



Investment Adviser Firm Brochure

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SEC FORM ADV PART 2

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Important Notice:

This brochure provides current information about the qualifications and business practices of EM Capital Management, LLC ("EM Capital"), a Delaware series limited liability company, as of the publication date above. If you have any questions about the contents of this brochure, please contact us at: +1(925) 376-8700 (PST) or by email to info@emcapitalmanagement.com.

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 EM Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

We may sometimes refer to ourselves as a Registered Investment Adviser ("RIA"). This means that we are registered as an Investment Adviser under the Investment Advisers Act of 1940, as amended. However, registration does not imply a certain level of skill or training.

Notice. - Material Changes in ADV Part II

On July 28, 2010, the SEC adopted significant changes to Form ADV Part 2, the disclosure document EM Capital Management, LLC is required to provide to clients. This Brochure, dated June 15, 2012, is our new disclosure document, and we have prepared it according to the SEC's new requirements and rules. Because of the new form, the formatting and structure of this brochure differs from a previous Form ADV Part 2 that you may have received. The new form also requires us to provide some new information that our previous Form ADV Part 2 did not require.

In the future, if the information in this Brochure materially changes from the prior update, we will highlight and summarize those changes here, in this section. In addition, we will provide ongoing disclosure of material changes to the information in this Brochure as required by applicable SEC rules.



Royal Peacock

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Item 4. - Advisory Business

EM Capital Management, LLC ("EM Capital") a Delaware series limited liability company, provides asset management advice and supervision on a discretionary and non-discretionary basis for client portfolios and customized consulting based on their individual investment objectives, strategies, instructions or restrictions, within the framework of our investment and cross-border experience, approach and infrastructure described in this ADV Part 2 Brochure. Clients and prospective clients are welcome to contact EM Capital by telephone or email at their convenience with any questions, information requests, suggestions or complaints. An EM Capital representative will typically respond within 24-hours. If your query is urgent, please let us know and we will do our best to meet your requirements.

EM Capital was founded in 2005 and has managed client portfolios since its founding. Our practice is focused on emerging and frontier markets in a broad range of regions, countries, investment strategies, asset classes and styles. The investment types and consulting services cover a wide range of assets typically including publicly-traded companies;; concentrated and broad portfolios of securities and IPOs. Our target clients include institutional clients, high net worth individuals known as accredited investors; quasi-institutions and retail investors. EM Capital also organizes, sponsors and/or provides advice related to cross-border, emerging and frontier markets private equity investments, including private equity funds; single-asset private equity investments, distressed assets. The firm's other services include restructuring, turnaround management, asset recovery, fiduciary services and dispositions. As a sponsor of collective investment schemes (registered and private funds) EM Capital advises and manages U.S. registered investment companies and similar non-U.S. funds (some of which may be private funds or registered under the laws of the country where they are formed), pension and profit sharing plans, insurance companies, endowments and foundations, family offices, individuals and other clients worldwide.

EM Capital invests primarily in securities issued by private and listed companies that have their principal operations located in or deriving a majority of their revenue and/or profits in developing countries (frequently referred to as emerging and frontier markets). Investments may include securities issued by the governments of developing countries, businesses and corporations and private/public enterprises.

Which countries are considered emerging and frontier markets?

We are frequently asked to define Emerging and Frontier markets. For this brochure we are using the definitions established by the World Bank, FTSE and MSCI (countries shown below) as the latter two index providers are used by numerous institutional investors. For an in-depth discussion on country qualifications and index rules for inclusion in one of these indices please click this URL that will bring you to a publication of MSCI Index Research:

http://www.msci.com/resources/products/indices/global_equity_indices/gimi/stdindex/MSCI_Global_Market_Accessibility_Review_June2011.pdf

Americas	Europe, Middle East & Africa	Asia
Brazil Chile Colombia México Peru	Czech Republic Egypt Hungary Morocco Poland Russia South Africa	China India Indonesia Korea Malaysia Philippines Taiwan Thailand

Frontier Markets include:

Americas	Europe, Middle East & Africa			Asia
	TO BE PROVIDED	IN UPDATED	BROCHURE	

Important Emerging and Frontier Markets Investment Considerations:

Since our services are primarily focused on emerging and frontier markets countries, we do not believe that our services constitute a complete or balanced investment program. They should represent only part of an investor's portfolio. There is on-going debate on what portion of an investor's portfolio

Ordinarily, EM Capital manages client accounts on a fully discretionary basis. We also welcome non-discretionary accounts whereby the client determines or participates in the selection of the securities to be purchased and sold. Before establishing a client relationship, we discuss with the prospective client their particular needs and to clearly understand their investment objectives and risk profile, and to establish policies, guidelines or restrictions appropriate to the account. The client agreement will include guidelines and restrictions applicable to our management of the account, if any, including any limits on our discretion to manage the account or limitations on investing in certain securities or types of securities.

EM Capital cannot guarantee or assure you that your investment objective(s) will be achieved. We do not guarantee the future performance of any client's account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management of any account. The investment decisions we make for client accounts are subject to various market, currency, economic, political and business risks, and the risk that investment decisions will not always be profitable. Many, but not all, of these risks are discussed in Item 8 below, which you should review carefully before deciding to engage our services.

Upon client request we are happy to provide monthly or quarterly information and commentary on Emerging and Frontier markets issues and events and other related matters we believe may be of interest. These commentaries are not intended to constitute investment advice and are for your use and information only.

As of June 5, 2012, EM Capital had less than USD\$100,000 in client discretionary assets under management, not including proprietary accounts owned by senior officers and their families. EM Capital Management believes it has been prudent to remain out of the Indian market and other emerging and frontier markets until we determine the investment environment and market risks including global economic uncertainties and very high price and volume volatility have subsided. EM Capital is the Investment Adviser to Global Investors Trust, a newly organized and SEC registered multi-series trust that intends to sponsor emerging and frontier markets ETFs.

