. In addition, on a daily or weekly basis, we review client accounts for purposes of reconciling cash balances.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

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We have entered into and anticipate that in the future we will enter, into solicitation, referral, and servicing agreements with affiliates and unaffiliated solicitors under which we pay affiliates or third parties a percentage or portion of the compensation we receive on the accounts they solicit, refer or service. Please see "Item 10 - Other Financial Industry Activities and Affiliations," above, for a description of solicitation, referral and service arrangements we have with our affiliates.

If we pay a cash fee to anyone for soliciting separately managed clients or investors in a private fund we manage, we follow procedures reasonably designed to comply with the requirements of the Marketing Rule, to the extent applicable. We will not charge any client any other amount for the purpose of offsetting our cost of obtaining an account through a promoter.

For certain of our employees referring client accounts to us or our affiliates is a factor that is considered in determining their annual compensation. This creates a conflict of interest as certain employees could have an incentive to recommend or use the investment services or products of our affiliates over third parties that do not pay us fees for recommending their products and services. We may also pay our affiliates compensation for introducing client accounts to us or providing services relating to our clients, which compensation does not increase the advisory fees or costs payable by the client.

NYLIFE Distributors and unaffiliated third parties act as placement agent for certain of our investment funds not registered with the SEC (i.e., private funds) for which we act as investment adviser or investment sub-adviser. We pay such placement agents a portion of the compensation we receive from the investor referred by the placement agent. In some cases, investors who invest in certain of our private funds through a third-party placement agent pay a management fee that is higher than the management fee they would have paid if they had not invested through such placement agent. Where NYLIFE Distributors is the placement agent, our employees who are registered representatives of NYLIFE Distributors may be responsible for the sale of interests in these private funds. The sale of interests in these private funds by employees that are registered representatives of NYLIFE Distributors, is a factor that is considered in determining their annual compensation.

We or our employees at times purchase services, products, membership in industry organizations and forums, from, and purchase tickets to events sponsored by, consultants and other parties (or their affiliates) who may recommend our advisory services to prospective clients. We do not make these payments in connection with referrals. Nonetheless, as a result of these relationships and arrangements, such payments may create incentives for them to promote us. In order to mitigate potential conflicts for consultants and other parties, we do not purchase such services and products unless we have determined in good faith that they provide MacKay Shields with industry data and/or proper assistance in marketing our services and that the cost is reasonable in light of the data or services being provided.

## ITEM 15: CUSTODY

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We or an affiliate may, among other things, act as general partner, manager, managing member, sponsor, trustee, director or in a similar capacity, to investment funds not registered with the SEC for which we serve as investment adviser. Such powers may cause us to be deemed to have custody of the private investment fund's assets for purposes of the SEC's Custody rule ("Custody Rule"). Accordingly, to meet the requirements of the Custody Rule, investment funds not registered with the SEC that we sponsor are typically subject to an annual audit in accordance with Generally Accepted Accounting Principles (GAAP) conducted by an independent public accountant registered with the Public Company Accounting Oversight Board (PCAOB) and the audited financial statements are distributed to investors in such investment funds not registered with the SEC within 120 days of the end of the funds' fiscal year.

MacKay Shields generally does not act as custodian or otherwise take or retain possession, custody, title or ownership of holdings of client accounts. However, in certain instances, MacKay Shields may be deemed to have custody of client assets, other than as described in the preceding paragraph. As required by the Custody Rule, MacKay Shields has engaged a qualified independent accounting firm to conduct an annual surprise examination on the client accounts over which MacKay Shields is deemed to have custody. Other than investment funds for which we or an affiliate act as general partner, manager, managing member, sponsor, trustee, director or in a similar capacity, clients select their own qualified custodians, such as banks or broker-dealers, to maintain client assets. Clients typically receive account statements directly from their custodians and/or from their custodian banks' accounting departments. Clients should carefully review those statements. In addition, clients typically receive account statements from us. When a client receives an account statement from us, such clients are encouraged to compare them to the account statements received

from their custodian and/or custodian bank accounting department. There may be differences in market values between our account statements and the custodian's account statement for various reasons. For example, we and the custodian may use different pricing sources to value securities held in portfolios. Other differences can occur because we and the custodian may generate account statements on different dates (such as on a trade date versus settlement date basis) or may be due to the custodian's policies for handling certain assets or changes in the values of certain assets.

