This brochure provides information about the qualifications and business practices of Aon Hewitt Investment Consulting, Inc. ("AHIC"). If you have any questions about the contents of this brochure, please contact the AHIC Compliance Department at 312-381-1200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), the Commodity Futures Trade Commission ("CFTC"), the National Futures Association ("NFA") or by any state securities authority.

Additional information about Aon Hewitt Investment Consulting, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Please note that registration as an investment adviser with the SEC, a commodity pool operator and commodity trading advisor with the CFTC, or being a member of the NFA does not imply any certain level of skill, training or ability with respect to the provision of investment advisory services.
Item 2: Material Changes

This section of Aon Hewitt Investment Consulting, Inc.’s Brochure (“Brochure”) is intended to discuss and identify material changes that are made to the Brochure since our last annual update on January 6, 2015.

We will deliver to our clients, a free annual updated Brochure that includes a summary of any material changes that are made to this and subsequent Brochures within 120 days of the close of our fiscal year. If you would like to request a copy of the most recent Brochure at any time, please contact Aon Hewitt Investment Consulting, Inc. at 312-381-1200.

Item 4 – Advisory Business – In March 2016, AHIC registered as a Commodity Trading Advisor with the Commodity Futures Trading Commission.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss – enhanced disclosures related to risks associated with investing in our strategies.

Item 10 – Other Financial and Industry Activities and Affiliations – added Aon Trust Company (“ATC”), an Illinois non-depository state chartered bank, as an affiliate.

Item 14 – Client Referrals and Other Compensation – added disclosure describing referral fees paid to AHIC employees for referring non-investment related business to affiliated Aon entities and referral fees AHIC may pay to non-AHIC employees of affiliated entities for investment related business.

Item 14 – Client Referrals and Other Compensation – added disclosure regarding conflicts of interest with existing AHIC clients investing in other AHIC discretionary investment management solutions.
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**Item 4: Advisory Business**

Aon Hewitt Investment Consulting, Inc. ("AHIC") is a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC"), a Commodity Pool Operator ("CPO") and a Commodity Trading Advisor ("CTA") registered with the Commodity Futures Trade Commission ("CFTC"); and is a member of the National Futures Association ("NFA") with its principal place of business located in Chicago, Illinois. AHIC provides professional investment advisory and consulting services to public pension funds, endowments, foundations, not-for-profit organizations, corporate pension funds, defined contribution plans, insurance companies and registered investment advisers/wealth managers. In 2010, Hewitt EnnisKnupp, Inc. succeeded to the business of Ennis Knupp & Associates, Inc., Hewitt Investment Group, LLC and Aon Investment Consulting, Inc.. Subsequently, Aon Consulting, Inc., an indirect subsidiary of Aon plc, is the sole owner of Aon Hewitt Investment Consulting, Inc., which operates under the Aon Hewitt business umbrella of Aon plc. In January 2015, Hewitt EnnisKnupp, Inc. changed its legal business name to Aon Hewitt Investment Consulting, Inc..

AHIC provides both non-discretionary investment advice and discretionary investment solutions (including Outsourced Chief Investment Officer ("OCIO")) and actuarial services to clients on many matters related to their investment programs and operations, including:

- Investment Policy Planning and Asset Allocation;
- Manager Structure and Selection;
- Performance Review and Manager Monitoring;
- Fiduciary Services;
- Alternative Asset Advisory Services;
- Delegated Investment Solutions and Pension Risk Management; and
- Annuities Placement Solutions;
- Ad Hoc Projects;
- Bespoke Services.

More information on each of these services is provided below. Our related services include defined contribution services, master trustee/custodian evaluation, and asset transition services. We also have considerable experience in formulating spending and investment policies for foundations and endowments. In addition, we provide delegated asset management for defined benefit (pension) plans.

**Investment Policy Planning and Asset Allocation**

We help clients to:

- Define and control risk for their specific requirements;
- Diversify their investment portfolio;
- Develop investment objectives and a statement of investment policy;
- Meet cash flow needs; and
- Conduct scenario analysis on their portfolio(s) as well as alternatives portfolios.

Our **Investment Policy Services** and **Global Asset Allocation Teams ("Teams")** are composed of investment professionals with backgrounds in investment management, economics, and actuarial science including actuaries, economists, and investment consultants. These Teams are responsible for maintaining AHIC’s “house” investment views and capital market assumptions. These Teams also provide timely, proactive advice and research to our investment consultants regarding the potential investment implications of changes in capital markets. Additional responsibilities include coordinating with AHIC investment consultants to provide AHIC
clients with top-down, strategic investment advice, researching new investment strategies, and monitoring portfolio positions from an asset allocation perspective.

Certain plan sponsors hire us to construct a dynamic “de-risking” glide path to help bring the plans to a fully funded status, while reducing uncompensated risks, with the goal of reducing the economic cost of plan benefits. The dynamic “de-risking” glide path is directly incorporated into the client’s investment policy to formalize the strategy, permit execution, and seek to ensure the highest levels of governance.

The Institutional Advisory Services (“IAS”) team provides non-discretionary Model Portfolios (“Model Portfolios”), strategic asset allocation advice and related advisory services to certain institutional and retail non-affiliated advisory firms including certain open-end mutual fund companies and wrap program sponsors in connection with third-party wrap fee programs.

We do not sponsor any “wrap-fee” programs but we may participate as a non-discretionary sub-adviser in wrap-fee programs. Under these arrangements, we provide Model Portfolios containing our current investment recommendations based on our clients’ investment policy statement and strategy goals or other parameters as agreed to between AHIC and our client. Although we provide recommendations, we do not have the authority to implement those recommendations. Ultimately, the decision making and discretionary responsibility for the asset allocation and securities selected are those of our client. Our client also maintains responsibility for effecting all security transactions in connection with such determinations. There may be differences between the Model Portfolio and the portfolios managed by our client and its other clients. We receive a fee from our client as an investment adviser for the services provided in these programs.

The team also is responsible for managing risk in general, including: performing asset-liability analyses, designing custom interest rate risk management portfolios utilizing derivatives, and monitoring portfolio positions from an asset-liability perspective.

Manager Structure and Selection

Our Global Investment Management Team (“GIM Team”) consists of individuals dedicated to researching and evaluating investment managers worldwide. Our GIM Team monitors and rates investment managers’ strategies. The GIM Team includes a number of former fund managers, which we believe provides further insight for understanding managers.

The GIM Team identifies investment managers and strategies across equities, fixed income, real estate equity and debt, private equity and debt, and alternative asset classes for our clients, and monitors existing managers in client portfolios. The GIM Team works with the AHIC investment consultants to periodically review the number and types of managers, funds and separate account strategies used by clients; paying careful attention to efficiency, costs, and management oversight. The GIM Team’s due diligence process includes screening, interviewing, and selecting manager candidates that meet each client’s needs. Observations from this research are summarized within written manager guidelines and performance objectives reports.

In certain circumstances, clients may delegate to AHIC the authority to allocate assets and hire or fire managers. Please see the section on our delegated services below.

Performance Review and Manager Monitoring

The GIM Team conducts ongoing discussions and periodic on-site due diligence meetings with clients’ investment managers, focusing on investment performance and organizational issues such as changes in ownership, retention of professional staff, fee changes, new products, etc. We evaluate all managers in the
context of their objectives and guidelines and specifically comment on factors effecting performance. We inform our clients of important developments and, when appropriate, recommend changing managers.