The pause in EM Capital's investing operations has been used to continue to research developing markets regions, countries, companies and themes and related index-based Emerging and Frontier ETF products. It is the intention of the Company to develop the infrastructure required to sponsor and manage new index-based Emerging and Frontier markets products to compliment actively managed strategies including separate accounts and mutual funds. From July 2007 to April 2010, EM Capital was the Investment Adviser for an India-focused mutual fund listed on NASDAQ. In April, 2010, the independent Trustees of the mutual fund determined that it would be in the best interests of investors to liquidate the mutual fund. As described above, in light of global economic uncertainty and risk factors, high share-price volatility and India-specific issues, EM Capital is waiting to for an attractive window to once again service investors seeking Emerging and Frontier Markets exposure.

We continue to advise and consult for certain investors, assets or funds for which we do not have discretionary authority. During the past twelve months, EM Capital has consulted and continues to consult on several (non-securities) real estate development and joint-venture opportunities in Mainland China, Hong Kong and Vietnam and certain cross-border private equity investments and restructuring consulting situations.

Item 5. - Fees and Compensation

EM Capital's current annual base asset management fees for separate or individual investment accounts limited to equities (shares) are in the range of one-percent (1.00% or 100 basis points) to two-percent (2.00% or 200 basis points) of assets under management. *Clients are reminded that brokerage commissions and other trading costs, foreign regulatory fees and taxes and costs for spe-*

cial requirements approved by the client, in writing, in advance, are separate from EM Capital's management fees.

Asset management fees may be higher or lower and are subject to negotiation taking into consideration the size of the client account, client's investment objectives, strategies and market-entry complexities, trading requirements, special services and other issues. We may charge different fees for specific mandates, or may agree to different or lower fees in recognition of special services provided, the client profile or location, the amount of prospective assets to be managed, the relationship with other accounts we manage, or other factors. We may amend our fee schedule at any time, normally at the beginning of each calendar year. Clients and prospective clients are encouraged to discuss fees at the commencement of the relationship and any time during the relationship.

Collective Investment Schemes (Funds)

EM Capital charges varying fees to the collective investment products (including private and registered funds) it may sponsor and/or serve as Adviser, Manager or Sub-Adviser. Fees vary based upon factors such as competition, allocation of time and resources, fees and costs charged by vendors, trading complexity and risks, compliance, risks and domestic market business conditions. Each fund or product has its own information memorandum, private placement memorandum, prospectus or other offering circular which, among other items, details applicable fees, method of subscription, redemptions and withdrawals and the manner of payment that should be carefully read and discussed with your tax and legal advisors before investing.

Clients and prospective clients are strongly encouraged to discuss any questions or concerns related to Fees and Compensation directly with a senior manager.

All Agreements in Writing

Before providing any professional services to you, we will enter into a written Client Agreement or Investment Advisory Services Agreement with you. All communications, whether oral or in writing) between an officer or representative of EM Capital and a person held prior to the execution of the written client agreement shall not constitute any professional investment advice or investment or other business or financial recommendations. The client agreement sets forth the specific manner for charging advisory fees. Generally, our management fees are calculated at an annual rate, and payable monthly or quarterly in arrears, based on the average month-end value of your portfolio. Fees may be pro-rated for periods of less than one quarter. Upon termination of any account, any earned, unpaid fees will be due and payable. Other investment advisory firms may charge different or lower fees for comparable services.

You may choose to be billed directly for fees, or you may authorize EM Capital to directly deduct fees from your account. If we can deduct fees directly from your account, your custodian should send a monthly or quarterly statement directly to you, showing transactions in the account, including our fees that were deducted and paid to us. We will also receive paper or electronic copies of the custodian's statements. We urge you to carefully review these statements, where applicable, and compare the official custodial records to any account statements we may send to you. Our statements may vary from your custodial statements based on reporting dates and differences in the timing and sources of

valuation used by us and your custodian.

Besides our management fees, as indicated above, you will pay fees and expenses of other service providers, including custodians, brokers, and other third parties. These fees and expenses may include custodial fees, sales charges, transfer taxes, foreign investment license fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions, including broker-dealer commissions. Although these charges, fees and commissions are in addition to EM Capital's fee, they are paid to other parties and we do not receive any portion of these amounts.

Item 12 below describes the factors that we consider when selecting broker-dealers and other counterparties for client transactions, including the use of client commissions to acquire research and brokerage services commonly referred to as "Soft Dollars". Your account, and not EM Capital, will pay the commissions and other fees charged by broker-dealers and other counterparties.

Neither EM Capital nor our supervised persons accept compensation from an investment product sponsor, associated party or any party directly related to the sale of securities or other investment products unless fully disclosed to you and acknowledged in writing in advance of making a compensated investment. In the event compensation is available, in most cases we expect the Client to receive the benefit of a credit or discount representing all or an agreed portion of the sum of any compensation available to EM Capital.

Item 6. - Performance-Based Fees and Potential Side-by-Side Management Conflicts

EM Capital does not currently have client accounts that charge performance-based fees to any client. We do not charge fees based on a share of the capital gains of your assets, or based on the capital appreciation of the assets in your account. Accordingly, we do not presently manage accounts that charge performance-based fees side-by-side with accounts that solely charge asset-based fees.

EM Capital reserves the right at its sole discretion to enter into performance-based fees agreements without notice to existing clients. Performance-based fees are typically charged to private funds, private equity investments and for special strategies with complex investment implementation issues or in consideration for reduced or eliminated base asset management fees. Strict policies and procedures shall be established to mitigate any perceived or actual conflict of interest and ensure prudent and fair and equitable trade allocations. Our Compliance Manual and Code of Ethics provide a more extensive discussion of this potential conflict.