#### **ITEM 16: INVESTMENT DISCRETION**

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We primarily manage clients' assets on a discretionary basis. The investment management agreements, or similar agreements, between MacKay Shields and our clients describe the level of investment discretion we have and the investment guidelines associated with those investment agreements specify the types of investments permitted for the account and often place limits on the amount of investments in issuers or industries that we can purchase for the account. Clients who have separately managed accounts with us can change these restrictions by amending their investment agreements or investment guidelines, or by other written instructions. When we act on behalf of a collective investment vehicle, our authority to select the identity and amount of securities to be bought or sold is limited by that collective investment vehicle's offering and governing documents.

For clients participating in securities lending programs, security recall provisions may interfere with, or prohibit, our ability to pursue certain investment opportunities, or represent such clients in certain matters, such as cooperation agreements, restructuring negotiations and ad-hoc committees. In these and similar circumstances, we may not, or may be unable to, act on such investment opportunities and matters.

Our portfolio managers, client service and operations representatives, and legal and compliance personnel participate in the review of investment guidelines before we begin managing a client's account, as well as each time that a client proposes amendments thereto.

#### **ITEM 17: VOTING CLIENT SECURITIES**

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Typically, the investment management agreements will state whether or not MacKay Shields is authorized by the client to vote proxies with respect to the securities in an account. MacKay Shields has adopted Proxy-Voting Policies and Procedures designed to make sure that where clients have delegated proxy-voting authority to MacKay Shields, proxies are voted in the best interest of such clients without regard to the interests of MacKay Shields or related parties. We currently use Institutional Shareholder Services, Inc. ("ISS") to assist us in voting client securities. If the client appoints MacKay Shields as its proxy-voting agent, the client will be asked to specify whether its proxies should be voted in accordance with custom guidelines provided by the client or in accordance with standard guidelines adopted by MacKay Shields. Clients must furnish any custom voting guidelines to us in writing. Our standard guidelines follow ISS voting recommendations and standard guidelines will vary based on client type and/or investment strategy (e.g., union or non-union voting guidelines, or sustainability voting guidelines). For those clients who have given us voting authority, we instruct the client's custodian to send all ballots to ISS and we instruct ISS which guidelines to follow.

After the appropriate voting guidelines have been established for a client's account, ISS votes the client's securities in accordance with those guidelines unless a client makes a specific request with respect to a particular security held in the client's account or unless the portfolio manager believes in the case of a particular vote that it is in the best interest of the client to vote otherwise.

In the event the standard guidelines or any client's custom guidelines do not address how a security should be voted or state that the vote is to be determined on a "case-by-case" basis, the security is generally voted in accordance with ISS recommendations. If ISS does not make a recommendation, for example, in the case of privately held securities, we ask the appropriate portfolio manager to make a decision and document his or her decision and complete the same form, with a similar review process as described above. A client may make a specific request that we vote a proxy with respect to a particular security even if it is in a manner inconsistent with the applicable guidelines for the client's account. Clients who wish to make such a request

must send a written request to MacKay Shields sufficiently in advance of the meeting so that there is enough time for us to instruct ISS how to vote.