Fiduciary Services

Our **Fiduciary Services Team** works with clients and provides fiduciary oversight reviews to help them meet their fiduciary responsibilities. These services are provided to both public and private pension sector entities, and in most cases, are a separate retainer-based solution distinct from other AHIC investment consulting practices. Our fiduciary services include:

- Strategic planning;
- Fiduciary audits and operational reviews;
- Client and fiduciary training;
- Board/Committee governance and self-assessment; and
- Ad Hoc Projects.

**Strategic Planning**

We assist in the design of strategic plans and development of mission statements and core values as well as reasonable and achievable goals and objectives. We also assist in the implementation of the plans and the evaluation of their success.

**Fiduciary Audits and Operational Reviews**

We review the client's policies and procedures to assess their effectiveness and appropriateness, and provide recommendations for improvement. These reviews may include:

- Investment portfolio objectives, asset allocation, and policy;
- Investment operations and processes;
- Board oversight, policies, and principals; and
- Organization, staffing structure, and policies.

We will create a report of findings and recommendations for delivery to the governing body and assist the client in selecting trustees and recordkeepers for fiduciary accounts.

**Client and Fiduciary Training**

Our educational offerings include:

- Written reports that provide background information, alternatives and recommendations (along with the rationale for the recommendations) on a given issue;
- Research or educational materials on topics to discuss with a client's staff or committees;
- A client conference that covers a variety of investment-related topics.

**Board/Committee Governance**

We assist clients to develop governance manuals, policies, procedures, and monitoring methods appropriate to their oversight responsibilities and reporting structure. We also provide services to support our clients' administration of their fiduciary requirements, such as maintaining meeting minutes and compliance calendars, and assist with Board/Committee self-assessment.
Alternative Asset Advisory Services

Our Global Hedge Funds, Private Equity and Real Estate Teams (Global Alternatives Team) are part of the GIM Team, discussed above. The Global Alternatives Team is responsible for maintaining qualitative assessments on alternative asset manager strategies, and keeping abreast of the conditions in these markets.

We provide advice on partnership interests in private equity, real estate, venture capital arrangements, hedge funds, leveraged buyout funds, and distressed securities funds.

With the exceptions of mutual funds, exchange traded funds, and non-public securities, we do not typically provide advice on specific securities investments. In designing a client’s investment policy, we will typically consider many types of investments, unless instructed by the client to limit our advice to particular sectors or industries. Our investment recommendations are not limited to any specific product or service offered by any particular broker-dealer or insurance company.

Because some types of alternative investments involve an additional degree of risk, alternative investment strategies will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Hedge Fund Advisory Services

We develop, expand and monitor our clients’ asset allocation structures in opportunistic strategies (e.g., real and absolute return, global tactical asset allocation, long/short equity including market neutral and 130/30 style funds, commodities, convertible arbitrage and funds-of-funds). We seek to integrate our understanding of each of our client's goals, risk tolerances, and risk qualities of existing portfolio with our extensive manager research and monitoring capabilities. Our approach is to take a broad perspective on this opportunity set covering not only a wide variety of hedge funds but also those strategies that use “hedge fund like” approaches to investing. We conduct both on-site and telephonic manager meetings annually with a due diligence process that includes a rigorous examination of investment strategy, fund leadership and operational due diligence.

We also provide institutional investors with a hedge fund investment risk monitoring and implementation platform that allows for hedge fund investing with increased transparency. This service allows us to provide holdings level transparency, IMA guideline monitoring, risk oversight, integrated risk reporting, and collectively negotiates management fees for our clients.

Private Equity Advisory Services

We review and develop a client’s private equity investment policy, asset allocation, and portfolio design. We conduct a global private equity fund selection and due diligence reviews within each sub-sector. In addition, we coordinate the engagement of outside counsel for our clients so that limited partnership agreements are reviewed by legal professionals. Then, we will negotiate terms and conditions on behalf of each client. We provide clients with performance reporting, portfolio analysis, and comprehensive portfolio company review. We are able to educate clients on secondary sale processes and evaluate their portfolio construction decisions. We provide private equity education and market analysis, including commentary on current issues. We recommend commingled private equity investment funds as well as separate accounts that are structured and classified to meet client needs.
Real Estate Advisory Services

We consult with our clients to develop their real estate portfolio investment objectives, programs, and policies. Our real estate investment strategic planning and implementation services include:

- Investment pacing, size, and investment strategy diversification;
- Investment vehicle analysis and planning;
- Property and portfolio leverage planning;
- Manager search, selection and monitoring;
- Performance measurement and attribution analysis;
- Topical real estate research and market analysis; and
- Transition structure and terms modeling, analysis, and fee negotiations.

Delegated Investment Solutions and Pension Risk Management

We design and manage certain institutional clients’ investment portfolios. For these client relationships, we are delegated the authority to hire investment managers, terminate investment managers, select investment funds, and rebalance portfolio assets, subject to the client's investment policy statement and other terms outlined in the investment consulting agreement. Please see Item 16 for more information about our delegated services.

Certain plan sponsors hire us to construct a dynamic “de-risking” glide path to help bring the plans to a fully funded status, while reducing uncompensated risks, with the goal of reducing the economic cost of plan benefits. The dynamic “de-risking” glide path is directly incorporated into the client’s investment policy statement to formalize the strategy, permit execution, and seek to ensure the highest levels of governance. In setting the glide path, we use a customized liability measure reflecting the client’s desired objectives:

- **Potential Reduction in Economic Cost**: In many cases, the dynamic “de-risking” glide path, daily monitoring, and swift execution of the preapproved glide path may reduce the plans’ economic costs over time by reducing uncompensated risks and volatility.

- **Improve Probability of Reaching 100% Funded While Decreasing Risk**: The goal of the glide path is to seek to improve the probability of reaching 100% funded while protecting the downside risk.

- **Executing “Real-time”**: AHIC’s daily monitoring capabilities are key to implementing a dynamic “de-risking” glide path. We take discretion for the selection, implementation, and replacement of investment managers to execute a client’s dynamic policies. This results in a reduction in decision cycle times and a disciplined execution of plan strategies, which seeks to improve benefit security to plan participants, and in many cases, delivers lower economic cost and volatility to plan sponsors.

Our **Delegated Investment Team** is dedicated to the development, implementation and execution of our best thinking for our clients. This solution also utilizes “Buy Rated” investment manager strategies which are researched by AHIC’s GIM Team, referenced above. The Delegated Investment Team utilizes a variety of tools and providers which seek to pursue the highest quality strategies available in the market.

Our **Delegated Portfolio Management Team** leverages the expertise of dedicated individuals with backgrounds in investment management and actuarial science. The team is responsible for managing risk in general, including: performing asset-liability analyses, designing custom interest rate risk management portfolios utilizing derivatives, and monitoring portfolio positions from an asset-liability perspective.
Our U.S. Delegated Investment Team offers a defined contribution solution, **SimPlus Savings (“SimPlus”)**, to sponsors of qualified delegated defined contribution plans. SimPlus provides the breadth of Aon Hewitt’s service offerings, beyond the investment advisory services provided by AHIC, to implement a consolidated program for defined contribution plans. Aon Hewitt is the broader brand name of several Aon affiliates who offer a wide range of services to clients, which include both regulated and unregulated services. AHIC alone provides its investment advisory services under a separate agreement or schedule to a broader agreement. SimPlus combines funds with GIM Team “Buy Rated” investment managers, expanded buying power and a streamlined participant engagement which seek to improve participant retirement outcomes and reduce the risk exposure for plan sponsors. SimPlus’ goal is to reduce fund expenses to participants by offering institutional investment solutions and improve overall plan governance while reducing demands placed on the sponsor’s investment committee.