Item 7. - Types of Clients

EM Capital is seeking to manage portfolios for institutional clients, pension and profit-sharing plans, insurance companies, endowments and foundations and other business entities around the world. Examples of related Institutional clients include EM Capital sponsored registered investment products, private funds and similar non-US EM Capital funds.

EM Capital generally establishes a minimum asset size to open an institutional account. The minimum asset size may not apply to the funds that we may manage, and we may change or waive the minimum requirement. For example, we may not apply a minimum size requirement in consideration of the nature of a specific mandate, the specific services provided, the client type or location, and the amount of prospective assets in addition to assets to be managed, or where relationships exist or are expected to grow with other accounts we manage.

As a boutique and nimble asset management firm we welcome accounts from non-institutional investors such as individual retail and high net-worth investors, as sub-advisers to their Advisors and for family offices, endowments, trusts, partnerships, hedge funds, pension plans and other entities. In addition to products and services customarily offered, we welcome the opportunity to discuss the feasibility of a customized product with or without discretionary authority.

Item 8. - Investment Strategies, Methods of Analysis, and Risk of Loss

The EM Capital fundamental investment philosophy is our positive long-term view and expectations of sustained economic growth and development in emerging and frontier countries. Historically, we have been active managers as described below. Notwithstanding, the detailed “active management” section of this Item 8, EM Capital, in response to changing investor needs and to provide lowest cost and potentially less volatile exposure to developing markets, now provides completely passive, index-replication products based upon transparent third-party indexes licensed for use by EM Capital in a specified geographic location or product type, typically for ETFs.

A. Actively Managed Strategies

EM Capital believes that one of the best ways to capitalize on this anticipated growth is to develop insights about the economic and institutional growth and risks of investing a region, and combine those expectations with a bottom-up focus on the specific countries and businesses that we expect to grow more rapidly and have superior management. EM Capital draws on our extensive individual and collective experiences in emerging and frontier markets to find companies that fit our philosophy and outlook.

We believe that the current composition of the stock markets and indices may not be the best guide to the most successful industries and companies of the future and that our stock selection activities are value added. We further believe that a long-term approach is the most effective way to capitalize on the evolution of the emerging and frontier markets regions. To support our buy-and-hold convictions, we conduct fundamental analysis of companies, emphasizing on-the-ground research and meetings with local company management. As long-term investors, we expect to hold positions over an indefinite time horizon. We recommend that our clients also view investment in the securities of emerging and frontier markets companies over the long term (at least three to five years).

Our active investment process has three key elements:

1. Generating Ideas

EM Capital draws on extensive experience and relationships in the emerging and Frontier markets to find companies and managements that fit our philosophy. The team uncovers ideas from a wide range of sources:

- Local relationships developed over time
- Screening and internal analysis
- Observing, analyzing and understanding regional and country trends
- Relatively frequent in-country fact-finding and relationship-building trips
- Active participation in local market investment or industry-specific events, conference calls, media, conferences, celebrations, etc., providing a large network and deep insights
- Company meetings and interviews often with CFOs, CEOs and Chairman, both in-country and during road-shows
- Interaction and Q&A sessions with local market brokers
- Discussions with local market participants from taxi drivers up to company chairmen
- Independent and broker published research

2. Company Research and Due Diligence

The entire team of research analysts and portfolio managers conducts research. The team meets with hundreds of companies in emerging and frontier markets as well as with company representatives who visit our San Francisco office each year. The purpose of our due diligence is to understand the drivers of long-term future growth, which may include:

Quality of Business – the ability of a company to survive and generate sustainable earnings and cash flow through economic and market cycles.

Quality of Management – management with integrity, alignment of interest with minority shareholders, and the demonstrated ability to meet business targets and milestones.

Growth Factors – will the company grow faster and more consistently than other choices. Does the company have a competitive advantage that enables future growth.

Valuation – the value of the business as a whole in the context of entry share price and expectations of future growth and market valuation, including “re-rating”.

3. Making the Investment Decision on Managed Accounts

Our goal is to build and maintain a portfolio that offers the potential for long-term returns while balancing risks across a broad spectrum of potential investment opportunities. To determine whether a company merits a place in a portfolio, or deserves to remain, the lead portfolio manager reviews available research and considers the following key factors:

Relative attractiveness - : Does the company provide better long-term potential to meet a portfolio's objectives than an existing or alternative holding?

Sector and industry - : How does a change in weighting either from an investment or disinvestment alter the aggregate portfolio characteristics and related risks

Fit - How does the individual security impact the overall objectives, style and market- capitalization profile of the portfolio?

Diversity - Is the company in an area not already well covered in the portfolio?

Although we generally expect to invest in companies for the long term, many factors may result in selling a company's stock earlier than originally planned. These factors include client needs for liquidity, economic, political or market events (e.g., changes in credit conditions or military action), changes in relative valuation (to both an issuer's growth prospects and to other issuers), or management malfeasance or other unethical conduct. We constantly monitor valuations in the context of growth expectations and we typically will trim positions where valuations have risen significantly, rather than sell a holding outright. Generally, our long-term investment horizon leads to reduced portfolio turnover.

Types of Investments

Our investments for clients in emerging and frontier markets cover a range of different types of securities. At the present time, we are focused upon investing in common stock, preferred stock and other equity securities and convertible securities for our clients. Subject to the needs of clients and our assessment of both client demand and favorable investment opportunities we may also purchase fixed income securities, including rated and unrated bonds and debentures, and high yield securities. Although we would not customarily do so, we may engage in foreign currency transactions to hedge portfolio positions in connection with pre-funding requirements for purchases and the settlement of transactions in foreign securities. EM Capital generally conducts foreign currency exchange transactions either on a spot (i.e., cash) basis at the then-prevailing rate in the foreign currency exchange market (the "spot rate"), or depending on the situation, through forward contracts to purchase or sell foreign currencies at a future date at a fixed rate. Depending on the terms of your client agreement and any limits in that agreement, we may enter into any other type of investment transactions appropriate for your account.

