

FORM ADV**Part II - Page 1****Uniform Application for Investment Adviser Registration****OMB APPROVAL**

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Name of Investment Adviser: Coraticum Asset Management, LLC

Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone number:
5705 South Cottonwood Lane, Holladay, UT 84117				(801)	824-2205

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.

- 1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | |
|-------------------------------------|---|-------|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services | 100 | % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services | _____ | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above | _____ | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | _____ | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above | _____ | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ | % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ | % |
| <input type="checkbox"/> | (8) Provides a timing service | _____ | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☐ No ☒

- C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

- D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

- 2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|---|
| <input checked="" type="checkbox"/> A. Individuals | <input type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input checked="" type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|---|---|
| <input type="checkbox"/> A. Equity securities | <input type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☒ Yes ☐ No
(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. ☒ Yes ☐ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No
☒ ☐

(If yes, describe on Schedule F)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Jennifer Johnson will provide daily review as part of her daily portfolio management duties. Such review will be ongoing in nature and congruent with investment policies for return objectives and risk tolerances.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients will receive monthly, quarterly, and annual reports detailing positions and investment performance.

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|---|-----------------------------|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) commission rates paid? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|------------------------------|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? Yes ☐ No ☒

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:
Coraticum Asset Management, LLC

SEC File Number:
801-

Date:
3/9/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
Coraticum Asset Management, LLC

IRS Empl. Ident. No.:
61-1547745

Item of Form
(identify)

Answer

See the following pages.

Complete amended pages in full, circle amended items and file with execution page (page 1).

SCHEDULE F

Item 1.A (1) and Item 1.D

Management of Pooled Assets

Coraticum Asset Management, LLC ("CAM") provides investment supervisory and managerial services for a private investment fund ("Fund") in which a fee is charged. The investment policy for this fund is appended as "Exhibit A" in this schedule.

The management fee is not negotiable and is charged according to the following schedule:

Total Fund Assets Under Management (AUM)	Monthly Fee	Yearly Fee
\$0 - \$7,199,999.99	0.1667% of AUM	2.00% of AUM
\$7.2 million - \$20,571,428.56	\$12,000 fixed fee	\$144,000 fixed fee
\$20,571,428.57 and greater	0.0581% of AUM	0.70% of AUM

CAM places all funds and securities associated with the Fund in one or more custodial accounts with an independent brokerage firm (the "Custodian"). The Fund engages an attorney or independent public accountant (the "Independent Representative") who is selected by CAM but who is not CAM nor is CAM's principals, managers, members, employees and affiliates ("CAM affiliates").

The Custodian will not deliver the assets of the Fund to CAM or CAM affiliates, except as follows:

The Custodian may transfer securities or remit to CAM fees, expenses, capital withdrawals and other funds, provided that CAM and the Independent Representative for the Fund, have sent to the Custodian a letter which will be deemed for all purposes as authorization to release Assets to the entities and in the amounts specified in such letter. In each such case, CAM will send the Custodian and the Independent Representative a written request for such transfer which request shall include the amount of distributions generally and the amount allocable to CAM.

Apart from the forgoing, the Custodian will transfer Assets in accordance with the instruction of CAM as follows:

- To an account in the name of the Fund at another brokerage firm, custodian or bank that, to the best of the Custodian's knowledge, is not CAM or a CAM affiliate.
- To any other person or entity (other than CAM or a CAM affiliate) for a purpose that is represented to the Custodian as being for the legitimate purposes of the Fund.
- To an independent bank or another brokerage firm in the course of purchases, sales and loans of Assets.
- To limited partners, other than limited partners that are CAM or a CAM affiliate. All such requests for transfer of the Assets of the Fund will be rendered in written form.

Redemptions / Withdrawals: Subject to availability of funds and certain liquidity and other restrictions, a Limited Partner may withdraw the Limited Partner's Capital Account from the Fund at any time by presenting the General Partner with a written notice of such Limited Partner's intention to withdraw. Subject to the discretion of the General Partner to establish an earlier withdrawal date, any withdrawal will be effective on the last business day of the calendar month in which the withdrawal notice is received (or the following month if the withdrawal notice is received after the 20th day of a calendar

month (the "Withdrawal Date"). Within three business days of the Withdrawal Date, the Limited Partner will be entitled to receive, in exchange for its Interest, an amount equal to the Capital Account of the Limited Partner, less a withdrawal fee. Partial withdrawals shall be permitted so long as the withdrawing Limited Partner's interest in the fund remains at least as great as the minimum contribution (\$250,000), which minimum the Fund may waive at its discretion.

Withdrawal Fee (Tax Exception): A withdrawal fee will be charged to the Limited Partner in connection with any voluntary withdrawal during the initial two-year period following the purchase of an Interest by that Limited Partner. The withdrawal fee shall be equal to the total withdrawal distribution multiplied by: (a) 3.00% if such withdrawal occurs within one year of the respective Contribution by the Limited Partner; or (b) 2.00% if such withdrawal occurs more than one year after, but within two years of, the respective Contribution by the Limited Partner; provided, however, no withdrawal fee shall apply to a withdrawal from a Limited Partner's Capital Account made during March or April of any calendar year in an amount up to an amount equal to the product of (i) the Limited Partner's allocated portion of the Fund's income with respect to the most recently ended calendar year, multiplied by (ii) the Maximum Domestic Tax Rate. The General Partner may waive this withdrawal fee at its discretion.

Management of Separate Accounts

CAM also provides investment supervisory and managerial services for separate accounts in which a management fee is charged monthly in advance and is no greater than 2.00% of AUM. These accounts are held entirely in the name of the clients, and CAM does not directly withdraw fees from these accounts. Each investment policy for these accounts is developed in consultation with account owners with respect to their risk appropriate return objectives. Such investment policies are reviewed at least annually. Clients may terminate related advisory agreements with no termination fee.

Item 2.G

With respect to Item 2.G, we have answered "yes," indicating that our clients are solicited to invest in the "Fund" we manage (called Coraticum Investment Fund, L.P.). For purposes of this question, limited partners in the Fund are clients solicited by us into the fund only if we are able to have a view of such a client's total financial position, total risk profile, and total return preferences sufficient to create an independent investment policy and thereby to be able to provide advice about the suitability of initiating an investment in the Fund. Otherwise limited partners are advised that their investments in the Fund are considered to have been made upon their own judgment for suitability. Historical investments by limited partners who later become clients in separate accounts are not considered to have been solicited to invest in the Fund unless future additional investments are made in the Fund.

Item 5

CAM requires that employees involved in determining investment advice be required to satisfy any one of the following criteria:

- a) They hold a bachelor's or graduate degree in accounting, finance, economics or other relevant area,
- b) They are CFA charterholders or be seeking the award of the CFA charter or
- c) They have experience as an investment advisory representative with registered or licensed advisory firm.

Consultants or employees who gather data and do preliminary research are exempt from this standard as long as the ultimate investment advice is done by employees who do satisfy the above standard. CAM strongly encourages its employees to make regular continuing education a priority.