In the event that a portfolio manager believes, in the case of a particular vote, that it is in the best interest of the client(s) to vote differently than the ISS recommendation, the portfolio manager must complete a form describing the reasons for departing from the guidelines and disclosing any facts that might suggest there is a conflict. Conflicts may exist in situations where our Firm is called to vote on a proxy involving an issuer or proponent of a proxy proposal regarding the issuer where our Firm or our affiliate also: (1) manages the issuer's or the proponent's pension plan; (2) administers the issuer's or proponents' employee benefit plan; (3) provides brokerage, underwriting, insurance or banking services to the issuer or proponent; or (4) manages money for an employee group. Additional conflicts may arise if an executive of our Firm or our affiliate has a personal or business relationship with a director or executive officer of the issuer or the proponent, a person who is a candidate to be a director of the issuer, a participant in the proxy contest or a proponent of a proxy proposal. The portfolio manager must submit the form to our Legal or Compliance Departments for review. If the Legal or Compliance Departments determines that no conflict exists, then we will approve the portfolio manager's voting recommendation and we will inform ISS how to vote. If our Legal or Compliance Department determines that a conflict exists, we will refer the matter to our Compliance Committee for consideration. The Committee may use different means to resolve a conflict, such as using ISS's recommendation or that of another third-party, asking the client to vote the proxy, or disclosing our conflict to the client and asking the client to consent to our conflicted vote. Then the committee members will consider the matter and resolve the conflict as deemed appropriate under the circumstances.

In addition, for clients participating in securities lending programs, security recall provisions may interfere with, or prohibit, our ability to vote on shareholder matters. In these and similar circumstances, we may not, or may be unable to, act on specific proxy matters.

Proxy voting on shareholder matters in foreign countries, particularly in emerging markets, may be subject to restrictions, including, but not limited to, registration procedures that prohibit sales result in a holding being illiquid for a period of time and limitations that impede or make the exercise of shareholder rights impractical. If these restrictions interfere with the management of the security, we typically will not vote.

In the event the standard guidelines or any client's custom guidelines do not address how a security should be voted or state that the vote is to be determined on a "case-by-case" basis, the security is voted in accordance with ISS recommendations. If ISS does not make a recommendation, for example, in the case of privately held securities, we ask the appropriate portfolio manager to make a decision and complete the same form, with a similar review process as described above.

Clients who wish to obtain either a copy of our voting policies and procedures or information as to how ISS voted securities in their account should send a written request to:

MacKay Shields LLC  
299 Park Avenue  
New York, NY 10171  
Attention: Head of Client Solutions

## **ITEM 18: FINANCIAL INFORMATION**

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Currently, there is no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients.



## **BROCHURE SUPPLEMENT**

Form ADV Part 2B  
March 31, 2025

### **Mackay Shields LLC**

299 Park Avenue  
New York, NY 10171  
<https://www.newyorklifeinvestments.com/mackay-shields>  
212.758.5400

### **CONVERTIBLE**

#### **EDWARD SILVERSTEIN, CFA**

Senior Managing Director and Senior Portfolio Manager/Research Analyst

#### **THOMAS E. WYNN, CFA**

Managing Director and Portfolio Manager/Research Analyst

This brochure supplement provides information about Edward Silverstein and Thomas E. Wynn that supplements the MacKay Shields LLC brochure. You should have received a copy of that brochure.

Please contact Chris Fitzgerald, Managing Director and Chief Compliance Officer, Telephone: 212-230-3968, Email: [compliance-db@mackayshields.com](mailto:compliance-db@mackayshields.com) if you did not receive MacKay Shields LLC's brochure or if you have any questions about the contents of this supplement.

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

## **EDWARD SILVERSTEIN, CFA**

Senior Managing Director and Senior Portfolio Manager/Research Analyst

MacKay Shields LLC

299 Park Avenue

New York, NY 10171

<https://www.newyorklifeinvestments.com/mackay-shields>

Telephone: (212) 758-5400

March 28, 2025

### **Educational Background and Business Experience**

Edward Silverstein has been a Senior Managing Director of MacKay Shields since 2010. Mr. Silverstein is the Senior Portfolio Manager and Research Analyst and heads our firm's Convertible team. He joined our firm as a Research Analyst in 1998, became a Portfolio Manager/Research Analyst in 1999 and became a Managing Director in 2007. Prior to joining MacKay Shields, Mr. Silverstein was a Portfolio Manager at the Bank of New York. He has been in the investment management and research industry since 1995.

The following is Mr. Silverstein's educational background:

University of Vermont, BS in Business Administration (Accounting), 1989

Baruch College, MBA in Business Administration, 1995

Brooklyn Law School, JD in Law, 1995

Mr. Silverstein earned the Chartered Financial Analyst (CFA) designation in 1999.