Investing in securities involves risk of loss and you may lose money

Before investing in emerging and frontier markets region, you should be prepared to bear special risks associated with investing in that region, as well as risks associated with the different types of investments we may make. The specific risks associated with your portfolio will depend on your investment mandate. Described below are many, but not all, risks.

Because of the special risks of investing in the emerging and frontier markets region, we believe that investment in the region should constitute only a portion of your overall investment portfolio, not all of it. We recommend that you invest in the region only for the long term (at least five years), so that you

can better manage volatility in the value of your portfolio. Investing in regionally concentrated, single-country or small company mandates may not be appropriate for all clients.

EM Capital is an active manager, and our investment process does not rely on passive or index strategies. For this reason, you should not expect that the composition of your portfolio would closely track the composition or weightings of market indices or of the broader markets generally. As a result, you should expect that changes in the value of your portfolio (over short and longer periods) will vary from the performance of indices, stock markets generally, and of broader markets.

Investing in the emerging and frontier markets region entails special risks, which include a wide range of market, financial, legal, political, economic, social and religious considerations:

The value of your portfolio may be adversely affected by political, economic, social and religious instability; inadequate investor protection; changes in laws or regulations of countries within the emerging and frontier markets region (including both in countries where you invest, as well as in the broader region); international relations with other nations; natural disasters; corruption; and military activity. It may be difficult to obtain or enforce judgments against companies in emerging and frontier markets countries, or their management. Furthermore, the economies of many emerging and frontier markets countries differ from the economies of more developed countries in many respects, such as their rate of growth, inflation, capital reinvestment, resource self-sufficiency, financial system stability, the national balance of payments position and sensitivity to changes in global trade. The governments of certain countries have placed restrictions on the operational freedom of private enterprise, and have or may nationalize privately owned assets including companies held by your account. From time to time, a relatively small number of companies and industries may represent a large portion of the total stock market in a particular country or region, and these companies and industries may be especially sensitive to adverse social, political, economic or regulatory developments. emerging and frontier markets countries also have different accounting standards, corporate disclosure, governance and regulatory requirements than do more developed countries. As a result, there may be less publicly available information about companies in emerging and frontier markets countries. There is generally less governmental regulation of stock exchanges, brokers and issuers than in more developed countries, which may result in less transparency with respect to a company's operations. The economies of many emerging and frontier markets countries are dependent on exports and global trade and some have limited natural resources (such as oil), resulting in dependence on foreign sources for certain raw materials, and vulnerability to global fluctuations in price or supply. Changes in the economies of the main trading partners of emerging and frontier markets countries, including other developed countries, could negatively influence the growth prospects of emerging and frontier markets countries and markets. emerging and frontier countries' financial markets may be correlated with the markets of other developed countries.

A decline in the financial markets of other countries, including both developed and emerging and frontier markets could result in a significant broad decline in emerging and frontier countries' financial markets. To the extent an account concentrates its investments in a single region of the world (or in a single country within that region), the account's performance may be more volatile than that of accounts that invest globally. If securities of emerging and frontier markets countries (or the securities of companies from individual countries in the region) fall out of favor, it may cause your account to

underperform accounts that do not concentrate in a single region or country.

Investing in any emerging and frontier markets country will also entail risks specific and unique to that country, and these risks can be significant and change rapidly. Emerging and frontier markets comprise countries in all stages of economic development. Some emerging and frontier markets economies may experience overextension of credit, currency devaluations, rising unemployment, high inflation, underdeveloped financial services sectors, heavy reliance on international trade and prolonged economic recessions. Currency fluctuations, devaluations and trading restrictions in any one country can have a significant effect on investors' views on emerging and frontier markets countries.

The development of emerging and frontier markets economies, and particularly those of China, Japan and South Korea, may also be affected by political, military, economic and other factors related to North Korea. Lack of available information regarding North Korea is also a significant risk factor. The situation remains a source of tension and is currently volatile, particularly as North Korea appears to continue to develop nuclear capabilities, and tactical and strategic missile systems. Military action or the risk of military action or strains on the economy of North Korea could have a materially adverse effect on all countries in the region, particularly China, Japan and South Korea. In addition, China's long- running conflict over Taiwan, border disputes with many of its neighbors and historically strained relations with Japan could adversely impact economies in the region. The same general conditions exist between India and Pakistan and pose a serious investment risk. Both countries possess nuclear missiles and there are border skirmishes between soldiers of the two countries. Pakistan's reputation as a host for terrorists creates tension both in India and Western countries.

Global economies and financial markets are becoming increasingly interconnected. This increases the possibility that conditions in one country or region might adversely impact the issuers of securities in a different country or region. The economies of many emerging and frontier markets countries are dependent on the economies of the United States, Europe, China and other emerging and frontier markets countries, and, as seen in the recent developments in global credit and equity markets, events in any of these economies could negatively impact the economies of emerging and frontier markets countries.

When we conduct securities transactions for clients in an emerging and frontier markets market, the transaction is usually made in the local currency rather than in US dollars. For example, share purchases in India are settled in rupees. To execute these transactions, an account must purchase or sell a specified amount of the local currency, which exposes the account to the risk that the value of the foreign currency will increase or decrease. Similarly, if your account receives income from emerging and frontier markets securities, the account receives local currency rather than US dollars. As a result, the value of an account's portfolio as well as the income derived from these holdings may be impacted. Additionally, emerging and frontier markets countries may utilize formal or informal currency-exchange controls (or "capital controls"). Currency controls may artificially affect the value of an account's portfolio. These controls may also restrict or prohibit our ability to repatriate both investment capital and income for your portfolio; this, in turn, may undermine the value of the portfolio and potentially place the account's assets at risk of total loss. We consider risks associated with currencies and foreign currency exchange in our investment process but do not generally actively manage

such risk using hedging or other strategies.