Item 6

Jennifer Johnson, CFA, is the principal and currently sole portfolio manager, directing and executing all investment strategies at Coraticum Asset Management, LLC. Ms. Johnson graduated magna cum laude with a Bachelor of Science degree in computer science and with a minor in business from Brigham Young University in Provo, Utah in 1998. Ms. Johnson received her MBA degree from the Marriott School of Management at Brigham Young University in 2001. Upon graduation she immediately began working as an equities portfolio manager at Ensign Peak Advisors, Inc. in Salt Lake City, Utah which employment she continued until April of 2006. From that time until the initiation of the Fund, Ms. Johnson was involved in exploring various job opportunities and the organization of CAM and the Coraticum Private Equity Fund, LP. During this time she also pursued educational activities such as the completion of the CFA program (2006), two sequential language immersion programs at Middlebury College's Spanish Language School in Vermont (summers of 2006 and 2007), and a language intensive study at the Monterey Institute for International Studies (an affiliate of Middlebury College) in California (January 2007). Ms. Johnson was born in 1976.

Item 7

Ms. Johnson is engaged in as a manager of a company organized for estate planning purposes whose sole business is to disburse funds.

Item 9

CAM claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified with the CFA Institute. That code follows this schedule. CAM's implementation of this code is available to clients upon request.

Item 9.D & 9.E

Ms. Johnson holds or may hold certain broadly held and broadly diversified exchange traded funds or notes that may be used in client portfolios. Also, Ms. Johnson holds a long-term position in the highly liquid common stock of one public company. This position will not be actively traded within three business days of any trade executed in the same security for advisory clients. This is consistent with CAM's Code of Professional Conduct. Notwithstanding, this may constitute a conflict of interest.

It is likely that it will be appropriate for some of CAM's clients to trade the same security simultaneously. The policy for ensuring fair and equitable trade allocations among client accounts is to use block trades and allocate shares on a pro-rata basis using the average traded price. This policy also applies to initial or secondary offerings for eligible clients for whom the security is suitable. When allocations from the underwriter to Coraticum Asset Management, LLC on such initial or secondary offerings are not sufficient to fill fully the desired positions of the appropriate client accounts the shares are then allocated on a pro-rata basis using the total percentage of the filled allocation of the desired allocation of each respective client.

Item 10

The minimum investment is \$250,000 which may be waived, without limitation on amount, in circumstances in which CAM believes that the waiver of the minimum would be in the best interest of the Fund in light of, among other possible reasons, CAM's belief (1) that the investment will be long-term and will increase to an amount over \$250,000 over time, or (2) that the reputation of the Fund or the Fund's ability to attract investors, opportunities or goodwill will be enhanced by the investor's participation in the Fund. Even though this minimum may be waived, all investors will be required to meet whatever income, net worth or sophistication requirements are set forth in applicable securities law exemptions.

Item 12.A

For the Fund, CAM has full authority to determine the broker or dealer to be used as well as the commission to be paid. The selection process involved the review of proposed terms from numerous brokerage houses and will be based upon CAM's subjective evaluation of the projected costs to the client and CAM of the engagement, together with non-economic factors such as convenience, availability of complimentary and paid research services, access to proprietary funds and opportunities and other factors. The selection of the broker may constitute a conflict of interest. Disclosure about the selection of the broker is included in the investment policy appended as "Exhibit A".

The authority of CAM with respect to separate accounts all investment and brokerage discretion is by client consent.

Item 12.B

CAM suggests brokers to individual clients for separate accounts based upon cost competitiveness in commissions charged and the criteria addressed above in Item 12.A.

Asset Manager Code of Professional Conduct

SECOND EDITION

2009



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The mission of the CFA Institute Centre for Financial Market Integrity is to be a leading voice on issues of fairness, efficiency, and investor protection in global capital markets and to promote high standards of ethics, integrity, and professional excellence within the investment community.

CFA Institute, with more than 95,000 members worldwide, is the not-for-profit professional organization that awards the Chartered Financial Analyst® (CFA) and Certificate in Investment Performance Measurement® (CIPM) designations.

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Asset Manager Code of Professional Conduct

**SECOND EDITION
2009**

CFA Institute Centre for Financial Market Integrity

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Introduction

CFA Institute formed the CFA Institute Centre for Financial Market Integrity explicitly to support the CFA Institute mission to lead the investment industry in setting the highest standards of ethics and professional conduct. Asset managers hold a unique place of trust in the lives of millions of investors. Investment professionals and firms that undertake and perform their responsibilities with honesty and integrity are critical to maintaining investors' trust and confidence and to upholding the client covenant of trust, loyalty, prudence, and care. CFA Institute and its members are committed to reinforcing those principles. To foster this culture of ethics and professionalism, the CFA Institute Centre offers this voluntary code of conduct. It is designed to be broadly adopted within the industry as a template and guidepost for investors seeking managers who adhere to sound ethical practice.

The Asset Manager Code of Professional Conduct outlines the ethical and professional responsibilities of firms that manage assets on behalf of clients. Whereas the CFA Institute *Code of Ethics* and *Standards of Professional Conduct* address individual conduct, this Code is meant to apply, on a global basis, to firms that manage client assets as separate accounts or pooled funds (including collective investment schemes, mutual funds, and fund of funds organizations); we refer to such firms as "Managers." In part, this document responds to requests from Managers to extend the scope of the Code and Standards to the firm level. Although many institutional asset managers, particularly those in well-regulated jurisdictions, already have such a code in place, they should use this Code to evaluate their own code and ensure that all of this Code's principles have been included. This Code also has been developed for use by asset managers, including hedge fund managers, who may not already have such a code in place. This second edition of the Code includes provisions relating to risk management as well as guidance for Managers seeking to claim compliance.

Ethical leadership begins at the highest level of an organization; therefore, the Code should be adopted by the Manager's senior management, board of directors, and similar oversight bodies. Such adoption sends a strong message regarding the importance of ethical behavior at the firm. Rather than creating rules that apply only to certain people or groups, this Code is intended to cover all employees of the firm. Although not every employee is actively involved in conduct covered in the Code, a code that is broadly applied reinforces the need for all employees to understand the ethical issues involved in the asset management business. By adopting and enforcing a code of conduct for their organizations, Managers demonstrate their commitment to ethical behavior and the protection of investors' interests. In doing so, the Managers also protect and enhance the reputation of their organizations.

The Code sets forth minimum ethical standards for providing asset management services for clients. It is meant to be general in nature and allows flexibility for asset managers of various sizes and structures to develop the particular policies and procedures necessary to implement the Code. The goal of this Code is to set forth a useful framework for all asset managers to provide services in a fair and professional manner and to fully disclose key elements of those services to clients, regardless of whether individual Managers are required to register or comply with applicable securities laws or regulations. Unregistered hedge fund managers, in particular, are encouraged to adopt the Code and implement its provisions to ensure fair dealing and integrity and to promote self-regulation in this dynamic sector.

We recognize that in the highly regulated and complex business of investment management, the adoption of a code of ethics by itself is not sufficient to ensure ethical conduct. To be implemented effectively, the principles and standards embodied in the Code must be supported by appropriate compliance procedures. The specific procedures that translate principle into practice will depend on a variety of factors, including the business of the Manager, the type of clients, the size of the Manager (based on assets under management and on number of employees), the regulatory régime with which the Manager must comply, and other factors.