Certain AHIC clients that receive non-discretionary investment advisory services may have a portion of their portfolio delegated to, or provided in connection with AHIC’s Delegated Investment Solutions ("DIS"). AHIC provides non-discretionary (3(21) ERISA) advisory services with respect to certain AHIC clients, and also exercises discretionary management authority (3(38) ERISA) delegated services to a portion of these client’s portfolios.

AHIC’s non-discretionary investment advisory services will not include evaluations or recommendations on DIS when clients make the determination to delegate a portion of their portfolio to DIS. Furthermore, the GIM Team will not perform monitoring or due diligence of the discretionary portfolio management or private funds managed by the DIS. The non-discretionary and discretionary solutions are performed by separate and distinct teams within AHIC. The non-discretionary team will remain responsible to perform fiduciary oversight of the entire client’s portfolio, and make independent recommendations to their client on the services performed by the DIS.

**Annuities Placement Solutions**

Our **Annuities Placement Solutions Team** leverages the expertise of dedicated individuals with backgrounds in insurance, risk management, actuarial science and finance. The team has extensive experience assisting clients in selecting annuity providers using the protocol established by the Department of Labor in its Interpretive Bulletin No. 95-1 dealing with the selection of the “Safest Available Annuity Provider”.

The team specializes in implementing annuity arrangements for terminating defined benefit plans as well as partial settlements for ongoing plans. We evaluate the need for guaranteed interest contracts, and assist clients in evaluating and understanding these pension investment alternatives. Guaranteed interest contracts are agreements issued by an insurance company, that provides interest over a specified, agreed upon time period. They are commonly considered by plan fiduciaries in defined benefit plans as an alternative to fixed income or defined contribution plans as an investment for participants seeking principal preservation.

**Ad Hoc Projects**

We provide some of the services described above (for example, policy consulting, manager selection and governance) on a project basis. We also provide the following services on a project basis:

- Investment Program Review
- Defined Contribution Services (e.g., Vendor Evaluation and Fee Benchmarking)
- Custodian Selection
- Manager Agreement Review
- Asset Transfer Oversight (at client direction)
- Asset Liability Studies
- Recordkeeper Selection
Bespoke Services

We allow clients to customize their investment portfolio to their needs and goals, such as by imposing reasonable investment restrictions on certain securities, industries or sectors, or managing a portfolio to a tax-efficient mandate, by providing us with written instructions when opening an account or at any time thereafter.

Amount of Managed Assets

As of December 31, 2015, we had approximately $63.9 billion of assets under management on a discretionary basis and $391.2 million in assets on a non-discretionary basis. Additionally, we have approximately $1.7 trillion in assets under advisement as of September 30, 2015.

Item 5: Fees and Compensation

Fees for our services may be charged as a percentage of assets in the client’s account, as an hourly fee, or as a flat fee. The nature of our proposed relationship with our client is considered in determining the fee structure for our client’s account. Some clients may pay more or less than others depending on certain factors, including but not limited to the type and size of the account, the range of additional services provided to the client and the total amount of assets managed for a single client. While we believe our fees are competitive and reasonable, there may be instances where similar services to those provided by us may be available for similar or lower fees from other sources. All fees are negotiated in advance and will vary depending on a number of factors, including:

- Complexity of the assignment;
- Number of plans;
- Number of investment managers; and
- Nature and frequency of meetings and reports.

The fees charged for the investment advisory services are specified in the agreement between AHIC and each client.

Asset-Based Fees

Asset-based fees typically range from 0.01% to 0.10% of assets we advise on a non-discretionary basis. Asset-based fees typically range up to 0.45% of assets we manage on a delegated/discretionary basis. These fees are typically billed quarterly, in arrears calculated on the value of assets in the account at the end of each calendar quarter and invoiced to the client.

Hourly Fees

Hourly fees typically range from $200 - $800 per hour, and are billed monthly, in arrears based on actual hours rendered to a client account and invoiced directly to the client.

Retainer Fees

Retainer fees typically range from $75,000 to $500,000, and are either billed quarterly, in arrears, or in installments negotiated with the client for the duration of a particular project.
GENERAL INFORMATION ON FEES

Negotiability of Fees: Although we have established the fee ranges reflected above, we retain the right to negotiate fees or waive fees on a client-by-client basis.

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a) (1) of the Investment Advisers Act of 1940, as amended).

Termination of Advisory Relationship: Typically, a client may terminate its advisory relationship at any time upon no more than 30 days prior notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded to the client, and any earned, unpaid fees will be due and payable. Such fees are prorated based on the number of days left in the billing period.

Pooled Investment Vehicles: We serve as the investment adviser to Aon Hewitt Group Trust (“AHGT”), Aon Hewitt Offshore Fund of Hedge Funds, Ltd. (“AHFoHF”) and Aon Hewitt Institutional Funds (“AHIF”). The fees relating to the funds are described in each respective Private Offering Memoranda.

Collective Investment Trusts: We serve as the investment adviser to Aon Hewitt Collective Investment Trust (“AHCIT”). The fees we receive from AHCIT relating to the funds are described in the fund’s Offering Statement.

Investment Advisory Fees and Expenses: AHIC’s investment advisory fees, both for consulting and discretionary asset management, are separate and distinct from fees and expenses charged by our client’s investment managers (mutual funds, collective investment trusts, separate account managers, as well as the sub-advisors we choose or recommend to manage assets on behalf of the AHGT, AHFoHF, AHIF or AHCIT).

The fees and expenses related to the investment management firms unrelated to AHIC are described in each fund's prospectus, in the case of mutual funds, or other disclosure materials, in the case of the other types of managers.

Custody and Brokerage Fees and Expenses: Clients should note that our investment advisory fees are separate from custody and brokerage charges that may be assessed by third parties, including Bank of New York Mellon (when investing in the AHGT, AHFoHF, AHIF). Please see Item 12 – Brokerage Practices and Item 15 – Custody for more information.

Limited Prepayment of Fees: Clients may prepay our fees in advance. However, under no circumstances do we require or solicit payment of fees in excess of $1200 more than six months in advance of services rendered. See Termination of Advisory Relationship above regarding return of any unearned advisory fees.

Affiliated Sales Activity: A limited number of AHIC employees are also affiliated with Aon Securities, Inc. (“ASI”), which is a registered broker-dealer and our affiliate. Their affiliation with ASI relates solely to their services with respect to distribution of interests in the Aon Hewitt Group Trust and Aon Hewitt Institutional Funds. Although affiliated with ASI, our representatives receive no compensation from ASI or from clients for these services. We do reimburse ASI for expenses it incurs in connection with our consultants’ affiliation.

Mutual Funds: The investment advisory fees that we receive for services provided by our IAS team as a non-discretionary sub-advisor to unaffiliated mutual funds, which are registered under the 1940 Act, are described in the registration statements and/or financial filings of those mutual funds, including those funds’ prospectuses.
Item 6: Performance-Based Fees and Side-By-Side Management

Currently, AHIC does not charge performance-based fees.

“Side-by-Side management” refers to the simultaneous management of multiple types of client accounts/investment products. AHIC and its sub-advisors manage many accounts with a variety of strategies, which may present conflicts of interests. AHIC utilizes a customized investment advice platform where individual recommendations are provided to each client and are not applied holistically across all clients. In advising other clients, we may give advice and make recommendations to such clients, which may be the same, similar to or different from those provided to you due to different client investment objectives and strategies. Clients should be aware that AHIC’s sub-advisers do at times sell or hold short positions in securities for one or more client accounts while purchasing or holding long positions in the same or substantially similar securities for other client accounts. AHIC conducts due diligence on its sub-advisors policies and procedures to ensure that appropriate trade allocation and execution policies are established.