Investing in emerging markets involves the political, social, economic and currency risks described above, as well as different and greater risks than investing in more developed markets because, among other things, emerging markets are often less stable politically and economically, and their markets are smaller and less developed. Their stock exchanges and brokerage industries do not have the level of government oversight as do those in more developed countries. Securities markets of these countries are substantially smaller, less liquid and more volatile than securities markets in more developed countries. Local regulation frequently imposes limits (collars) on intra-day changes in trading prices for securities, which may artificially constrain trading volume and distort market pricing mechanisms. Many markets also require the suspension of trading in securities at times or for reasons that are unusual in developed markets (e.g., trading may be suspended prior to shareholder meetings or in connection with the distribution of dividends, stock splits or other corporate actions). Trading suspensions may result in the security being treated as being illiquid during the suspension. The absence of negotiated brokerage commissions in certain countries may result in higher brokerage and other fees. The procedures and rules governing foreign transactions and custody also may involve delays in payment, delivery or recovery of money or investments. In addition, standards related to corporate governance may be weaker, and transactions with or among management may be less transparent. As a result, the account's rights, and those of other independent shareholders, may be adversely impacted in corporate actions. Brokerage commissions, custodian services fees, withholding taxes and other costs relating to investment in emerging markets are generally higher than in developed markets.

Emerging and frontier markets investments may involve greater risk than developed country investments including, but limited to, the following general risks:

The securities markets of some countries lack the liquidity, efficiency, regulatory and supervisory controls of more developed markets. Lack of liquidity may adversely affect the value or ease of disposal of assets and market impact when buying shares. The share register may not be properly maintained and ownership interests may not be, or remain, fully protected. Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.

The legal environment in emerging markets may provide less certainty than in more developed markets. The interpretation and application of decrees and legislative acts can be often contradictory and uncertain, particularly for matters relating to taxation. Legislation could be imposed retrospectively, or may be issued in the form of internal regulations unknown to the public. State bodies and judges may not adhere to the requirements of the law and the relevant contract, and judicial independence and political neutrality cannot be guaranteed. There is no certainty that investors will be compensated in full or in part for any damages or losses suffered as a result of legislation imposed or decisions of state bodies or judges. Some markets (such as China) are only beginning to develop the concept of legal/formal ownership and of beneficial ownership and consequently the courts in these markets may consider that any nominee or local custodian as registered holder of securities would have full ownership of a holding, and that a beneficial owner may have no rights whatsoever.

The proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries is not clearly established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that an account could become subject to additional taxation in some countries that is not currently anticipated.

The smaller size and lower levels of liquidity in the markets of emerging markets countries, as well as other factors, may result in changes in the prices of emerging and frontier markets securities that are more dramatic, or volatile, than those of companies in more developed regions. This volatility can cause the value of your portfolio to go up or down dramatically. Partially because of this volatility, we recommend that clients invest only for the long term (at least three to five years).

The types of instruments purchased for client portfolios also entail special risks, which may include: The values of equity securities held in client portfolios are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and more risky than some other forms of investment.

Securities of companies from the emerging and frontier markets region typically are listed on their respective stock exchanges, but may also be traded on other markets within or outside of the emerging and frontier markets region. Emerging and frontier markets securities may also trade in the form of depositary receipts, including American, European and Global Depositary Receipts. Although depositary receipts have risks similar to the securities that they represent, they may also involve higher expenses and may lack fungibility, which may result in their trading at a discount (or premium) to the underlying security. In addition, depositary receipts may provide less disclosure, may not pass through voting and other shareholder rights and may be less liquid than the underlying securities listed on an exchange.

We may purchase preferred stock for your portfolio. Preferred stock represents an equity or ownership interest in a company, and normally pays dividends at a specified rate, which may limit your ability to participate in a company's growth. On the other hand, preferred stocks typically have precedence over common stock in the event the issuer liquidates or declares bankruptcy. However, in those circumstances, the claims of bond owners take precedence over the claims of owners of preferred and common stock. Preferred stock, unlike common stock, often has a stated dividend rate payable from the company's earnings.

Preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of these stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing the company to call or redeem the stock, which can limit the benefit of declining interest rates, since the security would need to be replaced with a security earning less interest. Many of the risks associated with purchasing common stock and debt securities apply to preferred stock.

We may purchase dividend paying-equity securities for clients. We cannot guarantee that companies that have historically paid dividends will continue to pay them or pay them at the current rates in the future. Dividend-paying equity securities, in particular those whose market price relates closely to their yield, may exhibit greater sensitivity to interest rate changes. During periods of rising interest rates, these securities may decline in value. Investment in these securities may also limit the potential for appreciation during a broad market advance. The prices of dividend-paying equity securities (and particularly of those issued by emerging and frontier markets companies) can be highly volatile. You should not assume that investments in these securities will necessarily reduce the volatility of your portfolio or provide “protection,” compared to other types of equity securities, when markets perform poorly.

We may purchase convertible preferred stocks, and convertible bonds and debentures for your portfolio. The risks of convertible bonds and debentures include repayment risk and interest rate risk. Repayment risk is the risk that a borrower does not repay the amount of money that was borrowed (or “principal”) when the bond was issued. This is referred to as a “default,” and would result in the loss of the investment. Interest rate risk is described below. Many emerging and frontier markets convertible securities are not rated by rating agencies like Moody’s, S&P or Fitch, or, if they are rated, they may be rated below investment grade (“junk bonds”), which may have a greater risk of default. We may attempt to evaluate unrated bonds or may choose to treat them as junk bonds. Investing in a convertible security denominated in a different currency from that of the underlying security exposes your portfolio to currency risk as well as risks associated with the level and volatility of the foreign exchange rate between the security’s currency and the underlying stock’s currency. Convertible securities may trade less frequently and in lower volumes, or have periods of less frequent trading. Lower trading volume may also make valuations more difficult.