Managers must adhere to all applicable laws and regulations governing their activities. Thus, the provisions of this Code may need to be supplemented with additional provisions to meet the requirements of applicable security regulation in markets around the world. Inevitably, in some markets, the Code will closely reflect or be aligned with existing regulation or accepted best practice and in other markets, the Code will expand on the existing work of regulatory authorities or may even break new ground. Furthermore, Managers operate in different types of market structures, which may affect the manner in which the Code can be applied. Despite these differences, the Code provides a universal set of principles and standards relevant to all asset managers.

Clients have a responsibility to be aware of, understand, and monitor how their assets are invested. Yet, to fulfill this responsibility, clients must be able to count on full and fair disclosure from their Managers. Providing clients with a code of ethics that sets a framework for how the Manager conducts business is an important step toward developing the trust and confidence necessary for a successful investment management relationship.

Adopting the Code and Claiming Compliance

Adoption of or compliance with the Asset Manager Code of Professional Conduct requires firms to adhere to all the principles of conduct and provisions set forth in the Code (pages 5–7). Many asset management firms already have codes of ethics and other policies and procedures that address or go beyond the principles and provisions of the Code. Adoption of or compliance with the Code does not require a firm to amend its existing code of ethics or other policies and procedures as long as they are at least consistent with the principles and provisions set forth in the Code. Managers are strongly encouraged to review and consider the material in the Appendix when developing and reviewing their codes and other policies and procedures, although because of the many variables in size and complexity among asset management firms, compliance with the Code does not require strict adherence to this guidance.

If the Manager has not complied with each of the principles of conduct and provisions of the Code, the Manager cannot represent that it is in compliance with the Code. Statements referring to partial or incomplete compliance (e.g., “the firm complies with the Asset Manager Code *except for* . . .” or “the firm complies with parts A, B, and C of the Asset Manager Code”) are prohibited.

Once a Manager has met each of the required elements of the Code, the firm must make the following statement whenever the firm claims compliance with the Code:

“[Insert name of Firm] claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified by CFA Institute.”

Acknowledgement of Claim of Compliance to CFA Institute

Managers also must notify CFA Institute of their claim of compliance with the Asset Manager Code of Professional Conduct through the CFA Institute online notification process at www.cfainstitute.org/centre/codes/index.html. This acknowledgement form is for communication and information-gathering purposes only and does not represent that CFA Institute engages in enforcement or quality control of an organization’s claim of compliance. CFA Institute does not verify either the Manager’s claim of compliance or actual compliance with the Code.

General Principles of Conduct

**Managers have the following responsibilities to their clients.
Managers must:**

- 1. Act in a professional and ethical manner at all times.**
- 2. Act for the benefit of clients.**
- 3. Act with independence and objectivity.**
- 4. Act with skill, competence, and diligence.**
- 5. Communicate with clients in a timely and accurate manner.**
- 6. Uphold the applicable rules governing capital markets.**

Asset Manager Code of Professional Conduct

A. Loyalty to Clients

Managers must:

1. Place client interests before their own.
2. Preserve the confidentiality of information communicated by clients within the scope of the Manager–client relationship.
3. Refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect their independence, objectivity, or loyalty to clients.

B. Investment Process and Actions

Managers must:

1. Use reasonable care and prudent judgment when managing client assets.
2. Not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants.
3. Deal fairly and objectively with all clients when providing investment information, making investment recommendations, or taking investment action.
4. Have a reasonable and adequate basis for investment decisions.
5. When managing a portfolio or pooled fund according to a specific mandate, strategy, or style:
 - a. Take only investment actions that are consistent with the stated objectives and constraints of that portfolio or fund.
 - b. Provide adequate disclosures and information so investors can consider whether any proposed changes in the investment style or strategy meet their investment needs.
6. When managing separate accounts and before providing investment advice or taking investment action on behalf of the client:
 - a. Evaluate and understand the client's investment objectives, tolerance for risk, time horizon, liquidity needs, financial constraints, any unique circumstances (including tax considerations, legal or regulatory constraints, etc.) and any other relevant information that would affect investment policy.
 - b. Determine that an investment is suitable to a client's financial situation.

C. Trading

Managers must:

1. Not act or cause others to act on material nonpublic information that could affect the value of a publicly traded investment.
2. Give priority to investments made on behalf of the client over those that benefit the Managers' own interests.
3. Use commissions generated from client trades to pay for only investment-related products or services that directly assist the Manager in its investment decision making process, and not in the management of the firm.
4. Maximize client portfolio value by seeking best execution for all client transactions.
5. Establish policies to ensure fair and equitable trade allocation among client accounts.

D. Risk Management, Compliance, and Support

Managers must:

1. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements.
2. Appoint a compliance officer responsible for administering the policies and procedures and for investigating complaints regarding the conduct of the Manager or its personnel.
3. Ensure that portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.
4. Maintain records for an appropriate period of time in an easily accessible format.
5. Employ qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.
6. Establish a business-continuity plan to address disaster recovery or periodic disruptions of the financial markets.
7. Establish a firmwide risk management process that identifies, measures, and manages the risk position of the Manager and its investments, including the sources, nature, and degree of risk exposure.

E. Performance and Valuation

Managers must:

1. Present performance information that is fair, accurate, relevant, timely, and complete. Managers must not misrepresent the performance of individual portfolios or of their firm.
2. Use fair-market prices to value client holdings and apply, in good faith, methods to determine the fair value of any securities for which no independent, third-party market quotation is readily available.

F. Disclosures

Managers must:

1. Communicate with clients on an ongoing and timely basis.
2. Ensure that disclosures are truthful, accurate, complete, and understandable and are presented in a format that communicates the information effectively.
3. Include any material facts when making disclosures or providing information to clients regarding themselves, their personnel, investments, or the investment process.
4. Disclose the following:
 - a. Conflicts of interests generated by any relationships with brokers or other entities, other client accounts, fee structures, or other matters.
 - b. Regulatory or disciplinary action taken against the Manager or its personnel related to professional conduct.
 - c. The investment process, including information regarding lock-up periods, strategies, risk factors, and use of derivatives and leverage.
 - d. Management fees and other investment costs charged to investors, including what costs are included in the fees and the methodologies for determining fees and costs.

- e. The amount of any soft or bundled commissions, the goods and/or services received in return, and how those goods and/or services benefit the client.
- f. The performance of clients' investments on a regular and timely basis.
- g. Valuation methods used to make investment decisions and value client holdings.
- h. Shareholder voting policies.
- i. Trade allocation policies.
- j. Results of the review or audit of the fund or account.
- k. Significant personnel or organizational changes that have occurred at the Manager.
- l. Risk management processes.

Appendix

Recommendations and Guidance

Adoption of the Code is insufficient by itself for a Manager to meet its ethical and regulatory responsibilities. Managers must adopt detailed policies and procedures to effectively implement the Code. This section provides guidance explaining the Code and includes recommendations and illustrative examples to assist Managers that are seeking to implement the Code. These examples are not meant to be exhaustive, and the policies and procedures needed to support the Code will depend on the particular circumstances of each organization and the legal and regulatory environment in which the Manager operates.