Item 7: Types of Clients

Aon Hewitt Investment Consulting, Inc. provides investment advisory services to banking or thrift institutions, pooled investment vehicles, pension and profit sharing plans, not-for-profit, charitable organizations, corporations, government entities, investment companies, collective investment trusts, and endowments and foundations. We also serve hospital systems, Taft-Hartleys, family offices, insurance companies, and other public and private entities.

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

Methods of Analysis

We advise clients on broad investment objectives and the selection and monitoring of advisers and/or investment managers. Clients should refer to the disclosure documents of recommended advisers and investment managers for information on their methods of analysis, sources of information and investment strategies.

AHIC’s GIM Team focuses the majority of its research on qualitative assessment, striving to thoroughly understand the organizations and teams that are responsible for investment performance.

The focus of the qualitative criteria includes:

- Special emphasis is placed on understanding the incentive structure and team dynamic to determine the likelihood of team stability;
- A better understanding of the experience;
- Skill level, interpersonal skills and attitudes of the general partners;
- The quality of the group’s deal flow with respect to intrinsic quality and competition for the opportunities;
- The due diligence and decision-making process employed by the group when it makes investments in companies; and
- The compensation arrangements among the general partners and their staff, including determining whether proper incentives are in place for superior long-term performance, among others.
In addition, the GIM Team focuses on obtaining a thorough understanding of the research and investment process. In doing so, its our belief that we are able to effectively evaluate periods of relative performance deviations thereby allowing for valuable proactive consulting for clients rather than a "chasing performance" mentality that plagues many investors. To truly understand investment management firms, it is the team’s belief that time must be spent face to face with the people at these organizations to determine their talent and commitment to client results.

Our researchers also spend a lot of time quantitatively analyzing managers. The quantitative analysis is not performance screening to find "hot" managers; instead, the team utilizes a variety of proprietary and third-party databases to measure risk and performance to better understand how a product performs and if it is in line with the style of management it pursues. The team runs portfolio attribution at the holdings level in an attempt to better understand drivers of results and challenge portfolio managers on their research and portfolio positioning. The GIM Team’s manager evaluation process assesses each manager’s:

- Perceived skill;
- Fund size/competing accounts;
- Cost;
- Team;
- Performance evaluation;
- Product fit;
- Attractiveness of targeted stage;
- Strategy;
- Ownership and sharing of carried interest;
- Stability of team;
- Quality and depth of management;
- Culture; and
- Quality of service.

The qualitative criteria that are calculated and evaluated include internal rates of return, cash flow multiples, and distributions which are benchmarked across a number of variables including fund type.

By evaluating these quantitative measures, the team gains a better understanding of how a manager may perform in a certain environment or how well a manager should fit within a portfolio context. Furthermore, an ongoing evaluation of qualitative and quantitative characteristics helps to evaluate if a manager continues to fit the role for which it was originally hired.

This dual evaluation allows the GIM Team to give clients a clear and accurate picture of our opinion on the investment managers and their strategies. Five areas of focus are extensively probed: organization, investment teams, investment process, risk considerations, and performance. This is accomplished via a lengthy on-site interview process conducted by multiple researchers.

Investment Strategies

To meet the wide variety of investment requirements of our clients, we offer customized investment solutions that implement our best thinking by investing client assets in affiliated funds or fund or separate accounts managed by unaffiliated sub-advisers.

For our IAS solution, we build model portfolios based on our best thinking and analyses in accordance with clients’ investment policy guidelines. With this solution, our clients are responsible for all portfolio trading, monitoring and operational aspects of implementing the model portfolios.
Our clients should not assume that portfolio investments will be profitable. The results for individual portfolios will vary depending on market conditions and the portfolio’s overall composition. Our clients’ portfolios invest in securities; all investments carry a certain degree of risk including the possible loss of principal that clients should be prepared to bear. There is no assurance that your portfolio will achieve its investment objective or that any investment will provide positive performance over any period of time.

We also sponsor several private funds. AHIC’s private funds are available to certain sophisticated investors.

In addition to customized and private fund strategies, AHIC offers SimPlus which provides clients the ability to participate in the funds of a collective investment trust in addition to other plan and participant services offered by AHIC’s affiliated companies. The collective investment trust offers a collection of bank collective trust funds, for which AHIC’s affiliate, Aon Trust Company, serves as trustee and AHIC provides certain investment advisory services. Aon Trust Company has retained us to provide investment advisory services with respect to the funds and ultimately recommend and select the sub-advisors, subject to oversight by Aon Trust Company. The collective investment trust generally utilizes a “multi-manager” approach whereby each fund gains exposure to its targeted asset class by investing directly through one or more sub-advisors and/or indirectly through underlying investment vehicles, in percentages that we determine, subject to the approval of the Aon Trust Company, as trustee. Each sub-advisor acts independently from the others and uses its’ own distinct investment style in selecting securities.

Clients of SimPlus can include various collective investment trust funds in their defined contribution plan line-up for selection by their respective plan participants.

Additional information regarding SimPlus can be found in Item 10: Other Financial Industry Activities and Affiliations.

Risks

Please refer to the offering memorandum and supplement documents of the private funds offered by AHIC for the list of Risk Factors specific to each of the funds. For those clients whose portfolios are invested within third party non-affiliated funds or separate account strategies (collectively “third party strategy”), there are a variety of Risk Factors each investor must take into consideration, including but not limited to the risk factors listed herein.

The investments of each third party strategy are subject to normal market fluctuations and other risks inherent in investing in securities, commodities and other financial instruments. These risks may include or relate to, among other things, equity market, bond market, foreign exchange, interest rate, credit, commodities, market volatility, political risks, and any combination of these and other risks. Prospective investors should be experienced with respect to transactions in instruments such as a third party strategy and the assets in which the relevant third party strategy invests. The value of investments and the income from them, and therefore the value of and income of the third party strategies, can go down as well as up and an investor may not get back the amount invested. Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. An investment in a third party strategy should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Risks may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the third party strategies. No assurance can be given as to the effect that any combination of risks may have on the value of the third party strategies.

General Risk Factors

Risks Related to Investment in Equity Markets.

The third party strategies, to the extent invested in the equity markets, are subject to a variety of market and financial risks. Common stocks, the most familiar type of equity security, represent an equity (ownership) interest
in a corporation. Although common stocks and other equity securities have a history of long-term growth in value, their prices may fluctuate dramatically in the short term in response to changes in market conditions, interest rates and other company, political and economic developments. The value of the third party strategies, to the extent invested in the equity markets will fluctuate, and the holders of these investments should be able to tolerate declines, sometimes sudden or substantial, in the value of their investment.

**Risks of Investing in Equity Securities of Non-U.S. Companies and Smaller Companies.**
Investments in non-U.S. securities, including emerging markets equities, and in small capitalization and mid-capitalization equity securities, involve special risks. For instance, smaller companies may be impacted by economic conditions more quickly and severely than larger companies. Risks of investing in foreign securities include those relating to political or economic conditions in foreign countries, potentially less stringent investor protection, disclosure standards and settlement procedures of foreign markets, potentially less liquidity of foreign markets, potential applicability of withholding or other taxes imposed by these countries, and currency exchange fluctuations.