We may purchase fixed income securities, like bonds, for clients. Fixed income securities are subject to a variety of risks, including credit and interest rate risks: “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment and rating agencies often review and sometimes downgrade securities. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of adjustable rate instruments). Generally, rising interest rates will negatively impact the price of a fixed rate debt instrument while falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including, without limitation, the index chosen, frequency of reset and reset caps or floors). Instruments with uncertain payment or prepayment schedules generally have more pronounced and less predictable interest rate sensitivity.

We may purchase securities rated lower than Baa by Moody’s, or equivalently rated by S&P or Fitch, and unrated securities of similar credit quality for client portfolios. These securities are referred to as “high-yield securities” or “junk bonds.” Investing in these securities involves special risks in addition to the risks associated with investments in higher-rated fixed income securities. While offering a greater

potential opportunity for capital appreciation and higher yields, high-yield securities typically entail greater potential price volatility, entail greater levels of credit and repayment risks, and may be less liquid than higher-rated securities. High-yield securities are considered predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. They may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce our ability to sell these securities (liquidity risk). Issuers of securities in default may fail to resume principal and interest payments, in which case you may lose your entire investment in the security. Investments in junk bonds may be subject to greater levels of credit and liquidity risk.

Where consistent with a client's investment mandate, we may purchase securities of smaller companies. We may also invest in a company in its initial public offering.

Smaller companies may offer substantial opportunities for capital growth. However, they also involve substantial risks, and investments in smaller companies may be considered speculative. Smaller companies often have limited product lines, markets or financial resources compared to larger companies. Smaller companies may be more dependent on one or a few key persons and may lack management depth. It is not unusual for a small number of investors to hold a large, if not controlling percentages of stock (including founders and management) than is typical of larger companies. This means that foreign shareholders are often subject to the integrity and governance practices of the founder-managers or their friends and families that control their companies. Smaller companies sometimes have more difficulty obtaining credit and/or on less advantageous terms than larger companies. As a result, creditors (and the impact of financial or operating restrictions associated with debt financing) may have more influence than for larger or more established companies. These factors may dilute the holdings, or otherwise adversely impact rights of investors in corporate governance or corporate actions. Small companies may also be unable to generate funds for growth or developments, or be developing or marketing new products or services for which markets are not yet established and may never become established. We may have more difficulty obtaining information about smaller companies, making it more difficult to evaluate the impact of market, economic, regulatory and other factors. Informational difficulties may also make valuing or disposing of smaller company securities more difficult than for larger companies. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and the securities of these companies generally have more abrupt or erratic price movements than more widely held or larger, more established companies, or market indices in general. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the markets for these securities, and the greater sensitivity of smaller companies to changing economic conditions. The value of securities of smaller companies may react differently to political, market and economic developments than the markets as a whole or than other types of stocks.

When available, and if appropriate for particular clients, we may purchase securities for clients in a company's initial public offering or "IPO." IPOs of securities issues by unseasoned companies with little or no operating history are risky and prices are highly volatile. Attractive IPOs are often oversubscribed and may not be available to all clients, or only in very limited quantities. If a client invests in an IPO, and the client's portfolio is smaller, any gains or losses from the IPO may exaggerate the

portfolio's performance and volatility compared to a larger portfolio. As a U.S. investor it may not be possible to participate in emerging and frontier markets IPOs. Even where U.S. investors are able to participate, they may not be able to purchase meaningful positions in emerging and frontier markets IPOs. We cannot assure you of favorable IPO investment opportunities in the future, or that an investment in IPOs will have a positive impact on the performance of your portfolio. See Item 12 below for more information about our policies regarding allocation of IPO opportunities.

To the extent an account invests in science or technology companies, it will be subject to the risks associated with these sectors. This makes the account more vulnerable to the price changes of securities issuers in science and technology-related industries and to factors that affect these industries, relative to a broadly diversified account. Certain medical, science and technology companies may face special risks because their products or services may not prove to be commercially successful. Many science and technology companies have limited operating histories and experience in managing adverse market conditions and are also strongly affected by worldwide scientific or technological developments and global demand cycles. As a result, their products may rapidly become obsolete, which could cause a dramatic decrease in the value of their stock. These companies are also often subject to governmental regulation and may therefore be adversely affected by governmental policies.

Item 9. - Disciplinary History

This item requires us to disclose any final legal or disciplinary events material to a client's or prospective client's evaluation of our business or the integrity of our management. We have no definitive information to report at this time. EM Capital has received a "Wells Letter" from the U.S. SEC providing the company the opportunity to provide a Wells Submission explaining the company's view on SEC staff recommendation to seek enforcement against EM Capital. The Wells Letter primarily alleges that the company has violated SEC record-keeping regulations and rules.

Item 10. - Other Financial Industry Activities and Affiliations

In addition to its customary asset management services, EM Capital provides cross-border corporate and private equity investment restructuring, distressed assets services, real estate expertise, due diligence and anti-fraud and forensic examinations, fiduciary services such as receivers, assignees and financial advisors, litigation support and bankruptcy-related professional services. We believe our cross-border expertise and cross-border experience in these specialized professional service areas provide valuable knowledge and information for emerging and frontier markets investing that differentiates EM Capital from other firms. We do not believe that these relationships create a material conflict of interest for our clients. Prior to accepting an engagement, EM Capital will conduct a review of potential conflicts with existing clients and investment management activities. In the course of restructuring projects, EM Capital may have access to confidential corporate information about services clients, affiliates, customers and/or vendors that could be deemed to be inside-information that poses a prospective conflict if, for example a client account or EM Capital product is invested in or contemplating the sale of securities issued by a company that EM Capital is privy to information not available to the general public that if used may constitute Insider-Trading.

We may, upon request, recommend or select other investment advisers for clients, based upon the client's investment strategy or desire for different expertise and information.