The following guidance highlights particular issues that Managers should consider when developing their internal policies and procedures that accompany the Code. The guidance is not intended to cover all issues or aspects of a Manager's operations that would have to be included in such policies and procedures to fully implement and support the Code.

A. Loyalty to Clients

Managers must:

1. Place client interests before their own.

Client interests are paramount. Managers should institute policies and procedures to ensure that client interests supersede Manager interests in all aspects of the Manager–client relationship, including (but not limited to) investment selection, transactions, monitoring, and custody. Managers should take reasonable steps to avoid situations in which the Manager's interests and client interests conflict and should institute operational safeguards to protect client interests. Managers should implement compensation arrangements that align the financial interests of clients and Managers and avoid incentives that could result in Managers taking action in conflict with client interests.

2. Preserve the confidentiality of information communicated by clients within the scope of the Manager–client relationship.

As part of their ethical duties, Managers must hold information communicated to them by clients or other sources within the context of the Manager–client relationship strictly confidential and must take all reasonable measures to preserve that confidentiality. This duty applies when Managers obtain information on the basis of their confidential relationship with the client or their special ability to conduct a portion of the client's business or personal affairs. Managers should create a privacy policy that addresses how confidential client information will be collected, stored, protected, and used.

The duty to maintain confidentiality does not supersede a duty (and in some cases the legal requirement) to report suspected illegal activities involving client accounts to the appropriate authorities. Where appropriate, Managers should consider creating and implementing a written anti-money-laundering policy to prevent their organizations from being used for money laundering or the financing of any illegal activities.

3. Refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect their independence, objectivity, or loyalty to clients.

As part of holding clients' interests paramount, Managers must establish policies for accepting gifts or entertainment in a variety of contexts. To avoid the appearance of a conflict, Managers must refuse to accept gifts or entertainment from service providers, potential investment targets, or other business partners of more than a minimal value. Managers should define what the minimum value is and should confer with local regulations which may also establish limits.

Managers should establish a written policy limiting the acceptance of gifts and entertainment to items of minimal value. Managers should consider creating specific limits for accepting gifts (e.g., amount per time period per vendor) and prohibit the acceptance of any cash gifts. Employees should be required to document and disclose to the Manager, through their supervisor, the firm's compliance office, or senior management, the acceptance of any gift or entertainment.

This provision is not meant to preclude Managers from maintaining multiple business relationships with a client as long as potential conflicts of interest are managed and disclosed.

B. Investment Process and Actions

Managers must:

1. Use reasonable care and prudent judgment when managing client assets.

Managers must exhibit the care and prudence necessary to meet their obligations to clients. Prudence requires caution and discretion. The exercise of prudence requires acting with the care, skill, and diligence that a person acting in a like capacity and familiar with such matters would use under the same circumstances. In the context of managing a client's portfolio, prudence requires following the investment parameters set forth by the client and balancing risk and return. Acting with care requires Managers to act in a prudent and judicious manner in avoiding harm to clients.

2. Not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants.

Market manipulation is illegal in most jurisdictions and damages the interests of all investors by disrupting the efficient functioning of financial markets and causing deterioration in investor confidence.

Market manipulation includes practices that distort security prices or values or artificially inflate trading volumes with the intent to deceive persons or entities that rely on information in the market. Such practices may involve, for example, transactions that deceive market participants by distorting the price-setting mechanism of financial instruments and the dissemination of false or misleading information. Transaction-based manipulation includes, but is not limited to, transactions that artificially distort prices or volume to give the impression of activity or price movement in a financial instrument (e.g., trading in illiquid stocks at the end of a measurement period to drive up the price and improve Manager performance) and securing a large position with the intent to exploit and manipulate the price of an asset and/or a related derivative. Information-based manipulation includes, but is not limited to, spreading knowingly false rumors to induce trading by others and pressuring sell-side analysts to rate or recommend a security in such a way that benefits the Manager or the Manager's clients.

3. Deal fairly and objectively with all clients when providing investment information, making investment recommendations, or taking investment action.

To maintain the trust that clients place in them, Managers must deal with all clients in a fair and objective manner. Managers must not give preferential treatment to favored clients to the detriment of other clients. In some cases, clients may pay for a higher level of service or certain services and certain products may only be made available to certain qualifying clients (e.g., certain funds may be open only to clients with assets above a certain level). These practices are permitted as long as they are disclosed and made available to all clients.

This provision is not intended to prevent Managers from engaging in secondary investment opportunities—referred to in some jurisdictions as “side-letter,” “sidecar,” or “tag-along” arrangements—with certain clients as long as such opportunities are fairly allocated among similarly situated clients for whom the opportunity is suitable.

4. Have a reasonable and adequate basis for investment decisions.

Managers must act with prudence and make sure their decisions have a reasonable and adequate basis. Prior to taking action on behalf of their clients, Managers must analyze the investment opportunities in question and should act only after undertaking due diligence to ensure there is sufficient knowledge about specific investments or strategies. Such analysis will depend on the style and strategy being used. For example, a Manager implementing a passive strategy will have a very different basis for investment actions from that of a Manager that uses an active strategy.

Managers can rely on external third-party research as long as Managers have made reasonable and diligent efforts to determine that such research has a reasonable basis. When evaluating investment research, Managers should consider the assumptions used, the thoroughness of the analysis performed, the timeliness of the information, and the objectivity and independence of the source.

Managers should have a thorough understanding of the securities in which they invest and the strategies they use on behalf of clients. Managers should understand the structure and function of the securities, how they are traded, their liquidity, and any other risks (including counterparty risk).

Managers who implement complex and sophisticated investment strategies should understand the structure and potential vulnerabilities of such strategies and communicate these in an understandable manner to their clients. For example, when implementing complex derivative strategies, Managers should understand the various risks and conduct statistical analysis (i.e., stress testing) to determine how the strategy will perform under different conditions. By undertaking adequate due diligence, Managers can better judge the suitability of investments for their clients.

5. When managing a portfolio or pooled fund according to a specific mandate, strategy, or style:

a. Take only investment actions that are consistent with the stated objectives and constraints of that portfolio or fund.

When Managers are given a specific mandate by clients or offer a product, such as a pooled fund for which the Managers do not know the specific financial situation of each client, the Managers must manage the funds or portfolios within the stated mandates or strategies. Clients need to be able to evaluate the suitability of the investment funds or strategies for themselves. Subsequently, they must be able to trust that Managers will not diverge from the stated or agreed-on mandates or strategies. When market events or opportunities change to such a degree that Managers wish to have flexibility to take advantage of those occurrences, such flexibility is not improper but should be expressly understood and agreed to by Managers and clients. Best practice is for Managers to disclose such events to clients when they occur or, at the very least, in the course of normal client reporting.

b. Provide adequate disclosures and information so investors can consider whether any proposed changes in the investment style or strategy meet their investment needs.

To give clients an opportunity to evaluate the suitability of investments, Managers need to provide adequate information to them about any proposed material changes to their investment strategies or styles. They must provide this information well in advance of such changes. Clients should be given enough time to consider the proposed changes and take any actions that may be necessary. If the Manager decides to make a material change in the investment strategy or style, clients should be permitted to redeem their investment, if desired, without incurring any undue penalties.