**Interest Rate Risk Applicable to Investment in Fixed-Income Securities.**
Fixed-income securities are subject to the risks associated with investing in such instruments. Fixed-income securities such as bonds are issued to evidence loans that investors make to corporations and governments, either foreign or domestic. If prevailing interest rates fall, the market value of fixed-income securities that trade on a yield basis tends to rise. On the other hand, if prevailing interest rates rise, the market value of these fixed-income securities generally will fall. In general, the shorter the maturity, the lower the yield but the greater the price stability. These factors may have an effect on the value of the third party strategies. A change in the level of interest rates will tend to cause the net asset value of the third party strategies to change. If these interest rate changes are sustained over time, the yield of the third party strategies will fluctuate accordingly.

**Credit Risk Applicable to Investment in Fixed-Income Securities, Including those of Lower Credit Quality.**
Fixed-income securities, including corporate bonds, are subject to credit risk. When a security is purchased, its anticipated yield is dependent on the timely payment by the borrower of each interest and principal installment. Credit analysis and bond ratings take into account the relative likelihood that such timely payment will result. Bonds with a lower credit rating tend to have higher yields than bonds of similar maturity with a better credit rating. However, to the extent the third party strategies invest in securities with medium or lower credit quality, they are subject to a higher level of credit risk than investments in investment-grade securities. In addition, the credit quality of non-investment grade securities is considered speculative by recognized ratings agencies with respect to the issuer’s continuing ability to pay interest and principal. Lower-grade securities may have less liquidity and a higher incidence of default than higher-grade securities. Furthermore, as economic, political and business developments unfold, lower-quality bonds, which possess lower levels of protection with respect to timely payment, usually exhibit more price fluctuation than do higher-quality bonds of like maturity, and the value of the third party strategies invested therein will reflect this volatility.

**Risks Associated with Commodity Investments and Derivatives.**
Certain third party strategies may use exchange–traded or over-the-counter (“OTC”) futures, forwards, warrants, options, swaps and other derivative instruments to hedge or protect the portfolio from adverse movements in underlying prices and interest rates or as an investment strategy to help attain the third party strategy’s investment objective. Certain third party strategies may also use a variety of currency hedging techniques, including foreign currency contracts, to attempt to hedge exchange rate risk or to gain exposure to a particular currency. The third party strategies’ use of derivatives could reduce returns, may not be liquid and may not correlate precisely to the underlying securities or index. Derivative securities are subject to market risk, which could be significant for those derivatives that have a leveraging effect that could increase the volatility of such third party strategies. Derivatives are also subject to the risk of material and prolonged deviations between the theoretical and realizable value of a derivative (e.g., due to non-conformance to anticipated or historical correlation patterns). Derivatives are also subject to credit risks related to the counterparty’s ability to perform, and any deterioration in the counterparty’s creditworthiness could adversely affect the instrument. A risk of using derivatives for hedging purposes is that a third party strategy’s manager might imperfectly judge the market’s direction, which could render a hedging strategy ineffective or have an adverse effect on the value of the derivative. Furthermore, many derivatives, particularly those that are not traded in transparent markets, may be
subject to significant price risk. Prices in these markets are privately negotiated and there is a risk that the negotiated price may deviate materially from fair value. This deviation may be particularly acute where there is no active market available from which to derive benchmark prices. The price of a given derivative may demonstrate material differences over time between its theoretical value and the value that may actually be realized by a third party strategy (e.g., due to non-conformance to anticipated or historical correlation patterns). Many OTC derivatives are priced by the dealer; however, the price at which a dealer values a particular derivative may not comport with the price at which the third party strategy seeks to buy or sell the position. In many instances, a third party strategy will have little ability to contest the dealer’s valuation. Derivatives, particularly to the extent they are transacted on an OTC or bilateral basis or are highly customized, may also be highly illiquid, making it difficult, or in some cases impossible, for a third party strategy to exit a position at what the third party strategy manager considers a reasonable price.

To the extent that a third party strategy enters into a derivative on an OTC or “bilateral” basis, which means that the third party strategy’s ultimate counterparty in a transaction is not a regulated clearing house (a well-capitalized and regulated party that becomes the counterparty to each trade on both sides of a specific market upon acceptance for clearing), then the third party strategy will be subject to the risk that the counterparty to the third party strategy will not be able to perform its obligations under the transaction. Any deterioration in the counterparty’s creditworthiness could result in a devaluation of the transaction and result in losses to the third party strategy. There are a small number of major financial institutions globally that act as counterparties in the majority of OTC derivatives transactions and represent the vast majority of liquidity available in these markets. These institutions have historically been highly leveraged and largely unregulated and have had substantial financial exposure to each other, increasing the risk that a failure of one financial institution could lead to a “domino” effect of further failures of major financial institutions. Many of these financial institutions received substantial government-directed financial support or were “bailed out” during the financial crisis of 2008-2010. The failure of Lehman Brothers in September 2008 had a significantly adverse impact on those traders that transacted with Lehman Brothers in the OTC markets. There can be no guarantee that similar failures will not occur in the future.

There has been substantial disruption in the OTC derivatives markets related to the market turmoil and failure of certain financial institutions in 2008 and 2009. The vast government intervention during this period also led to considerable uncertainty among market participants. Although the OTC derivatives markets have since stabilized somewhat, there can be no assurance that the turmoil in the markets will not recur. This disruption and uncertainty could cause substantial losses to a third party strategy if its OTC derivatives are prematurely terminated, especially due to the default of a third party strategy counterparty, where payment may be delayed or completely lost.

**Risks of Trading Futures on Foreign Exchanges.**

Certain third party strategies may trade futures on non-U.S. exchanges. These exchanges are not regulated by any United States governmental agency. Such third party strategies could incur substantial losses trading on foreign exchanges to which they would not have been subject when trading on U.S. markets. In addition, the profits and losses derived from trading foreign futures and options will generally be denominated in foreign currencies; consequently, such third party strategies will be subject to a certain degree of exchange rate risk in trading such contracts. Exchange rate risk is the risk that a security’s value will be affected by changes in exchange rates relative to the U.S. dollar.

**Substantial New Regulation of OTC Derivatives Markets**

The Dodd Frank Act includes provisions that seek to comprehensively regulate the U.S. OTC derivatives markets for the first time. As a result of the Dodd Frank Act, the SEC and the CFTC may also require a substantial portion of derivative transactions that are currently executed on a bilateral basis in the OTC markets to be executed through regulated securities, futures or swap exchanges or execution facilities and submitted for clearing to regulated clearing houses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearing house, as well as possible margin requirements, mandated by U.S. securities and futures regulators. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Dodd Frank Act includes limited exemptions from the clearing and margin requirements for so-called “end users”, the third party strategies will not be able to rely on such exemptions. OTC derivatives dealers also will be required to post margin to the clearing houses through which they clear their customers’ trades instead of using such margin in their operations, as they currently are
allowed to do. This will further increase the dealers’ costs, and these increases are expected to be passed through to other market participants in the form of higher fees and less favorable pricing. New requirements resulting from the Dodd Frank Act may make it more difficult and costly for the third party strategies to enter into customized transactions. They may also render certain strategies in which the third party strategies might otherwise engage impossible or so costly that they will no longer be economical to implement.

OTC derivatives dealers and major OTC derivatives market participants will also be required to register with the SEC and/or the CFTC. The third party strategies or third party Managers may be required to register as major participants in the OTC derivatives markets. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers will also be subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory obligations. These requirements may increase the overall costs for OTC derivatives dealers, which are likely to be passed along, at least in part, to market participants in the form of higher fees or less favorable pricing. The overall impact of the Dodd Frank Act on the third party strategies is as yet uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

**Risks Associated with U.S. Government Obligations.**

Obligations of the U.S. government and the agencies and instrumentalities thereof are referred to herein as “U.S. Government Obligations”. Not all U.S. Government Obligations are backed by the full faith and credit of the United States. For example, securities issued by the Federal Farm Credit Bank or by the Federal National Mortgage Association are supported by the agency’s right to borrow money from the U.S. Department of the Treasury under certain circumstances, and securities issued by the Federal Home Loan Banks are supported only by the credit of the issuing agency. There is no guarantee that the U.S. government will support these securities, and, therefore, they involve more risk than U.S. Government Obligations that are supported by the full faith and credit of the United States.