Mr. Silverstein was born in 1967.

### **Disciplinary Information**

There are no legal or disciplinary events relating to Mr. Silverstein.

### **Other Business Activities**

Mr. Silverstein is not actively engaged in any other investment-related business or occupation.

### **Additional Compensation**

Mr. Silverstein does not receive any economic benefits from any other person other than MacKay Shields in connection with the provision of investment advice to others.

### **Supervision**

Mr. Silverstein, Senior Managing Director, Senior Portfolio Manager and head of the Convertible team, is supervised by Alison Micucci, our firm's Chief Executive Officer, who is responsible for overseeing his advisory activities on behalf of our firm. Ms. Micucci can be reached at (212) 303-6363.

Portfolio managers review portfolios at least weekly to monitor consistency among clients with similar objectives and a member of the portfolio management team reviews client portfolio transactions daily. Senior professionals from the firm's executive, investment, marketing and client service areas review and provide objective feedback on investment results and the investment process of each investment product area. Portfolio managers and client services groups review client portfolios on a

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regular basis in light of client objectives and guidelines and in response to market events and the portfolio management team's general policies and strategies.

Our firm has several tools at our disposal to assess and monitor overall compliance of managed portfolios with clients' stated investment objectives and guidelines. There are both manual and automated supervisory and compliance review procedures in place to monitor accounts. We have a front-end trade order management system and front-end and/or back-end compliance system that has automated controls to help review investment transactions to confirm they are made in accordance with client investment mandates. We have also developed exception reports from our portfolio accounting system to assist in performing additional reviews.

**THOMAS E. WYNN, CFA**  
Managing Director and Portfolio Manager/Research Analyst

Mackay Shields LLC  
299 Park Avenue  
New York, NY 10171  
<https://www.newyorklifeinvestments.com/mackay-shields>  
Telephone: (212) 758-5400

March 28, 2025

### **Educational Background and Business Experience**

Thomas E. Wynn is a Managing Director, Portfolio Manager and Research Analyst on our firm's Convertible team. He was hired as a Director in 2015.

Prior to joining MacKay Shields, Mr. Wynn was with the proprietary trading firm Centurion Capital from 2010 to 2015, where he was an Equity Long/Short Portfolio Manager. Previously Mr. Wynn worked for Deutsche Bank as an Equity Long/Short Portfolio Manager from 2007 to 2010. He worked for AM Investment Partners from 2004 to 2007 as an Equity Long/Short Portfolio Manager. He worked for MacKay Shields LLC from 1995 to 2004 as a Portfolio Manager. Prior to joining MacKay Shields LLC, Mr. Wynn worked for Fiduciary Trust as a Portfolio Manager from 1986 to 1995. Mr. Wynn began his career with Manufacturers Hanover as a Pension Consultant from 1983 to 1986.

The following is Mr. Wynn's educational background:

University of Notre Dame, BA with Honors in Economics, 1983

New York University, Graduate School of Business Administration, MBA in Finance, 1988

Mr. Wynn earned the Chartered Financial Analyst (CFA) designation in 1992.

Mr. Wynn was born in 1961.

### **Disciplinary Information**

There are no legal or disciplinary events relating to Mr. Wynn.

### **Other Business Activities**

Mr. Wynn is not actively engaged in any other investment-related business or occupation.

### **Additional Compensation**

Mr. Wynn does not receive any economic benefits from any other person other than MacKay Shields in connection with the provision of investment advice to others.

### **Supervision**

Mr. Wynn, Managing Director, Portfolio Manager/Research Analyst for the Convertible team, is supervised by Edward Silverstein, Senior Managing Director, Senior Portfolio Manager/Research Analyst and head of the Convertible team, who is responsible for supervising his advisory activities on behalf of our firm. Mr. Silverstein can be reached at (212) 230-3926.