6. When managing separate accounts and before providing investment advice or taking investment action on behalf of the client:

- a. Evaluate and understand the client's investment objectives, tolerance for risk, time horizon, liquidity needs, financial constraints, any unique circumstances (including tax considerations, legal or regulatory constraints, etc.) and any other relevant information that would affect investment policy.**

Prior to taking any investment actions for clients, Managers must take the necessary steps to understand and evaluate the client's financial situation, constraints, and other relevant factors. Without understanding the client's situation, the Manager cannot select and implement an appropriate investment strategy. Ideally, each client will have an investment policy statement (IPS) that includes a discussion of risk tolerances (both the ability and willingness of the client to bear risk), return objectives, time horizon, liquidity requirements, liabilities, tax considerations, and any legal, regulatory, or other unique circumstances.

The purpose of the IPS is to provide Managers with written strategic plans to direct investment decisions for each client. The Manager should take an opportunity to review the IPS for each client, offer any suggestions on clarifying the IPS, and discuss with the client the various techniques and strategies to be used to meet the client's investment goals. Managers should review each client's IPS with the client at least annually and whenever circumstances suggest changes may be needed.

The information contained in an IPS allows Managers to assess whether a particular strategy or security is suitable for a client (in the context of the rest of the client's portfolio), and the IPS serves as the basis for establishing the client's strategic asset allocation. (Note: In some cases, the client will determine the strategic asset allocation; in other cases, that duty will be delegated to the Manager). The IPS should also specify the Manager's role and responsibilities in managing the client's assets and establish schedules for review and evaluation. The Manager should reach agreement with the client as to an appropriate benchmark or benchmarks by which the Manager's performance will be measured and any other details of the performance evaluation process (e.g., when performance measurement should begin).

- b. Determine that an investment is suitable to a client's financial situation.**

Managers must evaluate investment actions and strategies in light of each client's circumstances. Not all investments are suitable for every client, and Managers have a responsibility to ensure that only appropriate investments and investment strategies are included in a client's portfolio. Ideally, individual investments should be evaluated in the context of clients' total assets and liabilities, which may include assets held outside of the Manager's account, to the extent that such information is made available to the Manager and is explicitly included in the context of the client's IPS.

C. Trading

Managers must:

- 1. Not act or cause others to act on material nonpublic information that could affect the value of a publicly traded investment.**

Trading on material nonpublic information, which is illegal in most jurisdictions, erodes confidence in capital markets, institutions, and investment professionals and promotes the perception that those with inside and special access can take unfair advantage of the general investing public. Although trading on such information may lead to short-term profitability, over time, individuals and the profession as a whole suffer if investors avoid capital markets because they perceive them to be unfair by favoring the knowledgeable insider.

Different jurisdictions and regulatory regimes may define materiality differently, but in general, information is “material” if it is likely that a reasonable investor would consider it important and if it would be viewed as significantly altering the total mix of information available. Information is “nonpublic” until it has been widely disseminated to the marketplace (as opposed to a select group of investors).

Managers must adopt compliance procedures, such as establishing information barriers (e.g., fire walls), to prevent the disclosure and misuse of material nonpublic information. In many cases, pending trades or client or fund holdings may be considered material nonpublic information, and Managers must be sure to keep such information confidential. In addition, merger and acquisition information, prior to its public disclosure, is generally considered material nonpublic information. Managers should evaluate company-specific information that they may receive and determine whether it meets the definition of material nonpublic information.

This provision is not meant to prevent Managers from using the mosaic theory to draw conclusions—that is, combine pieces of material public information with pieces of nonmaterial nonpublic information to draw conclusions that are actionable.

2. Give priority to investments made on behalf of the client over those that benefit the Managers’ own interests.

Managers must not execute their own trades in a security prior to client transactions in the same security. Investment activities that benefit the Manager must not adversely affect client interests. Managers must not engage in trading activities that work to the disadvantage of clients (e.g., front-running client trades).

In some investment arrangements, such as limited partnerships or pooled funds, Managers put their own capital at risk alongside that of their clients to align their interests with the interests of their clients. These arrangements are permissible only if clients are not disadvantaged.

Managers should develop policies and procedures to monitor and, where appropriate, limit the personal trading of their employees. In particular, Managers should require employees to receive approval prior to any personal investments in initial public offerings or private placements. Managers should develop policies and processes designed to ensure that client transactions take precedence over employee or firm transactions. One method is to create a restricted list and/or watch list of securities that are owned in client accounts or may be bought or sold on behalf of clients in the near future; prior to trading securities on such a list, employees would be required to seek approval. In addition, Managers could require employees to provide the compliance officer with copies of trade confirmations each quarter and annual statements of personal holdings.

3. Use commissions generated from client trades to pay for only investment-related products or services that directly assist the Manager in its investment decision-making process, and not in the management of the firm.

Managers must recognize that commissions paid (and any benefits received in return for commissions paid) are the property of the client. Consequently, any benefits offered in return for commissions must benefit the Manager’s clients.

To determine whether a benefit generated from client commissions is appropriate, Managers must determine whether it will directly assist in the Manager’s investment decision-making process. The investment decision-making process can be considered the qualitative and quantitative process and the related tools used by the Manager in rendering investment advice to clients. The process includes financial analysis, trading and risk analysis, securities selection, broker selection, asset allocation, and suitability analysis.

Some Managers have chosen to eliminate the use of soft commissions (also known as soft dollars) to avoid any conflicts of interest that may exist. Managers should disclose their policy on how benefits are evaluated and used for the client's benefit. If Managers choose to use a soft commission or bundled brokerage arrangement, they should disclose this use to their clients. Managers should consider complying with industry best practices regarding the use and reporting of such an arrangement, which can be found in the CFA Institute Soft Dollar Standards.

4. Maximize client portfolio value by seeking best execution for all client transactions.

When placing client trades, Managers have a duty to seek terms that secure best execution for and maximize the value of each client's portfolio (i.e., ensure the best possible result overall). Managers must seek the most favorable terms for client trades within each trades' particular circumstances (such as transaction size, market characteristics, liquidity of security, and security type). Managers also must decide which brokers or venues provide best execution while considering, among other things, commission rates, timeliness of trade executions, and the ability to maintain anonymity, minimize incomplete trades, and minimize market impact.

When a client directs the Manager to place trades through a specific broker or through a particular type of broker, Managers should alert the client that by limiting the Manager's ability to select the broker, the client may not be receiving best execution. The Manager should seek written acknowledgment from the client of receiving this information.

5. Establish policies to ensure fair and equitable trade allocation among client accounts.

When placing trades for client accounts, Managers must allocate trades fairly so that some client accounts are not routinely traded first or receive preferential treatment. Where possible, Managers should use block trades and allocate shares on a pro-rata basis by using an average price or some other method that ensures fair and equitable allocations. When allocating shares of an initial or secondary offering, Managers should strive to ensure that all clients for whom the security is suitable are given opportunities to participate. When Managers do not receive a large enough allocation to allow all eligible clients to participate fully in a particular offering, they must ensure that certain clients are not given preferential treatment and should establish a system to ensure that new issues are allocated fairly (e.g., pro rata). Manager's trade allocation policies should specifically address how initial public offerings and private placements are to be handled.