Further, one nationally recognized U.S. statistical rating organization, in August 2011, downgraded the credit rating of long-term U.S. government securities to AA+ from AAA, and other nationally recognized statistical rating organizations have placed U.S. government securities on negative “watch”. These events and circumstances could result in further market disruptions that could adversely affect the market for U.S. Government Obligations as well as other financial markets on a global basis.

**Redemption Risk.**

A third party strategy may need to sell its holdings in order to meet redemption requests of participating trusts holding investments in a fund. Such third party strategy could experience a loss when selling securities to meet redemption requests if the redemption requests are unusually large or frequent, occur in times of overall market turmoil or declining prices for the securities sold, or when the securities the third party strategy wishes to or is required to sell are illiquid. The third party strategy may be unable to sell illiquid securities at its desired time or price. Illiquidity can be caused by a drop in overall market trading volume, an inability to find a ready buyer, or legal restrictions on the securities’ resale. Certain securities that were liquid when purchased may later become illiquid, particularly in times of overall economic distress.

**Risk of Reliance on Industry Research.**

Certain third party strategies and their Managers are dependent to a significant extent on information and data obtained from a wide variety of sources to assess the quality of the securities in which they propose to invest, such as financial publications that monitor markets and investments, industry research materials, ratings issued by one or more nationally recognized credit rating agencies to assess the credit quality of securities in which they propose to invest, and other materials prepared by third parties. There may be limitations on the quality of such information, data, publications, research and ratings, and generally neither AHIC nor the third party strategies’ managers independently verifies any of the same. For instance, certain asset-backed securities, such as sub-prime collateralized mortgage obligations and securities backed by bond insurance that initially received relatively high credit ratings were, in connection with the credit markets turbulence that began in 2007, subsequently significantly downgraded as the investment community came to realize that there may have been previously unanticipated risks associated with these securities. There is a risk of loss associated with securities
even if initially determined to be of relatively low risk, such as in the case of collateralized debt obligations and other structured-finance investments that often are highly complex.

**Legal and Regulatory Changes Could Adversely Affect the Third Party Strategy.**
Regulation of investment vehicles such as the third party strategies, and of many of the investments a third party strategy manager is permitted to make on behalf of the third party strategy(ies) advised by it, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on a third party strategy is impossible to predict, but could be substantial and adverse.

**Risks of Securities Lending Undertaken by the Third Party Strategy.**
The third party strategies, to the extent they are engaged in securities lending, may be subject to the risks associated with the lending of securities, including the risks associated with defaults by the borrowers of securities subject to the securities lending program and the credit, liquidity and other risks arising out of the investment of cash collateral received from the borrowers.

**Restrictions on Redemptions and Payment of Redemption Proceeds.**
Investors should note that there may be restrictions in connection with the subscription, holding and redemption of and trading in the third party strategies units. Such restrictions may have the effect of preventing the investor from freely subscribing, holding, trading and/or redeeming a third party strategy unit. For additional information, please refer to the each fund’s confidential offering memorandum.

**Market Disruption Events and Settlement Disruption Events.**
A determination of a market disruption event or a settlement disruption event may have an effect on the value of the third party strategies and/or may delay settlement in respect of a third party strategy unit. The third party strategies may incur losses from disrupted markets, and other extraordinary events may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect from historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause losses for an investment portfolio, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may, from time to time, suspend or limit trading. Such a suspension could render it difficult or impossible for a third party strategy to liquidate affected positions and thereby expose it to losses.

**Other Risks and Conflicts**
Because of the wide range of services offered by AHIC and its affiliates, it is possible that conflicts may arise. As discussed in Item 6 – Performance Based Fees and Side-by-Side Management, certain conflicts of interest also arise from the fact that AHIC and each sub-adviser may provide consultation or investment management services to other clients, pooled investment vehicles or separately managed accounts, some of which may have similar or different investment objectives to those of the strategies available in the strategies and funds managed by AHIC. As AHIC manages our client relationships on a customized basis, there may be conflicting investment objectives and risk tolerances among AHIC clients invested in similar investment vehicles.

Investors should be aware their investment is not guaranteed and understand that there is a risk of loss of value in their investment.

**Item 9: Disciplinary Information**
We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.
AHIC and its management personnel have no reportable disciplinary events to disclose; however, Aon plc and its business units and affiliates do business throughout the country and, like all businesses in the United States, are subject to a certain number of lawsuits pending in the ordinary course of its business on a worldwide basis. Details of litigation filed against Aon are available in Aon plc’s annual Form 10 K filing (Note 16) and Aon plc’s quarterly Form 10 Q filing (Note 14). Excerpts of the 10 K and 10 Q filings containing, respectively, Note 16 and Note 14, are available on Aon’s website (www.aon.com). Although the ultimate outcome of all such matters cannot be ascertained, it is the position of Aon plc that the disposition or ultimate determination of such claims will not have a material effect on the financial position of Aon plc or any of its business units nor impacts its ability to perform services for the benefit of its clients.

Item 10: Other Financial Industry Activities and Affiliations

Aon plc (“Aon”) is a global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services. These services are provided through direct and indirect subsidiaries. As discussed above in Item 5 – Fees and Compensation, we offer a number of OCIO solutions to our clients.

As a result of these solutions, certain employees of ours hold securities licenses with Aon Securities, Inc. (“ASI”), a FINRA registered broker-dealer and an SEC registered investment adviser, and an indirect subsidiary of our ultimate parent, Aon. Interests in the Aon Hewitt Group Trust and Aon Hewitt Institutional Funds are also offered through ASI, which is not remunerated for this service. ASI often plays several roles when engaging with its clients, including structuring and distribution of securities. On the structuring side, ASI advises on the details of a proposed transaction, including the duration, pricing, and terms and conditions of securities. Once structured, ASI also sells or distributes the securities to a wide variety of investors (i.e., acts as a placement agent). As part of ASI’s sale or distribution of securities, ASI may come into contact with AHIC clients, as potential investors in securities being distributed by ASI. No AHIC personnel will directly engage in any of the sales or distributions of ASI securities, nor will AHIC receive any commission for any sales of ASI distributed securities, but may receive an indirect compensation of any securities which AHIC provides any non-discretionary advisory assets where AHIC is paid on an annual advisory fee based on the AUM of the client’s portfolio. Those advisory fees are the direct compensation paid by the client as disclosed under the terms of an investment management agreement.

Hewitt Financial Services, LLC (“HFS”) is a FINRA registered broker-dealer and is a wholly owned subsidiary of Hewitt Associates, LLC, branded as Aon Hewitt and an affiliate of Aon. HFS, among other things, supports Aon Hewitt by offering and providing securities brokerage services to certain Aon Hewitt defined contribution plan clients. In all such situations, any revenue received by HFS is offset dollar-for-dollar against administration fees otherwise due and owing Aon Hewitt. HFS also supports an on-line tool called DC Nexus. This tool allows clients to access detailed analytical tools, educational materials, and an auction feature, but no Aon Hewitt investment recommendation are available through the tool. Both asset managers and Aon Hewitt defined contribution recordkeeping clients utilize DC Nexus free of charge. In the event that defined contribution client assets are placed into investment strategies through DC Nexus, the asset manager pays an ongoing fee to Aon Hewitt. Aon Hewitt and HFS have agreed to forgo any potential revenue from the DC Nexus platform for AHIC clients. In all circumstances involving HFS, our compensation is not effected in any way by the presence of HFS’ relationship with the client.