Portfolio managers review portfolios at least weekly to monitor consistency among clients with similar objectives and a member of the portfolio management team reviews client portfolio transactions daily. Mr. Silverstein regularly reviews client portfolios managed by Mr. Wynn in light of client objectives and guidelines and in response to market events and general policies and strategies as well as economic, market and general investment matters not related to specific client accounts. Senior professionals from the firm's executive, investment, marketing and client service areas review and provide objective feedback on investment results and the investment process of each investment product area. Portfolio managers and client services groups review client portfolios on a regular basis in light of client objectives and guidelines and in response to market events and the portfolio management team's general policies and strategies.

Our firm has several tools at our disposal to assess and monitor overall compliance of managed portfolios with clients' stated investment objectives and guidelines. There are both manual and automated supervisory and compliance review procedures in place to monitor accounts. We have a front-end trade order management system and front-end and/or back-end compliance system that has automated controls to help review investment transactions to confirm they are made in accordance with client investment mandates. We have also developed exception reports from our portfolio accounting system to assist in performing additional reviews.

**MacKay Shields**  
**Proxy Voting Policies and Procedures**  
**February 2025**

**1. Introduction**

MacKay Shields<sup>1</sup> (“MacKay” or the “Firm”) has adopted these “Proxy Voting Policy and Procedures” (the “Policy”) to ensure the Firm’s compliance with Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and other applicable fiduciary obligations. The Policy applies to proxies relating to securities held by clients of MacKay Shields who have delegated the responsibility of voting proxies to the Firm. The Policy is designed to assist Firm employees in meeting their specific responsibilities in this area and to reasonably ensure that proxies are voted in the best interests of the Firm’s clients.

**2. Statement of Policy**

**2.1** It is the policy of MacKay Shields that where the Firm has voting authority, all proxies are to be voted in the best interest of the client without regard to the interests of MacKay Shields or other related parties. Specifically, MacKay Shields shall not subordinate the interests of clients to unrelated objectives, including MacKay Shields’ interests. MacKay Shields shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. For purposes of the Policy, the “best interests of clients” shall mean, unless otherwise specified by the client, the clients’ best economic interests over the long term as determined by MacKay Shields – that is, the common interest that all MacKay Shields clients share in seeing the value of a common investment increase over time. It is further the policy of the Firm that complete and accurate disclosure concerning its proxy voting policies and procedures and proxy voting records as required by the Advisers Act, be made available to its clients.

**2.2** When proxies with respect to securities held by clients of MacKay Shields have not been received by MacKay Shields or its proxy voting service provider, MacKay Shields will make reasonable efforts to obtain missing proxies. MacKay Shields is not responsible for voting proxies it or its proxy voting service provider does not receive.

**2.3** MacKay Shields may choose not to vote proxies when it believes that it is appropriate. This may occur, without limitation, under the following circumstances:

- If the effect on the client’s economic interests or the value of the portfolio holding is indeterminable or insignificant;
- If the cost of voting the proxy outweighs the possible benefit to the client; or
- If a jurisdiction imposes share blocking restrictions which prevent the Firm from trading shares.

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<sup>1</sup> For purposes of this Policy, MacKay Shields refers to MacKay Shields LLC and NYL Investments UK LLP.

### **3. Use of Third Party Proxy Voting Service Provider**

To discharge its responsibility, MacKay Shields has examined third-party services that assist in the researching and voting of proxies and the development of voting guidelines. After such review, the Firm has selected Institutional Shareholder Services, Inc., (“ISS”), to research voting proposals, analyze the financial implications of voting proposals and vote proxies. MacKay Shields utilizes the research and analytical services, operational implementation, administration, record-keeping and reporting services provided by ISS.

### **4. Proxy Voting Guidelines**

**4.1** To the extent that a client has authorized MacKay Shields to vote proxies on its behalf, and except as set forth Sections 6 & 7 of this Policy or at otherwise directed by a client in writing, MacKay has determined to adopt the following proxy voting guidelines:

**4.1.a** Proxies for non-union clients will generally be voted in accordance with the voting recommendations contained in the applicable ISS non-union domestic or global proxy voting guidelines, as in effect from time to time (“Non-Union Guidelines”). Refer to Exhibit A for the current U.S. Summary Proxy Voting Guidelines.