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

Our Code of Ethics:

We have adopted a Code of Ethics (our "Code") in order to monitor, reduce risk, mitigate and manage conflicts of interest that may exist or arise in connection with personal securities transactions by us or our officers and employees. The Code of Ethics was adopted in accordance with both Rule 204A-1 under the Investment Advisers Act of 1940 and Rule 17j-1 under the Investment Company Act of 1940. Below is a brief summary of the Code of Ethics. We will provide a copy of the Code to any client upon request or it may be available to view on EM Capital's website.

Our Code contains restrictions on personal securities transactions applicable to all our officers and employees. The Code includes a standard of business conduct requiring officers and employees:

- To comply with applicable laws;
- To report their personal securities transactions to our compliance department;
- To acknowledge their receipt of and agreement to observe the requirements of the Code; and,
- To report any violations of the Code to our Chief Compliance Officer ("CCO").

To reduce potential conflicts of interest, our Code prohibits all officers and employees from investing in the same securities of emerging and frontier markets companies held by or targeted by our clients. EM Capital's CCO, (with the concurrence of its Compliance Committee, at such time one is formed), may permit an employee to continue holding such securities if they were held prior to joining EM Capital.

For purposes of the Code, an emerging and frontier markets Security is any security:

- (1) issued or guaranteed by a company that is organized under the laws of an Emerging and Frontier markets country (which are the same countries listed in Item 4 above); or
- (2) of a company traded in any market in an Emerging and Frontier markets country, or
- (3) issued or guaranteed by a governmental entity or an agency or instrumentality or political subdivision of an Emerging and Frontier markets country.
- 4) Emerging and Frontier markets Securities include warrants, options or futures on or related to Emerging and Frontier markets Securities, but do not include the shares of an investment company registered under the 1940 Act (mutual funds and ETFs).

To further reduce the potential for conflicts of interest between us and clients, our Code requires that all officers and employees:

- (1) obtain approval prior to making certain trades in their personal accounts;
- (2) submit regular reports of personal transactions made in personal accounts; and
- (3) provide an annual report of all personal account holdings.
- (4) approvals and reports also apply to our officers' and employees' retirement accounts.

We have also adopted a Gifts and Entertainment Policy to minimize and manage potential conflicts of interest in connection with our employees receiving gifts and entertainment in connection with their professional duties.

Our compliance department monitors and enforces our Code and the Gifts and Entertainment Policy.

Other Conflicts of Interest Related to Personal Trading and the Professional Activities of our Officers and Employees::

Since we primarily invest in emerging and frontier markets companies for clients, the prohibitions under our Code significantly reduce, but do not eliminate, conflicts between our officers' and employees' personal trading and trading for our clients. Nevertheless, our officers' and employees' trading and professional activities may give rise to other potential conflicts of interest. These are described below, along with a description of how we manage those potential conflicts of interest.

We act as investment manager to various investment companies and other accounts. We may give advice and take action with respect to any funds or accounts, or for our own account, that may differ from action taken on behalf of other funds or accounts. We are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling, any security that we or our officers and employees may buy or sell for our or their own account or for the accounts of any other client. While we are not obligated to refrain from investing in securities held by funds or accounts that we manage, we do not ordinarily invest for our own account in emerging and frontier markets securities. We do sometimes invest for our own account in money market and short-term domestic fixed income securities. EM Capital may also provide seed capital to investment companies and similar funds that we sponsor or manage. We manage conflicts with investing for our own account or our officers and employees investing for their accounts by requiring that any transaction be made in compliance with our Code, as discussed above.

Because we expect to manage more than one account, potential conflicts of interest may arise related to the amount of time individuals devote to managing particular accounts. We may also have an incentive to favor accounts in the allocation of investment opportunities or otherwise treat preferentially those accounts that pay us a higher fee level or greater fees overall. However, we do not charge performance-based fees to any client accounts, limiting our incentive to favor certain groups of accounts over others. Moreover, we have adopted procedures for allocation of portfolio transactions and investment opportunities across multiple client accounts on a fair and equitable basis over time. See "Allocating Transactions" in Item 12 below.

Potential conflicts of interest may also arise in connection with an employee's knowledge and the

timing of transactions, investment opportunities, broker selection, portfolio holdings and investments. Some employees who have access to the size and timing of transactions may have information concerning the market impact of transactions, including transactions for clients and the EM Capital investment products. Employees may be in a position to use this information to their possible advantage or to the possible detriment of our other client accounts. An investment opportunity may also be suitable for multiple accounts we manage, but not in sufficient quantities for all accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by multiple accounts. We manage these potential conflicts with employee transactions by requiring that any transaction be made in compliance with our Code, and potential conflicts between client accounts through our procedures for allocating portfolio transactions and investment opportunities discussed in Item 12 below.

Employees (including their relatives) who invest in one of the EM Capital investment products may have a conflict of interest in that they may have an incentive to treat that fund preferentially as compared to other accounts we manage. Portfolio management employees generally share research relevant to other investment mandates and client accounts, with limited exceptions applicable to particular investment mandates.

As noted in Item 12 below, current exceptions provide priority to opportunities for investments in Asia Small Companies in which no account we manage has previously invested and certain accounts that focus on a specific country or sector. Some of the accounts that receive priorities may pay us higher fees than accounts that do not have a priority. Our investment team regularly reviews each account (for material dispersion of performance or other indicative factors), as noted in Item 13 below. These practices help us detect and manage the potential conflict.

Item 12. - Brokerage Practices

EM Capital generally has discretion over the selection and amount of securities to buy or sell for a client without obtaining specific client consent to a transaction. We also generally have discretion to select the broker, dealer or other counterparty to effect a particular transaction and, where negotiable, the commission rates or other compensation you pay. To help manage the selection of counterparties and individual transactions, EM Capital has adopted a Brokerage and Trading Policy (the "Trading Policies"). The Trading Policies govern our trading activities for our clients, and help us address potential conflicts of interest raised by brokerage practices.