Aon Retirement Plan Advisors, LLC (“ARPA”) is a registered investment advisor, and like us, is a wholly owned subsidiary of Aon Consulting, Inc. ARPA provides investment consulting services primarily to smaller retirement plans (typically under $75 million in plan assets) and to companies providing certain executive benefits to their employees. We have no financial relationship with ARPA.
Aon Hewitt Financial Advisors, LLC ("AFA") is a registered investment advisor and is a wholly owned subsidiary of Hewitt Associates, LLC. AFA provides investment advisory services to plan participants through a sub-advisory relationship with Financial Engines Advisors L.L.C., which may also be used by our clients through SimPlus Savings, which is described below. The plan participants that are served by AFA are members of defined contribution plans that are provided plan administration services by Aon Hewitt. It is possible that AFA may be retained by an AHIC client to provide investment advisory services directly to plan participants. In these cases, AHIC receives compensation on the basis of AUM of the corporate pension plans.

Aon Trust Company ("ATC") is an Illinois non-depository, state-chartered bank. AHIC serves as investment adviser with limited discretionary authority to the Aon Hewitt Collective Investment Trust, of which ATC is Trustee. AHIC offers the AHCIT to certain delegated defined contribution clients. Additional information on AHCIT, its structure and the fees paid to AHIC are available within AHCIT’s offering statement.

Bundled Solutions
Aon Hewitt offers our defined contribution ("DC") clients a bundled solution, which could combine the services of AHIC, HFS, and AFA called SimPlus under one master agreement, with each respective service offered separately through a schedule of services. This solution allows plan sponsors to share or delegate certain fiduciary obligations, including investment manager selection and oversight. SimPlus also features comprehensive administration solutions, including DC plan recordkeeping and participant services. Our fees are based upon total plan assets and we do not receive any additional fees based upon any other Aon Hewitt services utilized under this bundled solution. All fees associated with this service are fully disclosed to Plans and their participants. The services provided for under the SimPlus offering are provided by different Aon Hewitt affiliates and any fees for investment advisory services performed by AHIC are only paid to AHIC under a separate agreement or schedule to a broader multi-affiliate agreement.

In addition to the above affiliations, a number of investment management firms we review and may recommend to our clients are AHIC clients themselves and/or clients of Aon or firms with which Aon may have vendor or other business relationships. We maintain strict standards and processes to avoid any perceived conflicts of interest associated with our recommendations of firms that may do business with Aon in any capacity. These processes include a core ethical culture emphasizing our fiduciary responsibilities, the diligence and awareness of our senior management team, financial statements that are separately created from other aspects of Aon, a review of all client engagements and GIM recommendations by senior management and compliance with our Code of Ethics discussed in Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading. Information and access barriers exist so that Aon account executives, those who have responsibility for a client or other business partner relationship have little to no access to members of our GIM team. No Aon organization account executive can cause an investment manager not otherwise subject to the GIM team’s review to be considered for investment by one of our clients. None of our employees’ compensation is tied in any way to the selection of an Aon client firm as an investment option to be considered by one of our investment or advisory clients.

Unaffiliated Third-Party Investment Management Firms
We also provide investment consulting services to investment management firms specific to its employee retirement plans. AHIC provides these services subject to a competitive bid and pricing process consistent with AHIC’s sales practices. AHIC does not provide any investment consulting or management services to unaffiliated, third-party investment management firms in relation to the product or services those firms offer to their clients. Specific information regarding AHIC’s advisory fees is provided in Item 5 – Fees and Compensation.

We conduct periodic reviews of our investment management research database to ensure that recommendations of any investment management firm that also happens to be a client of Aon are not disproportionate to other similar firms.
Commodity Pool Operator and Commodity Trading Advisor
AHIC is registered as a CPO and CTA with the CFTC and is a member of the NFA.

Pooled Investment Vehicles
Our firm serves as the investment adviser to the Aon Hewitt Group Trust and the Aon Hewitt Collective Investment Trust, which are available to eligible qualified retirement plans and government plans that meet certain requirements.

AHIC also serves as the investment adviser to Aon Hewitt Offshore Fund of Hedge Funds and Aon Hewitt Institutional Funds.

Expense Sharing Arrangements
We pay Aon for all expenses incurred by us that relate to the operation of our business including: costs associated with total employee compensation; supervised persons licenses; rent and utilities; furniture and equipment; computers; and telephones. All such expenses, and allocation methodologies thereof, are governed by an expense sharing agreement between us and various affiliates within Aon Hewitt. Some of our non-consulting executive officers and directors are also employed in various corporate capacities by Aon or Aon Hewitt affiliates, in those entities’ capacity as leading providers of a variety of human resource management consulting services, including actuarial and benefit plan consulting services, insurance, communications and management consulting and benefit plan administration.

Client Investment Committees
AHIC may serve as a member of a client’s Investment Committee with voting rights. However, AHIC abstains from voting on any issues involving retaining or terminating it as a client’s investment manager or investment advisor.

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

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes the firm’s fiduciary duties and responsibilities to clients, and sets forth our practice of supervising the personal securities transactions of our supervised persons with access to client information. Our officers, directors and employees may buy or sell securities for their personal accounts identical to or different than those held by our clients. It is our policy that no supervised person shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients. Further, we also may recommend to clients the purchase of shares in mutual funds, exchange traded funds and AHIC’s pooled investment vehicles when consistent with the client’s investment guidelines and objectives in which Aon or one or more of its employees or affiliates have a financial interest.

To supervise compliance with our Code of Ethics, we require that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm’s Chief Compliance Officer. All of our supervised persons must acknowledge the Code of Ethics terms at least annually. We require these access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements.

We require that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Our Code of Ethics further includes the firm’s policy prohibiting the misuse of material non-public information. Any individual not in observance of the above may be subject to discipline.
We will provide a complete copy of our Code of Ethics to any client or prospective client upon request to Aon Hewitt Investment Consulting, Inc., Attn: AHIC Compliance, 200 E. Randolph Street, Suite 1500, Chicago, IL 60601.

**Item 12: Brokerage Practices**

As a result of AHIC’s business model, we generally delegate all of the trading activity on behalf of our clients to our sub-advisors. We allow the sub-advisors to determine the broker-dealers through which they transact securities. Trade aggregation occurs when the broker is permitted to aggregate a customer’s trades with those of other customers. These efficiencies may result in lower trade costs for the customers but may influence the timing of a transaction. The investment managers we select in connection with our discretionary investment consulting services are allowed to aggregate customer trades subject to our review of their trading and brokerage practices and subject to them following applicable rules and regulations regarding these practices. We periodically review their adherence to these practices.