**4.1.b** Proxies for union or Taft-Hartley clients will generally be voted in accordance with the voting recommendations contained in the applicable ISS Taft-Hartley domestic or international proxy voting guidelines, as in effect from time to time (“Union Guidelines”). A summary of the current Taft-Hartley U.S. Voting Guidelines and Taft-Hartley International Voting Guidelines are attached as Exhibit B.

**4.1.c** Notwithstanding Section 4.1.a of this Policy, proxies for non-union clients whose investment strategy directs MacKay Shields to invest primarily in assets that satisfy Environmental, Social and Governance (“ESG”) criteria, as determined by MacKay Shields, in its discretion, will be voted in accordance with the voting recommendations contained in the applicable ISS Sustainability U.S. or International proxy voting guidelines, as in effect from time to time (“Sustainability Guidelines”). Refer to Exhibit C for the current U.S. and International Sustainability Proxy Voting Guidelines.

**4.2** For purposes of the Policy, the Non-Union Guidelines, Union Guidelines, and Sustainability Guidelines are collectively referred to as the “Standard Guidelines.”

**4.3** A client may choose to use proxy voting guidelines different from the Standard Guidelines (“Custom Guidelines”). Any Custom Guidelines must be furnished by the client to MacKay Shields in writing and MacKay Shields will general vote proxies for any such client in accordance with the applicable Custom Guidelines.

**4.4** In the event the Standard Guidelines or any client’s Custom Guidelines do not address how a proxy should be voted or state that the vote is to be determined on a “case-

by-case” basis, the proxy will be voted in accordance with ISS recommendations, subject to Section 6. In the event that ISS has not made a recommendation, MacKay Shields will follow the procedure set forth in Section 7.

**4.5** For clients using the Standard Guidelines, the Firm will instruct ISS to cast votes in accordance with the Standard Guidelines. For clients using Custom Guidelines, the Firm will provide ISS with a copy of such Custom Guidelines and will instruct ISS to cast votes in accordance with such Custom Guidelines. ISS will cast votes in accordance with the Standard Guidelines or Custom Guidelines, as the case may be, unless instructed otherwise by MacKay Shields as set forth in Sections 6 and 7. Upon receipt of a specific request from a client pursuant to Section 4.6, the Firm will instruct ISS to cast such client’s proxy in accordance with such request.

**4.6** Notwithstanding the foregoing, MacKay Shields will vote a proxy with respect to a particular security held by a client in accordance with such client’s specific request even if it is in a manner inconsistent with the Standard Guidelines or the client’s Custom Guidelines, as the case may be. Any such specific requests must be furnished to MacKay Shields by the client in writing and must be received by MacKay on a timely basis for instructing ISS how to cast the vote.

**4.7** In an effort to avoid possible conflicts of interest, MacKay Shields has determined to generally vote proxies based on the Standard Guidelines or a client’s Custom Guidelines, as the case may be. For the avoidance of doubt, however, it is recognized that the Firm’s portfolio management teams have the ultimate responsibility determining how to vote proxies in the best interest of a client voting.

## **5. Client Account Set-up and Review**

**5.1** Initially, MacKay Shields must verify whether the client has duly authorized MacKay Shields to vote proxies on its behalf, or if the client has retained the responsibility of voting proxies. The Marketing and Client Services departments, in conjunction with the Legal and/or Compliance Department, will have primary responsibility for making that determination. MacKay’s Compliance Department will be responsible for ensuring that a record of each client’s proxy voting status and, to the extent applicable, the type of proxy voting guidelines is maintained. In its sole discretion, the Firm may decline to accept authority to vote a client’s proxies. Any such refusal shall be in writing.

**5.2** In most cases, the delegation of voting authority to MacKay Shields, and the Firm’s use of a third-party proxy voting service provider shall be memorialized in the client’s investment management agreement.

**5.3** MacKay Shields shall notify ISS of new client accounts using such form as ISS shall specify from time to time. Designated personnel within the Firm will be responsible for ensuring that each new client’s account for which the Firm has proxy voting authority is established on the appropriate systems and that each such account is properly coded for voting under the appropriate Non-Union Guidelines, Union Guidelines or Custom Guidelines, as the case may be.

