

EMF Financial Products LLC

Part 2A of Form ADV

The Firm Brochure

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The date of this brochure is March 5, 2012.

This brochure provides information about the qualifications and business practices of EMF Financial Products LLC. If you have any questions about the contents of this brochure, please contact us at (212) 490-1990. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about EMF Financial Products LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Any reference to EMF Financial Products LLC as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

Material Changes

This brochure contains information about EMF Financial Products LLC. On November 7, 2011 EMF Financial Products LLC relocated its principal office to 70 East 55th Street, 22nd Floor, New York, NY 10022. Our telephone and facsimile numbers remain the same. There have been no other material changes since the brochure's adoption.

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Advisory Business

- A. EMF Financial Products LLC (“Advisor,” “we” or “us”) is a Delaware limited liability company that was formed in July 1998. We are principally owned by Eric M. Flanagan and David Gottlieb.
- B. We provide discretionary investment advice to private investment funds and certain separately managed accounts. We generally invest and trade on behalf of our clients in U.S. Treasuries, Treasury futures, interest rate swaps and other financial futures, including Eurodollar and Fed Funds futures. We may also invest and trade on behalf of our clients in G-10 Sovereign debt, U.S. agency debt obligations, Supranationals, Canadian Provincials, as well as futures, options, swaps and repurchase agreements related to such debt securities.
- C. We generally do not permit investors in the private investment funds we manage to impose limitations on the investment activities described in the offering documents for those funds. Under certain circumstances, we will contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case by case basis. (See “*Investment Discretion.*”)
- D. We do not participate in wrap fee programs.
- E. As of December 31, 2011, we managed approximately \$376 million of net assets on a discretionary basis. This figure is net of leverage and is substantially less than the amount of regulatory assets under management reported on our Form ADV Part 1A. We do not manage any assets on a non-discretionary basis.

Fees and Compensation

- A. We are generally compensated for our investment advisory services through asset based fees, performance-based fees, or both. Certain clients will pay a performance-based fee only if the performance exceeds a specified hurdle rate. Our actual fees and compensation are described in the advisory contracts we enter into with our clients. All of our clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”).
- B. We generally deduct our management fees from client accounts quarterly in advance. We accrue performance-based fees on a monthly basis and these fees are generally paid from client accounts quarterly or annually in arrears and upon redemptions by investors in the private investment funds we manage. The performance-based fees that are paid quarterly are subject to a monthly adjustment, if necessary, to ensure that in no case will the annual performance fee be based on a higher return than it would be if the fee were accrued annually in arrears.
- C. Clients that are private investment funds generally bear (i) all expenses associated with the organization and ongoing administration of such private investment funds, including legal and accounting fees, (ii) all expenses incurred in connection with communications with investors and the ongoing offer and sale of interests in the private investment funds, (iii) all third party administration, accounting, tax preparation, independent director fees, audit, bookkeeping, governmental fees, taxes, legal and compliance fees, including extraordinary expenses such as the expense of non-recurring litigation, and other

expenses of, or relating to, the private investment funds, (iv) all expenses incurred for the benefit of the private investment funds related to insurance and the maintenance and procurement of asset allocation and risk analysis software, (v) all trading and investment related costs and expenses (e.g., brokerage commissions, margin interest, expenses related to short sales, custodial fees and clearing and settlement charges). (See “*Brokerage Practices*” below.)

The expenses that are charged to separately managed accounts are determined on a case by case basis.

- D. Management fees are generally paid quarterly in advance, and are generally refundable if there is an investor redemption, or the advisory contract is cancelled, prior to the end of a payment period.

We may reduce or waive all or any portion of the asset management fees or performance-based fees with respect to any investor in a private investment fund or a separately managed account client.

Performance-Based Fees and Side-By-Side Management

We receive annual performance-based fees or allocations from the private investment funds and separately managed accounts we manage, which are based on a percentage of the capital appreciation of client assets.

The terms of the performance-based fees and allocations are currently the same among the private investment funds and the separately managed accounts we manage. Therefore, we do not have a financial incentive to allocate opportunities in a manner that will favor accounts that pay us higher performance-based fees and allocations. We may, however, manage accounts in the future that have different fee arrangements. In such case, we will strive to avoid any perceived conflict of interest by following documented procedures in allocating opportunities among such accounts, which will not take into account the performance-based fees and allocations to which such accounts are subject (see *Brokerage Practices, Section A.3, “Allocation of Investment Opportunities”* below).