D. Risk Management, Compliance, and Support

Managers must:

1. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements.

Detailed and firmwide compliance policies and procedures are critical tools to ensure that Managers meet their legal requirements when managing client assets. In addition, the fundamental, principle-based, ethical concepts embodied in the Code should be put into operation by the implementation of specific policies and procedures.

Documented compliance procedures assist Managers in fulfilling the responsibilities enumerated in the Code and ensure that the standards expressed in the Code are adhered to in the day-to-day operation of the firms. The appropriate compliance programs, internal controls, and self-assessment tools for each Manager will depend on such factors as the size of the firm and the nature of its investment management business.

2. Appoint a compliance officer responsible for administering the policies and procedures and for investigating complaints regarding the conduct of the Manager or its personnel.

Effective compliance programs require Managers to appoint a compliance officer who is competent, knowledgeable, and credible and is empowered to carry out his or her duties. Depending on the size and complexity of the Manager's operations, Managers may designate an existing employee to also serve as the compliance officer, may hire a separate individual for that role, or may establish an entire compliance department. Where possible, the compliance officer should be independent from the investment and operations personnel and should report directly to the CEO or board of directors.

The compliance officer and senior management should regularly make clear to all employees that adherence to compliance policies and procedures is crucial and that anyone who violates them will be held liable. Managers should consider requiring all employees to acknowledge that they have received a copy of the Code (as well as any subsequent material amendments), that they understand and agree to comply with it, and that they will report any suspected violations of the Code to the designated compliance officer. Compliance officers should take steps to implement appropriate employee training and conduct continuing self-evaluation of the Manager's compliance practices to assess the effectiveness of the practices.

Among other things, the compliance officer should be charged with reviewing firm and employee transactions to ensure the priority of client interests. Because personnel, regulations, business practices, and products constantly change, the role of the compliance officer (particularly the role of keeping the firm up to date on such matters) is particularly important.

The compliance officer should document and act expeditiously to address any compliance breaches and work with management to take appropriate disciplinary action.

3. Ensure that portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.

Managers have a responsibility to ensure that the information they provide to clients is accurate and complete. By receiving an independent third-party confirmation or review of that information, clients have an additional level of confidence that the information is correct, which may enhance the Manager's credibility. Such verification is also good business practice because it may serve as a risk management tool to help the Manager identify potential problems. The confirmation of portfolio information may take the form of an audit or review, as is the case with most pooled vehicles, or may take the form of copies of account statements and trade confirmations from the custodian bank where the client assets are held.

4. Maintain records for an appropriate period of time in an easily accessible format.

Managers must retain records that substantiate their investment activities, the scope of their research, the basis for their conclusions, and the reasons for actions taken on behalf of their clients. Managers should also retain copies of other compliance-related records that support and substantiate the implementation of the Code and related policies and procedures, as well as records of any violations and resulting actions taken. Records can be maintained either in hard copy or electronic form.

Regulators often impose requirements related to record retention. In the absence of such regulation, Managers must determine the appropriate minimum time frame for keeping the organization's records. Unless otherwise required by local law or regulation Managers should keep records for at least seven years.

5. Employ qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.

To safeguard the Manager–client relationship, Managers need to allocate all the resources necessary to ensure that client interests are not compromised. Clients pay significant sums to Managers for professional asset management services, and client assets should be handled with the greatest possible care.

Managers of all sizes and investment styles struggle with issues of cost and efficiency and tend to be cautious about adding staff in important operational areas. Nevertheless, adequate protection of client assets requires appropriate administrative, back-office, and compliance support. Managers should ensure that adequate internal controls are in place to prevent fraudulent behavior.

A critical consideration is employing only *qualified* staff. Managers must ensure that client assets are invested, administered, and protected by qualified and experienced staff. Employing qualified staff reflects a client-first attitude and helps ensure that Managers are applying the care and prudence necessary to meet their obligations to clients. This provision is not meant to prohibit the outsourcing of certain functions, but the Manager retains the liability and responsibility for any outsourced work.

Managers have a responsibility to clients to deliver the actual services they claim to offer. Managers must use adequate resources to carry out the necessary research and analysis to implement their investment strategies with due diligence and care. Also, Managers must have adequate resources to monitor the portfolio holdings and investment strategies. As investment strategies and instruments become increasingly sophisticated, the need for sufficient resources to analyze and monitor them becomes ever more important.

6. Establish a business-continuity plan to address disaster recovery or periodic disruptions of the financial markets.

Part of safeguarding client interests is establishing procedures for handling client accounts and inquiries in situations of national, regional, or local emergency or market disruption. Commonly referred to as business-continuity or disaster-recovery planning, such preparation is increasingly important in an industry and world highly susceptible to a wide variety of disasters and disruptions.

The level and complexity of business-continuity planning depends on the size, nature, and complexity of the organization. At a minimum, Managers should consider having the following:

- adequate backup, preferably off-site, for all account information,
- alternative plans for monitoring, analyzing, and trading investments if primary systems become unavailable,
- plans for communicating with critical vendors and suppliers,
- plans for employee communication and coverage of critical business functions in the event of a facility or communication disruption, and
- plans for contacting and communicating with clients during a period of extended disruption.

Numerous other factors may need to be considered when creating the plan. According to the needs of the organization, these factors may include establishing backup office and operational space in the event of an extended disruption and dealing with key employee deaths or departures.

As with any important business planning, Managers should ensure that employees and staff are knowledgeable about the plan and are specifically trained in areas of responsibility. Plans should be tested on a firmwide basis at intervals to promote employee understanding and identify any needed adjustments.

7. Establish a firmwide risk management process that identifies, measures, and manages the risk position of the Manager and its investments, including the sources, nature, and degree of risk exposure.

Many investors, including those investing in hedge funds and alternative investments or leveraged strategies, invest specifically to increase their risk-adjusted returns. Assuming some risk is a necessary part of that process. The key to sound risk management by Managers is seeking to ensure that the risk profile desired by clients matches the risk profile of their investments. Risk management should complement rather than compete with the investment management process. Investment managers must implement risk management techniques that are consistent with their investment style and philosophy.

The types of risks faced by Managers include, but are not limited to, market risk, credit risk, liquidity risk, counterparty risk, concentration risk, and various types of operational risk. Such types of risks should be analyzed by Managers as part of a comprehensive risk management process for portfolios, investment strategies, and the firm. These examples are illustrative only and may not be applicable to all investment organizations.

Although portfolio managers consider risk issues as part of formulating an investment strategy, the firm's risk management process must be objective, independent, and insulated from influence of portfolio managers. Managers may wish to describe to clients how the risk management framework complements the portfolio management process while remaining separate from that process. Managers should consider outsourcing risk management activities if a separate risk management function is not appropriate or feasible because of the size of the organization.