## **6. Overriding Guidelines**

A portfolio manager may propose that a particular proxy vote be cast in a manner different from the Standard Guidelines or an ISS voting recommendation, or may propose an abstention from voting, if they believe that to do so, based on all facts and circumstances, is in the best interest of the Firm's clients as a whole. Any portfolio manager who proposes to override the Standard Guidelines or an ISS voting recommendation on a particular vote or to abstain from voting must complete a Proxy Vote Override/Decision Form, which is set forth in Schedule D.

## **7. Referral of Voting Decision by ISS to MacKay Shields**

**7.1** In the event that the Standard Guidelines or a client's Custom Guidelines do not address how a proxy should be voted on a specific proposal for an issuer and ISS has not made a recommendation as to how such proxy should be voted, ISS will so advise MacKay Shields. In that event, the Legal and/or Compliance Departments will request that the appropriate portfolio manager makes a voting recommendation and complete a Proxy Vote Override/Decision Form.

**7.2** In the event that the Standard Guidelines or a client's Custom Guidelines require a "case-by-case" determination on a particular proxy vote and ISS has not made a recommendation as to how such proxy should be voted, ISS will so advise MacKay Shields. In that event, the Legal and/or Compliance Departments will request that the appropriate portfolio manager make a voting recommendation and complete a Proxy Vote Override/Decision Form.

**7.3** In the event that ISS determines that a conflict of interest exists as a result of which ISS is precluded from making a recommendation as to how a proxy should be voted on a specific proposal for an issuer, ISS will so advise MacKay Shields. In that event, the Legal and/or Compliance Departments will request that the appropriate portfolio manager make a voting recommendation and complete a Proxy Vote Override/Decision Form.

## **8. Conflicts of Interest**

**8.1** The Firm's portfolio managers may make proxy voting decisions in connection with (i) overriding the Standard Guidelines or an ISS voting recommendation pursuant to Section 6, or (ii) deciding on a vote pursuant to Section 7. In such event, the portfolio managers have an affirmative duty to disclose to the Legal and/or Compliance Departments any potential conflict of interest known to them that exists between the Firm and the client on whose behalf the proxy is to be voted ("Conflict").

**8.2.** By way of example, Conflicts may exist in situations where the Firm is called to vote on a proxy involving an issuer or proponent of a proxy proposal regarding the issuer where MacKay Shields or an affiliated person of the Firm also:

- Manages the issuer's or proponent's pension plan;
- Administers the issuer's or proponent's employee benefit plan;

- Provided brokerage, underwriting, insurance or banking services to the issuer or proponent; or
- Manages money for an employee group.

Additional Conflicts may exist, among others, if an executive of the Firm or its control affiliates is a close relative of, or has a personal or business relationship with:

- An executive of the issuer or proponent;
- A director of the issuer or proponent;
- A person who is a candidate to be a director of the issuer;
- A participant in the proxy contest; or
- A proponent of a proxy proposal.

**8.3** Whether a relationship creates a Conflict will depend on the facts and circumstances. Even if these parties do not attempt to influence the Firm with respect to voting, the value of the relationship to MacKay Shields or an affiliate can create a Conflict.

**8.4** After a Proxy Vote Override/Decision Form is completed pursuant to Sections 6 or 7, such Form, which elicits information as to whether a potential Conflict exists, must be submitted to the Legal and/or Compliance Departments for review. If the Firm's General Counsel ("GC"), Chief Compliance Officer ("CCO") or their designee determines that there is no potential Conflict, the GC, CCO or their designee, may instruct ISS to vote the proxy issue as set forth in the completed Form.

**8.5** If the GC, CCO or their designee determines that there exists or may exist a Conflict, he or she will refer the issue to the Compliance Committee for consideration by convening (in person or via telephone) an emergency meeting of the Compliance Committee. For purposes of this Policy, a majority vote of those members present shall resolve any Conflict. The Compliance Committee will consider the facts and circumstances of the pending proxy vote and the potential or actual Conflict and make a determination as to how to vote the proxy – i.e., whether to permit or deny the recommendation of the portfolio manager, or whether to take other action, such as delegating the proxy vote to an independent third party or obtaining voting instructions from clients.