As the management fees and performance-based fees and allocations are based directly on the net asset value of the client accounts, we have a conflict of interest in valuing the assets held in the accounts. We will follow our documented valuation policies and consult with the third-party administrator to the accounts in order to mitigate this risk. In addition, performance-based fees may create an incentive for us to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such a compensation structure. The performance-based fees we earn may also be based on unrealized gains that our clients may never realize. We may also charge fees that are higher than those charged by others offering similar services.

Types of Clients

We primarily provide investment advice to clients who are private investment funds either through a fund-vehicle or a separately managed account. Investors in such private investment funds are generally high net worth individuals and institutional investors that qualify as “accredited investors” (as defined in Rule 501 under the Securities Act of 1933, as amended) and “qualified purchasers” (as defined under the 1940 Act). Although we have the authority in our

sole discretion to accept lesser amounts, the minimum investment in the private investment funds is generally \$1,000,000. We will determine the minimum investment for a separately managed account on a case by case basis, but it is generally expected to be at least \$50,000,000.

We may enter into separate agreements, commonly referred to as “side letters”, with certain investors in a private investment fund which would have the effect of establishing rights under, altering, or supplementing the terms of the fund offering documents, in a manner more favorable to certain investors than those applicable to other investors. Such rights or terms pursuant to such agreements may include, without limitation, fee arrangements with respect to such investor, reporting obligations of the Advisor, waiver of certain confidentiality obligations, or other rights or terms necessary in light of particular legal or regulatory characteristics of an investor.

Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

We primarily invest client assets using a market neutral fixed income arbitrage strategy, trading primarily in a diverse basket of U.S. and non-U.S. sovereign and agency debt obligations. Our investment objective is to provide clients with above-market, risk-weighted returns, with a minimum of volatility by profiting from mispricings among the sovereign and agency fixed income securities in which we trade. There is no assurance that we will attain our investment objective. Investing in securities involves risk of loss that clients and investors should be prepared to bear.

We utilize a variety of trading strategies including, but not limited to, cash securities arbitrage, cash securities/futures contract arbitrage, futures contract arbitrage, swap contract arbitrage, yield curve arbitrage, Treasury/Eurodollar spreads, repurchase and reverse repurchase agreement transactions, and speculation on the level of short term interest rates. We attempt to manage client exposures to target the spread moves between similar types of assets. Our trading strategies are designed to not be highly correlated to the direction of interest rates, the level of equity markets, the spread between mortgages and treasuries, currency moves, or emerging market spreads. We may use secured and unsecured borrowings, repurchase and reverse repurchase agreements and securities lending agreements to finance securities positions or further leverage our trading.

B. Certain Risks Associated with Methods of Analysis and Investment Strategies

Our trading strategies involve a number of risks, including but not limited to, the inherent risks associated with investments in securities, futures, options, swaps and other derivatives, illiquidity, the potential lack of diversity among trading positions, and the risks associated with repurchase, reverse repurchase and securities lending transactions. Performance could be hurt by these risks. Prospective investors should read the private offering memorandum, prior to investing, for a more complete description of the risks inherent in our trading strategies. Below is a summary of some of the material risks involved with our primary trading strategies.

- **Speculation.** Securities we trade may involve substantial risks and may be subject to wide and sudden fluctuations in market value with resulting fluctuations in the amount of profits and losses. An investment with us is a speculative investment and is not intended as a complete investment program. Our investment program is

designed for sophisticated investors who fully understand and are capable of bearing the risk of loss.