An effective risk management process will identify risk factors for individual portfolios as well as for the Manager's activities as whole. It will often be appropriate for managers to perform stress tests, scenario tests, and backtests as part of developing risk models that comprehensively capture the full range of their actual and contingent risk exposures. The goal of such models is to determine how various changes in market and investment conditions could affect investments. The risk models should be continuously evaluated and challenged, and Managers should be prepared to describe the models to clients. Despite the importance of risk models, however, effective risk management ultimately depends on the experience, judgment, and ability of the Managers in analyzing their risk metrics.

E. Performance and Valuation

Managers must:

1. Present performance information that is fair, accurate, relevant, timely, and complete. Managers must not misrepresent the performance of individual portfolios or of their firm.

Although past performance is not necessarily indicative of future performance, historical performance records are often used by prospective clients as part of the evaluation process when hiring asset managers. Managers have a duty to present performance information that is a fair representation of their record and includes all relevant factors. In particular, Managers should be certain not to misrepresent their track records by taking credit for performance that is not their own (i.e., when they were not managing a particular portfolio or product) or by selectively presenting certain time periods or investments (i.e., cherry picking). Any hypothetical or backtested performance must be clearly identified as such. Managers should provide as much additional portfolio transparency as feasibly possible. Any forward-looking information provided to clients must also be fair, accurate, and complete.

A model for fair, accurate, and complete performance reporting is embodied in the Global Investment Performance Standards (GIPS®), which are based on the principles of fair representation and full disclosure and are designed to meet the needs of a broad range of global markets. By adhering to these standards for reporting investment performance, Managers help assure investors that the performance information being provided is both complete and fairly presented. When Managers comply with the GIPS standards, both prospective and existing clients benefit because they can have a high degree of confidence in the reliability of the performance numbers the Managers are presenting. This confidence may, in turn, enhance clients' sense of trust in their Managers.

2. Use fair-market prices to value client holdings and apply, in good faith, methods to determine the fair value of any securities for which no independent, third-party market quotation is readily available.

In general, fund Managers' fees are calculated as a percentage of assets under management. In some cases, an additional fee is calculated as a percentage of the annual returns earned on the assets. Consequently, a conflict of interest may arise where the portfolio Manager has the additional responsibility of determining end-of-period valuations and returns on the assets.

These conflicts may be overcome by transferring responsibility for the valuation of assets (including foreign currencies) to an independent third party. For pooled funds that have boards of directors comprising independent members, the independent members should have the responsibility of approving the asset valuation policies and procedures and reviewing the valuations. For pooled funds without independent directors, we recommend that this function be undertaken by independent third parties who are expert in providing such valuations.

Managers should use widely accepted valuation methods and techniques to appraise portfolio holdings of securities and other investments and should apply these methods on a consistent basis.

F. Disclosures

Managers must:

1. Communicate with clients on an ongoing and timely basis.

Developing and maintaining clear, frequent, and thorough communication practices is critical to providing high-quality financial services to clients. Understanding the information communicated to them allows clients to know how Managers are acting on their behalf and gives clients the opportunity to make well-informed decisions regarding their investments. Managers must determine how best to establish lines of communication that fit their circumstances and that enable clients to evaluate their financial status.

2. Ensure that disclosures are truthful, accurate, complete, and understandable and are presented in a format that communicates the information effectively.

Managers must not misrepresent any aspect of their services or activities, including (but not limited to) their qualifications or credentials, the services they provide, their performance records, and characteristics of the investments or strategies they use. A misrepresentation is any untrue statement or omission of fact or any statement that is otherwise false or misleading. Managers must ensure that misrepresentation does not occur in oral representations, marketing (whether through mass media or printed brochures), electronic communications, or written materials (whether publicly disseminated or not).

To be effective, disclosures must be made in plain language and in a manner designed to effectively communicate the information to clients and prospective clients. Managers must determine how often, in what manner, and under what particular circumstances disclosures must be made.

3. Include any material facts when making disclosures or providing information to clients regarding themselves, their personnel, investments, or the investment process.

Clients must have full and complete information to judge the abilities of Managers and their actions in investing client assets. “Material” information is information that reasonable investors would want to know relative to whether or not they would choose to use or continue to use the Manager.

4. Disclose the following:

a. Conflicts of interests generated by any relationships with brokers or other entities, other client accounts, fee structures, or other matters.

Conflicts of interests often arise in the investment management profession and can take many forms. Best practice is to avoid such conflicts if possible. When Managers cannot reasonably avoid conflicts, they must carefully manage them and disclose them to clients. Disclosure of conflicts of interests protects investors by providing them with the information they need to evaluate the objectivity of their Managers’ investment advice and actions taken on behalf of clients and by giving them the information to judge the circumstances, motives, and possible Manager bias for themselves. Examples of some of the types of activities that can constitute actual or potential conflicts of interest are the use of soft dollars or bundled commissions, referral and placement fees, trailing commissions, sales incentives, directed brokerage arrangements, allocation of investment opportunities among similar portfolios, Manager or employee holdings in the same securities as clients, whether the Manager co-invests alongside clients, and use of affiliated brokers.

b. Regulatory or disciplinary action taken against the Manager or its personnel related to professional conduct.

Past professional conduct records are an important factor in an investor’s selection of a Manager. Such records include actions taken against a Manager by any regulator or other organization. Managers must fully disclose any significant instances in which the Manager or an employee was found to have violated standards of conduct or other standards in such a way that reflects badly on the integrity, ethics, or competence of the organization or the individual.

c. The investment process, including information regarding lock-up periods, strategies, risk factors, and use of derivatives and leverage.

Managers must disclose to clients and prospects the manner in which investment decisions are made and implemented. Such disclosures should address the overall investment strategy and should include a discussion of the specific risk factors inherent in such a strategy.

Understanding the basic characteristics of an investment is an important factor in judging the suitability of each investment on a stand-alone basis, but it is especially important in determining the effect each investment will have on the characteristics of the client’s portfolio. Only by thoroughly understanding the nature of the investment product or service can a client determine whether changes to that product or service could materially affect his or her investment objectives.

d. Management fees and other investment costs charged to investors, including what costs are included in the fees and the methodologies for determining fees and costs.

Investors are entitled to full and fair disclosures of costs associated with the investment management services provided. Material that should be disclosed includes information relating to any fees to be paid to the Managers on an ongoing basis and periodic costs that are known to the Managers and that will affect investors' overall investment expenses. At a minimum, Managers should provide clients with gross- and net-of-fees returns and disclose any unusual expenses.

A general statement that certain fees and other costs will be assessed to investors may not adequately communicate the total amount of expenses that investors may incur as a result of investing. Therefore, Managers must not only use plain language in presenting this information but must clearly explain the methods for determining all fixed and contingent fees and costs that will be borne by investors and also must explain the transactions that will trigger the imposition of these expenses.

Managers should also retrospectively disclose to each client the actual fees and other costs charged to the clients, together with itemizations of such charges when requested by clients. This disclosure should include the specific management fee, any incentive fee, and the amount of commissions Managers paid on behalf of clients during the period. In addition, Managers must disclose to prospective clients the average or expected expenses or fees clients are likely to incur.

e. The amount of any soft or bundled commissions, the goods and/or services received in return, and how those goods and/or services benefit the client.

Commissions belong to the client and should be used in their best interests. Any soft or bundled commissions should be used only to benefit the client. Clients deserve to know how their commissions are spent, what is received in return for them, and how those goods and/or services benefit them.

f. The performance of clients' investments on a regular and timely basis.