From time to time, we will recommend broker dealers to investment advisory clients, typically retirement plan clients whose portfolios are managed by a separate investment adviser who is not affiliated with AHIC. There are typically two different scenarios in which we are hired by a pension client to recommend a broker dealer: (1) to assist pension clients with the transition between investment managers; or (2) to assist pension clients with the funding of new portfolio positions. We will solicit and review bids from independent third party broker dealers. The specific brokerage needs can vary between each pension client, but the primary factors considered in making final recommendations are typically (1) the competitiveness of execution rates; (2) the quality of previous executions provided; and/or (3) how efficiently the broker dealer transitions the portfolios with minimal market impact. Our fees for this service are fully disclosed. **We do not receive direct or indirect compensation from any recommended broker dealers.**

Soft-dollar arrangements are those in which brokerage commissions are utilized to pay for services or other benefits which the adviser would have to pay for itself (for example, investment research). **AHIC does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.**

**Item 13: Review of Accounts**

For our investment advisory clients, we will negotiate the nature and frequency of client reporting and account reviews with each client. Most commonly, reporting is provided quarterly, but the client may request reports more frequently (monthly) or less frequently, but no less frequently than annually. Additional reviews may be triggered by material market, economic or political events, or by changes in the client’s circumstances. All accounts are reviewed by one of our consultants.

On at least an annual basis, senior management performs reviews of a sample of accounts to evaluate for appropriate investment allocations and other safeguards.

For our delegated clients, we review client accounts on a regular basis to confirm that allocations are in within target ranges and are in adherence with the client’s investment guidelines. In addition to monitoring client accounts, we monitor our sub-advisors adherence to their stated investment guidelines and objectives. We also review any internal research notices issued on the sub-advisors contained in our client accounts to remain cognizant of the sub-advisors’ portfolio management and operational activities.
For our model portfolios delivered through IAS, we provide updates to the model portfolios as indicated in our investment agreement with the client.

**Item 14: Client Referrals and Other Compensation**

From time to time we may receive a client referral from certain of our affiliates, such as Aon Risk Services, Hewitt Associates LLC, or Aon Consulting Inc., all of which are subsidiaries of Aon. In these situations, we may compensate the referring consultant for the referral. Actual payment is dictated by the role of the referring consultant and internal Aon organizational compensation policies.

Further, AHIC employees may receive internal compensation for referring prospective or current clients to affiliated Aon businesses. In these situations, referral compensation is paid by AHIC’s affiliates out of their own assets, and is not paid directly by the client. You should be aware that you will be charged additional fees beyond the fees outlined above for the services provided by AHIC’s affiliates. There may be an inherent conflict of interest with such arrangement as we may be incented to make recommendations based on the compensation we could receive from such transactions. While such arrangements raise a conflict of interest consideration for AHIC, compensation policies are structured to avoid such conflicts and to comply with applicable law, including regulations and guidance applicable to client portfolios subject to the Employee Retirement Income Security Act of 1974 (“ERISA”).

AHIC Delegated Investment Solutions may be an appropriate consideration for AHIC’s clients. AHIC has an incentive to recommend that an investment advisory client select Delegated Investment Solutions as a discretionary asset manager or OCIO. To mitigate this potential conflict of interest, AHIC’s investment consulting practice will not evaluate or recommend that its clients use AHIC’s Delegated Investment Solution for a discretionary asset management service or investment advice. However, a client may independently choose to use AHIC’s Delegated Investment Solution in their fiduciary capacity.

We have engaged a third-party to provide background research and initial introductions for some of our solutions. Any payments made are paid solely by AHIC and are not dependent on final client engagement. No client funds are used to pay for this referral assistance.

Certain AHIC supervised persons and related sales personnel are associated with ASI, an affiliated broker-dealer of AHIC; and in that capacity may engage in marketing or selling activities with respect to the placement of AHIC’s private funds. Supervised persons and related sales personnel are internally compensated for successful marketing or selling activities.

**Item 15: Custody**

Generally, each AHIC client appoints a third party qualified custodian for the client’s funds and securities. However, pursuant to SEC custody rules, we are deemed to have custody in limited circumstances involving certain pooled investment vehicle clients for whom AHIC serves in a capacity as general partner, managing member or a role of similar capacity. In these circumstances, all assets of each such client are held by a qualified custodian, and account statements are delivered at least quarterly directly from the qualified custodian to the independent representative designated by the client to receive such statements on behalf of the client. Underlying investors of the pooled investment vehicle clients also will receive statements from AHIC on a monthly basis.
In limited circumstances, AHIC is deemed to have custody of certain client accounts because AHIC directs the payment of fees and expenses from such accounts. AHIC is subject to a surprise audit on at least an annual basis.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets. We strongly urge you to compare the account statements or reports we provide you with those official statements from your custodian records.

**Item 16: Discretionary Investing**

We manage accounts on a discretionary or non-discretionary basis.

When we manage accounts on a non-discretionary basis, we perform our duties in accordance with the investment contract. We generally provide non-discretionary advice through our model portfolios or with our investment consulting clients such as endowments, foundations and public funds.

Generally, when managing accounts on a discretionary basis, we provide a service to certain institutional clients’ investment portfolios, where we are delegated the authority to hire investment managers, terminate investment managers, and rebalance portfolio assets, subject to the client's investment policy statement and other terms outlined in the investment consulting agreement. We select, approve and monitor these investment manager’s strategies pursuant to the client’s investment guidelines which, in many cases, are developed with our assistance. We exercise our investment discretion consistent with a client’s investment policy, as well as with any investment guidelines or restrictions.

As the delegated portfolio manager, we execute and deliver any and all agreements necessary for the investment, and we direct the client-appointed custodian to acquire, hold, sell, transfer, exchange, and dispose of the investments, as applicable. We provide our delegated service offering to both defined benefit and defined contribution plans, as well as select other clients.

For certain other delegated clients, we may enter into agreements with investment managers outside of AHIC’s private funds. The primary reasons why a delegated client may not be recommended to invest through the funds are that they don’t have sufficient assets to qualify as investors or that the investment alternatives available through funds do not meet the investing needs of the client.

We also provide a service whereby we have been delegated the authority to oversee the investment management of a portfolio structured to perform similarly to a target date maturity fund. These funds are common in defined contribution (including 401(k)) retirement plans. These funds are designed to reduce risk over time as the investor gets closer to retirement age. These funds are typically named after the “target” retirement year of the plan participant or investor (i.e., the “2025 Fund”). Rather than rely upon one investment manager’s investment funds, clients who hire us for this service look for us to assist them in using many of the other funds available for investment in the plan to build a “customized” target date portfolio. We will assist the plan’s fiduciary committee with developing the “glide path” or the planned investment strategy of the portfolio and are given discretionary authority to adjust the asset allocation of the portfolio to meet the ranges dictated by the glide path.

We also assist some of our delegated clients by being given the delegated authority over private equity investments made by these plan clients. This delegated authority is limited to the percent allocation to the private equity class that is dictated in the client’s investment policy statements, which allows us to determine which securities and the amounts of securities that are bought or sold in a client's account.
Clients delegate to us the investment authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by providing us with written instructions.

**Item 17: Voting Client Securities**

We do not vote proxies that are sent by companies that are but one security holding in a pool of investments managed by an investment manager we recommend. Investment managers selected by the client are typically responsible for voting these client proxies. As the overwhelming majority of our clients are qualified retirement plans, the plan trustee is responsible for administration matters related to proxy voting.

When the investment manager’s own fund issues a proxy regarding fund level matters (e.g., changes to prospectus, board of directors, etc.), we will vote that proxy on behalf of the client. The client plan’s trustee will continue to be responsible for handling all necessary administration and communication of such proxies to us. Clients should refer to the disclosure documents of recommended investment managers for information on their proxy voting policies. However, we may provide clients with consulting assistance regarding proxy issues.

Clients should note that we will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client’s account(s), including, but not limited to, the filing of “Proofs of Claim” in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18: Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about AHIC’s financial condition. AHIC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. AHIC has not been the subject of a bankruptcy petition at any time during the past ten years.