- **Leverage.** We typically use high levels of leverage to increase a client's ability to hold a diverse basket of trades and to magnify a client's returns; however, there is a risk that high levels of leverage will magnify losses. A relatively small movement in the spread relationship between the securities and futures the client owns and those that it has sold short may result in substantial losses.
- **High Turnover.** Our trading strategy may result in a substantial turnover rate for a client's portfolio of securities which can affect investment performance through increased brokerage and other transaction costs.
- **Concentration.** Our trading strategy involves high concentration in certain types of positions and involves substantial use of derivative instruments. Short-term results are extremely difficult to predict and may vary widely. Clients may sustain frequent losses on individual investments, even during periods when a client's overall performance is profitable.
- **Swaps and Other Derivatives.** We direct client accounts to enter into swap and similar derivative transactions involving or relating to fixed income securities. Swap contracts and similar derivative contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, clients are subject to the risk that a counterparty with which the Advisor trades may fail or may be unable or refuse to perform with respect to such contracts. The swap market is generally not regulated by any United States or foreign governmental authority. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade.
- **Spread differentials may move adversely.** A substantial portion of our trading involves spread positions between two or more cash securities, two or more futures contracts, arbitrage between cash and futures contract positions, or combinations of derivatives involving the foregoing. If the price of one position increases or declines relative to the price of the other position, the overall position experiences a gain or loss. Also, to the extent that the price relationships between securities owned and securities sold remain constant, a loss may still be incurred because of the costs of financing the positions.
- **Arbitrage trading.** A significant portion of our trading may involve arbitraging between the cash and futures contract markets in financial instruments. This means that clients will purchase (or sell) financial instruments in the cash markets and take offsetting positions in the futures markets in the same or related financial instruments. These offsetting positions are subject to the same risk of adverse price differentials outlined above under "Spread differentials may move adversely." In addition, because cash securities are not traded on exchanges, but rather through a network of banks, dealers, and other institutions, there may be less liquidity in such markets. Although a price movement on each side of an arbitrage position may be the same or even favorable to the trader, such movement may require the trader to post margin deposits to support a losing futures contract position without being able to utilize the equity in the cash securities position. This imbalance in cash utilization

could result in cash shortages and could require premature termination of a position unless the trader has sufficient cash reserves to carry the futures contract position or borrows cash from a lender.

- **Counterparty Risk.** Cash securities are not guaranteed by an exchange or clearinghouse, therefore clients will be subject to the risk of bank, dealer, or other counterparty failure or the inability or refusal by the counterparty to perform with respect to such transactions. The failure of a bank, dealer, or other counterparty with which we have contracted on behalf of a client would likely result in a default, thereby converting a balanced arbitrage position into a speculative futures contract trade and depriving the client of unrealized profits or forcing the client to cover its commitments for resale, if any, at the then market price.
- **Margin.** Clients will be required to deposit margin in connection with their trading and investment activities. This results in certain additional risks. For example, should the cash or securities pledged to secure the client's margin accounts decline in value, the client could be subject to a "margin call," pursuant to which the client must either deposit additional funds or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the client's assets, the client might not be able to liquidate assets quickly enough to pay off its margin debts.

Disciplinary Information

We were subject to an investigation by the U.S. Commodity Futures Trading Commission ("CFTC") related to our trading of the September 2005 10-year Treasury Note Futures Contract and the related repurchase agreement ("REPO") and cash Treasury Note Markets. We entered into a settlement with the CFTC without admitting or denying the findings for violations of Section 9(a)(4) of the Commodity Exchange Act (i.e. false statements to a Board of Trade) and commission regulation 166.3 (i.e. failure to supervise). We paid a \$4,000,000 civil monetary penalty related to this conduct. In addition, our registration as a commodity pool operator and commodity trading advisor is restricted for three years and we must comply with undertakings pursuant to that restriction and the settlement. A complete copy of the settlement order is located at <http://www.cftc.gov>.

The civil monetary penalty described above was paid for solely by us. No portion of such penalty was charged to any client account. In addition, the above-described restrictions do not place any material limitations on our ability to continue to execute our trading strategy on behalf of our client accounts.

Other Financial Industry Activities and Affiliations

- A. We are registered with the CFTC as a commodity pool operator and a commodity trading advisor under the U.S. Commodity Exchange Act, as amended, and are also a member of the National Futures Association ("NFA") in such capacities.
- B. We manage a pooled investment vehicle which is deemed to be a related person. This vehicle is the EMF Fixed Income Fund, Ltd. (the "Affiliated Fund").

The management of pooled investment vehicles may result in conflicts of interest when we allocate our time and investment opportunities among the Affiliated Fund and other clients. In addition, the compensation earned by us from the Affiliated Fund may differ from other clients. Our principals (and/or other related persons) may also have a greater portion of their personal assets invested in the Affiliated Fund. As a result, we may have a conflict of interest in allocating investment opportunities among the Affiliated Fund and other clients. We will generally follow documented procedures in allocating trades among the Affiliated Fund and other clients (*Brokerage Practices, Section A.3, "Allocation of Investment Opportunities" below*).