**8.6** In considering the proxy vote and potential Conflict, the Compliance Committee may review the following factors, including but not limited to:

- The percentage of outstanding securities of the issuer held on behalf of clients by the Firm.
- The nature of the relationship of the issuer or proponent with the Firm, its affiliates or its executive officers.
- Whether there has been any attempt to directly or indirectly influence the portfolio manager's decision.
- Whether the direction (for or against) of the proposed vote would appear to benefit the Firm or a related party.
- Whether an objective decision to vote in a certain way will still create a strong appearance of a Conflict.

MacKay Shields may not abstain from voting any such proxy for the purpose of avoiding Conflict.

## **9. Securities Lending**

If MacKay Shields portfolio managers or their designees become aware of an upcoming shareholder meeting where there is an important vote to be taken, or become aware of a request for consent of security holders on a material matter affecting the investment, MacKay Shields will consider whether to request that clients call back securities loans, if applicable. In determining whether to request that clients call back securities loans, the relevant portfolio manager(s) shall consider whether the benefit to the client in voting the matter or giving or withholding consent outweighs the benefit to the client in keeping the security on loan. There may be instances when MacKay Shields may not be aware of the upcoming shareholder meeting or request for consent with sufficient time in advance to make such a request, or when MacKay Shields' request that a client call back a securities loan in sufficient time to vote or give or withhold consent may not be successful.

## **10. Reporting**

Upon request, MacKay Shields shall report annually (or more frequently if specifically requested) to its clients on proxy votes cast on their behalf. MacKay Shields will provide any client who makes a written or verbal request with a copy of a report disclosing how MacKay Shields voted securities held in that client's portfolio. The report will generally contain the following information:

- The name of the issuer of the security;
- The security's exchange ticker symbol;
- The security's CUSIP number;
- The shareholder meeting date;
- A brief identification of the matter voted on;
- Whether the matter was proposed by the issuer or by a security holder;
- Whether MacKay Shields cast its vote on the matter on behalf of the client;
- How MacKay Shields voted on behalf of the client; and
- Whether MacKay Shields voted for or against management on behalf of the client.

## **11. Record-Keeping**

All reports and records shall be kept in accordance with these Procedures, the Firm's Maintenance and Retention of Books and Records Policy, the Investment Advisers Act of 1940, and other applicable regulations.

## **12. Review of Voting and Guidelines**

As part of its periodic reviews, MacKay Shields' Compliance Department will conduct an annual review of the prior year's proxy voting as well as the guidelines established for proxy voting. Documentation shall be maintained of this review and a report setting forth the results of the review will be presented annually to the Compliance Committee. In

addition, MacKay Shields' Compliance Department maintains a list of non-voting accounts.

**13. How to Request Information On How the Firm Voted Proxies**

Clients may, at anytime, request and receive information from MacKay Shields as to how the Firm voted proxies for securities held in their account. Any such proxy information request should be in writing to:

MacKay Shields LLC  
1345 Avenue of the Americas  
New York, NY 10105  
43rd Floor  
Attention: Head of Client Services

**Exhibits:**

Exhibit A - U.S. Summary Proxy Voting Guidelines (Standard Guidelines for non-union clients).

Exhibit B (Part I and II) - U.S. Taft-Hartley Proxy Voting Guidelines and International Taft-Hartley Proxy Voting Guidelines (Standard Guidelines for union clients (Taft-Hartley) (US and International))

Exhibit C (Part I and II) - U.S. Sustainability Proxy Voting Guidelines and International Sustainability Proxy Voting Guidelines (Standard Guidelines for ESG investment objective mandates)

Schedule D- Proxy Vote Override/Decision Form

Access to the ISS Voting Guidelines mentioned above and other ISS Voting Guidelines are available at <https://www.issgovernance.com/policy-gateway/voting-policies/>