Clients may reasonably expect to receive regular performance reporting about their accounts. Without such performance information, even for investment vehicles with lock-up periods, clients cannot evaluate their overall asset allocations (i.e., including assets not held or managed by the Managers) and determine whether rebalancing is necessary. Accordingly, unless otherwise specified by the client, Managers must provide regular, ongoing performance reporting. Managers should report to clients at least quarterly, and when possible, such reporting should be provided within 30 days after the end of the quarter.

g. Valuation methods used to make investment decisions and value client holdings.

Clients deserve to know whether the assets in their portfolios are valued on the basis of closing market values, third-party valuations, internal valuation models, or other methods. This type of disclosure allows clients to compare performance results and determine whether different valuation sources and methods may explain differences in performance results. This disclosure should be made by asset class and must be meaningful (i.e., not general or boilerplate) so that clients can understand how the securities are valued.

h. Shareholder voting policies.

As part of their fiduciary duties, Managers that exercise voting authority over client shares must vote them in an informed and responsible manner. This obligation includes the paramount duty to vote shares in the best interests of clients.

To fulfill their duties, Managers must adopt policies and procedures for the voting of shares and disclose those policies and procedures to clients. These disclosures should specify, among other things, guidelines for instituting regular reviews for new or controversial issues, mechanisms for reviewing unusual proposals, guidance in deciding whether additional actions are warranted when votes are against corporate management, and systems to monitor any delegation of share-voting responsibilities to others. Managers also must disclose to clients how to obtain information on the manner in which their shares were voted.

i. Trade allocation policies.

By disclosing their trade allocation policies, Managers give clients a clear understanding of how trades are allocated and provide realistic expectations of what priority they will receive in the investment allocation process. Managers must disclose to clients any changes in the trade allocation policies. By establishing and disclosing trade allocation policies that treat clients fairly, Managers foster an atmosphere of openness and trust with their clients.

j. Results of the review or audit of the fund or account.

If a Manager submits its funds or accounts (generally pooled or mutual funds) for an annual review or audit, it must disclose the results to clients. Such disclosure enables clients to hold Managers accountable and alerts them to any potential problems.

k. Significant personnel or organizational changes that have occurred at the Manager.

Clients should be made aware of significant changes at the Manager in a timely manner. "Significant" changes would include personnel turnover, merger and acquisition activities of the Manager, and similar actions.

l. Risk management processes.

Managers must disclose their risk management processes to clients. Material changes to the risk management process also must be disclosed. Managers should further consider regularly disclosing specific risk information and specific information regarding investment strategies related to each client. Managers must provide clients information detailing what relevant risk metrics they can expect to receive at the individual product/portfolio level.

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EXHIBIT A: INVESTMENT POLICY OF CORATICUM INVESTMENT FUND, L.P.

Investment strategy:

The objective of the Fund is to maximize total returns with prudent risk through added value on a risk-adjusted basis relative to the universe of equity securities publicly traded in the U.S.

Benchmark:

S&P 500

Fund characterization:

The Fund actively manages a diversified portfolio of equities securities publicly traded in the U.S. Although diversification of the Fund will necessarily be limited at inception, we expect that the Fund will normally hold more than 70 positions in U.S. stocks of diverse market capitalization, liquidity, style and industry origin. Sector and industry concentrations of the Fund will be actively managed against the benchmark as will other characteristics such as fund average beta, dividend yield, market capitalization, price to earnings ratio, growth rate etc. As such, the characteristics of the Fund will dynamically change over time. Furthermore, this characterization is intended to be descriptive rather than proscriptive, and other than as set forth under "Prohibitions and Limitations" below, none of these stated characteristics shall restrict the full discretion of the General Partner manager to vary the total nature of the Fund in the objective of maximizing returns with prudent risk.

Investment universe:

Equity securities publicly traded in the U.S., including American Depository Receipts (ADRs) and exchange traded funds (ETFs).

Managerial discretion:

The General Partner shall have full discretion in constructing and managing the composition of the Fund within the guidelines herein stated.

Investment process:

The investment process for the Fund involves regular and ongoing economic analysis as well as fundamental valuation of equity securities for the purpose of constructing and managing a portfolio optimized for avaluation and growth within the near-term economic situation. The economic analysis provides intuition into likely favorable sector and industry weightings for the fund. It also provides insights for forecasting economic effects upon intra-industry competition and changes to relative company power within a supply chain. These forecasts aid in the valuation of individual securities. The fundamental valuation of equity securities is used for determining discrepancies between estimated intrinsic value and current prices. The results of these activities are used for the selection of those securities for purchase and/or sale within the context of other fund holdings. This entire process is done with a longer term view such that annual turnover of the fund with the associated trading costs is relatively low.

Limitations and Prohibitions:

The discretion of the General Partner shall be subject to the following limitations and prohibitions:

- * The Fund will only invest in equity securities publicly traded in the U.S., including ADRs and ETFs; provided, however, idle cash may be invested in interest bearing or interest free bank or brokerage accounts, CDs, commercial paper, U.S. government obligations and similar securities.
- * The Fund may participate in private placements of equity securities issued by public companies but will not invest in private companies.
- * The Fund will not purchase of a security which would cause the total holding of that security by the Fund to be greater than the larger of (i) 4% or (ii) the benchmark weighting of that stock.
- * Notwithstanding the benchmark weighting, holdings of any given security may not exceed 7% of assets the Fund at any time.
- * The Fund will not trade on margin or otherwise borrow money to purchase securities.
- * The Fund shall not engage in naked short selling or otherwise sell more shares of any security than it owns.

Broker selection:

The General Partner has full authority to determine the broker(s) to act as custodian for assets of the Fund and to execute trades on behalf of the Fund and to approve the commissions and fees to be paid to such broker(s). Initially, all assets of the Fund will be held by and traded with [brokerage firm to be designated]. The selection of custodian(s) and broker(s) has been, and will be, made based upon the General Partner's subject determination of what is in the best interest of the Fund after consider a wide variety of factors, including:

- * commission rates and associated fees;
- * reputation and expected long-term viability and credit of the broker;
- * variety of services offered, including trading, clearing, and custody services;
- * expected quality and portability of account data and use of accounting and reporting software;
- * availability of economic and investment research, free and fee-based, and trading software;
- and
- * expected access to proprietary or controlled investment opportunities.

Because of the General Partner's consideration of matters other than commission rates in selecting a broker(s) for the Fund, commission rates may be higher than what may be obtainable from other brokers. Certain services offered by such broker(s) free of charge in exchange for higher commission rates, including research and accounting services, may be costs that would otherwise be borne by the General Partner. As such, there is a conflict of interest involved in the General Partner's selection of the broker(s) for the Fund.

Right to Amend

Investment Policy: The Fund reserves the right to amend its business and investment policy, including any prohibitions and limitations, upon at least 90 days advanced written notice to Limited Partners.

Form ADV (Paper Version)
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.


Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: _____  _____ Date: 3/9/2010
Jennifer Johnson Manager
Printed Name: _____ Title: _____
Adviser CRD Number: 145551