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

- A. We have adopted a Code of Ethics (the "Code of Ethics") which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the investors in the private investment funds and other accounts we manage, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.
- B. We generally recommend that prospective clients invest in the private investment fund we manage (the EMF Fixed Income Fund, Ltd., the "Fund") since our principals and other management persons have significant personal investments in the Fund. In certain instances, we may establish separately managed accounts for prospective clients. A separately managed account client may also choose to invest additional assets in the Fund, assuming they deem it to be a suitable investment vehicle for their investment objectives. We receive performance-based fees and allocations from the Fund and all separately managed accounts and therefore have a financial incentive in recommending that clients invest assets with us. However, we will never exercise investment discretion in subscribing for the Fund on a client's behalf. Clients will always make their own suitability determinations with respect to investing in the Fund or becoming a separately managed account client. We will not charge a separately managed account client duplicate fees with respect to assets that are invested in our Fund.
- C. Our principals and employees may trade securities (or related securities, e.g., options or futures) for their own accounts that are the same securities that we are trading on behalf of our clients. We maintain records of our employees' personal securities accounts and transactions and monitor their personal trading activity to ensure compliance with internal policies and procedures.
- D. Our principals and employees may trade securities for their own accounts that are the same securities that we are trading on behalf of our clients (*see Section C above*). However, such personal account trading generally does not take place at or around the time that we trade the same security for our clients nor does such personal account

trading employ the same government arbitrage strategies that are used on behalf of clients.

Brokerage Practices

A. Selection of Brokers

We generally trade fixed income securities, derivatives and financial futures on behalf of our clients. We do not trade equities or other corporate securities. In placing portfolio transactions for our clients, we seek to obtain the best execution for clients' accounts, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria.

On a quarterly basis, our trading committee (which includes the Chief Financial Officer and the Chief Operating Officer) periodically evaluates the performance of the broker-dealers we use to execute client transactions. In conducting such evaluations, the factors the trading committee may consider include: pricing, financial responsibility and financial services offered, credit terms, confidentiality, expertise, facilities, reputation and integrity, reliability in keeping records, responsiveness, and with respect to a particular trade, the timing and size of the trade, available liquidity and market conditions. The trading committee also evaluates, and seeks to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

1. Research and Other Soft Dollar Benefits

We do not enter into soft dollar arrangements with brokers nor do we receive soft dollar credits.

Our prime brokers provide us with front and back office services, including trading, repurchase agreement lending, clearing, reporting, and settlement for fixed income, among others. Subject to applicable law, our prime brokers may also provide us with capital introduction services.

We execute securities transactions on behalf of client accounts with broker-dealers that provide us with: (i) access to proprietary research reports (standard investment research, including analyses of the U.S. Treasury market, the economy and other interest rate markets); (ii) research products such as databases and quotation services; (iii) dedicated telephone lines to facilitate direct communications between us and the sales desks of the broker-dealers. To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers. Nonetheless, we may have an incentive to select a broker based on our interest in receiving the research or other products or

services offered by such broker, rather than on our clients' interests in receiving most favorable execution. If we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

During our last fiscal year, we have taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to a particular broker. We directed transactions to such brokers only consistent with best execution. Brokers sometimes suggest a level of business they would like to receive in return for the research services and products they provide, however we have not committed to provide any level of brokerage business to any broker. Our trading committee also evaluated, on a quarterly basis, the performance of the broker-dealers we use to execute client transactions and resolved any conflicts of interest that we may have had in selecting brokers to execute client transactions.

2. Brokerage for Client Referrals

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the private investment funds we manage, consistent with best execution. We may also direct client brokerage to brokers that invest in the private investment funds we manage or whose affiliates invest in the private investment funds we manage. Because such referrals or investments, if any, are likely to benefit us but will provide an insignificant benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has invested with us or referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will not allocate client brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account. We believe that this conflict of interest is also mitigated by the oversight provided by our trading committee.

3. Allocation of Investment Opportunities

We allocate investment opportunities in a manner that we deem to be fair and equitable under the circumstances that exist at the time of allocation. The factors that we may consider when determining which securities to allocate to each client account include, but are not limited to, the investment objectives and restrictions of each client account; the overall portfolio composition of the client accounts; relative capital available for investment in the applicable client account; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; position size; industry exposure; market exposure; gross, net, long and short exposure; and applicable tax considerations.

4. Trade Error Policy

Subject to applicable law, clients (and not the Advisor) will (i) be responsible for any losses resulting from trading errors and similar human errors, absent bad faith, misconduct, negligence or breach of fiduciary duty by the Advisor, or (ii) receive the gain from such trading errors, as the case may be. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the large volume of transactions executed by the Advisor, clients should assume that trading errors (and similar errors) will occur and that clients will receive the gain from any such errors, or be responsible for any resulting losses.

We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

B. Aggregation of Orders

We may aggregate client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among client accounts on an average price basis. When an aggregated order is only partially filled, or when client trades are not aggregated, we will allocate the investment opportunity as described in Section A.3 above.

Review of Accounts

- A. Client portfolios are reviewed daily, and their performance analyzed, by our investment professionals, including, but not limited to, the President and the Senior Principal. Client portfolios are also reviewed by members of our operations team and risk management team to monitor compliance with the applicable trading mandate and any applicable risk and/or operating guidelines. The Chief Compliance Officer is also involved in a monthly review of trading activity and account allocations. Client investments are evaluated based on performance, fundamentals, news, analyst reports, general market conditions and such other considerations as we deem appropriate.
- B. We may, in our discretion, furnish investors in the private investment funds we manage with periodic written unaudited performance reports on a monthly basis including: (i) a schedule of capital activity and rates of return; (ii) a month in review newsletter; and (iii) net asset value schedule. On a quarterly basis, investors receive a copy of the relevant fund's statement of changes in net assets and unaudited financial statements. On an annual basis, investors receive a copy of the relevant fund's annual audited financial statements and, where applicable, a statement of taxable income (form K-1 or a Passive Foreign Investment Company Annual Information Statement).

We may provide certain investors access to more frequent and/or more detailed information regarding the private investment funds' securities positions, performance, finances, and management and/or other information about the private investment funds or us (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a fund, us and/or our personnel, or of redemptions from a fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the funds.

We provide the owners of the separately managed accounts we manage with periodic unaudited reports at such times as the owners of such accounts and we agree. The custodians of such accounts send account statements to the owners of such accounts no less frequently than monthly. In addition, since a managed account investor directly owns the positions in its separately managed account, such investor may have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the private investment funds managed by us. The investors in such separately managed accounts may have the right to withdraw all or a portion of their capital from such managed accounts on shorter notice and/or with more frequency than the terms applicable to an investment in the private investment funds we manage.

Client Referrals and Other Compensation

We obtain certain research and brokerage products and services in return for directing client securities transactions to the broker (*see Brokerage Practices, Section A "Selection of Brokers"*).

We may provide compensation to a third party placement agent in connection with the offering of interests or shares in our private investment funds. The amount paid to the placement agent ranges up to 20% of the fees we earn on such investments and all placement fees will be fully disclosed to investors referred to us by the placement agent.

Custody

All client assets are held in custody by unaffiliated broker-dealers or banks. However, we have access to our private investment funds' assets since we serve as the adviser to the private investment funds. For this reason, we are considered to have custody of the private investment funds' assets. Investors in the private investment funds will not receive statements from the custodian. Instead, the private investment funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of the private investment fund's fiscal year end.

As noted above in "Review of Accounts", Section B, owners of the separately managed accounts we manage will receive account statements no less frequently than monthly from the custodians of such accounts. Clients should carefully review these statements that are received from the custodians of such accounts.

Investment Discretion

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the private investment funds managed by us generally may not place any limits on

our authority beyond the limitations set forth in the offering and governing documents of such private investment funds. On a case by case basis, owners of the separately managed accounts we manage may negotiate certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such accounts. As a courtesy to certain separately managed account clients, we may also seek approval from the client prior to implementing a particular trading strategy.

While we use our best efforts to provide all clients with suitable investment opportunities, it is possible that each client may not receive the same investment opportunities at the same time. Our portfolio managers and traders will use their best judgment and specific knowledge of a client's objectives when determining which securities to recommend or invest in specific instances. It is possible that some clients could be placed at a disadvantage with respect to the timing of trading decisions and/or the price of securities. We may also determine that an investment opportunity is suitable for more than one account but the market is too illiquid to enable each to participate to the extent advisable. In the above situation, or in other situations in which conflicts arise, we endeavor to allocate investment opportunities fairly. Nonetheless, in a given situation it is possible that a conflict may be resolved in a manner detrimental to a particular client (see *Brokerage Practices, Section A.3, "Allocation of Investment Opportunities"*).

Voting Client Securities

Our investment advice is limited to fixed income securities and interest rate derivatives and as such we do not have the opportunity to exercise voting discretion over securities held in clients' accounts.

Financial Information

We have never filed for bankruptcy and are not aware of any financial condition that could be expected to affect our ability to manage client accounts.