Oversight. At our current level of activity, EM Capital's trading is presently handled by the firm principals who have direct responsibility for planning and executing trades and post-trade settlement in accordance with (1) through (8) below. As the number and size of the company's clients and staff grow, we intend to establish a formal Trade Management Oversight Committee ("TMOC") charged with overseeing our Trading Policies. The TMOC would develop, implements and supervises the Trading Policies, and would be composed of our senior executives. The Head Trader, CCO and other employees would assist TMOC, as necessary or appropriate. Pursuant to written trading Policies, TMOC would supervise all aspects of our trading activities, including the following:

- Counterparty approval and selection

- Seeking best execution
- Soft dollars usage [EM Capital does not presently accept Soft Dollars.]
- Trade aggregation and allocation
- Directed brokerage
- Trade error resolution
- Identification of and use of affiliates (if any) to effect client transactions
- Identification and management of conflicts of interest

In addition, under the supervision of TMOC, our compliance department would interpret and monitor the effectiveness of the Trading Policies. We discuss many aspects of our trading activities below.

Broker Selection and “Best-Execution”

We recognize that brokerage commissions are paid from clients' assets and transactions including broker commissions impact investors' net returns. We manage clients' assets consistent with our duty to seek best-execution in accordance with applicable law and to seek to maximize the value of commissions and other transactions costs wherever possible.

Best execution involves both quantitative and qualitative aspects. Contrary to marketing claims by brokers, our belief is that a typical emerging and frontier markets broker's trading function is a commodity service with limited differentiation other than commission rates. While our focus is to tightly manage costs and to implement opportunities to reduce costs, "Best Execution"? does not always mean the lowest available commission rates for every transaction. From a quantitative perspective, best execution involves seeking the best available price and lowest transaction costs so that a client's total cost or proceeds are the most favorable under the circumstances. Cost includes transactions fees and expenses as well as other less quantifiable costs, such as market impact, opportunity cost and market effects. These other costs can significantly impact the total cost of a transaction.

From a qualitative perspective, best execution involves considering a number of factors, including some or all of the following:

- Ability and willingness to maintain confidentiality and anonymity
- Our own and peers' actual experience with the broker
- Efficiency of execution, including reducing market impact
- The reputation of the broker company and the individual sales traders and back-office operations assigned to our relationship
- The broker's financial strength and stability
- Promptness of execution and post-trade information, reporting and accuracy
- Frequency of errors and error resolution
- Special execution capabilities
- Block trading and block positioning capabilities
- Capability of the counterparty to execute related or unrelated difficult transactions in the future
- The counterparty's coverage of one or more markets
- Expertise including local market information
- Following general and order instructions including limitations (for example, market, sector, and capitalization range,
- Commission rates and dealer spreads
- Technological capabilities and infrastructure, including back office processing and data routing capabilities

- Willingness of the broker to commit capital
- Clearance and settlement efficiency
- Ability and willingness to accommodate any special needs (for example, step-outs) Provision of lawful and appropriate research and non-trading brokerage services (see “Soft Dollars and Other Client Commission Arrangements” below)

In selecting a broker for any transaction or series of transactions, we weigh a combination of factors, like those listed above, depending on the specific circumstances. Relevant factors will vary for each transaction. While we generally seek highly competitive commission rates, we do not always pay the lowest spread or commission available. In our experience, neither the lowest commission rate nor the most expeditious execution necessarily correlates to the best trade for a client. For this reason, we tend to place orders through a small number of qualified brokers that understand how we work and where we have confidence in trade execution and back-office timeliness and accuracy.

In Emerging and Foreign markets, commissions and other transaction costs are often higher than those charged for similar services in the United States. In addition, we may not always be able to negotiate commissions in some of these markets. You should also note that standard investment implementation, trading-related and fiduciary services, including custody, settlement and administration are generally more expensive in Emerging and Frontier markets compared to the prices charged for similar services in the United States.

We review trading costs using market and internal data. We analyze this data internally and do not pay an outside vendor for this purpose. Many emerging and frontier markets are less transparent than U.S. markets and may not provide as much trading data as in the U.S. However, it is our experience that most markets provide all or the majority of information needed to evaluate broker and order performance. On occasion, we may consult with peers and other market participants to obtain a “reality-check” on the quality and cost of broker services in a market.

As part of our efforts to seek best execution, we have an informal list of qualified brokers for client transactions (the “Broker List”). We review our Broker List periodically, and add to or delete from it from time to time. If a broker appears on our Broker List, that does not mean we have to use it for a particular transaction, or at all, and we may modify, amend, limit or expand the use of any broker over time. The EM Capital portfolio manager and/or trader may use any broker on the Broker List to effect any trade based upon the reasonable belief that the selected broker can achieve best execution in the context of the specific transaction or series of transactions.

In certain circumstances, we may also use a new broker or a broker not on our Broker List (for example, where the IPO’s main broker is not on our Broker List at the time).

Broker Referrals of New EM Capital Clients

We do not receive new client referrals from broker-dealers who execute trades for our clients. Thus, we do not, when selecting broker-dealers to execute client transactions, consider whether the broker-dealer refers clients to us. We also do not pay for distribution of mutual fund shares with brokerage

commissions.

Soft Dollars and Other Client Commission Arrangements.

We may select broker-dealers to execute client transactions that provide us with free research, brokerage products and services including free or low-cost conferences, seminars, web-casts and conference calls that generally benefit EM Capital and may be unrelated to clients' immediate or future needs or client transactions. In general, there is tremendous competition among local offices of international brokers and local market firms that want to keep their firms' names in front of clients and develop business relationships. EM Capital receives abundant quantities of free research and other services from numerous brokers, most of which we do not even patronize.

The decision to choose a particular broker for a specific client transaction(s) has never involved receiving or not receiving free or low cost benefits from the selected broker and is based upon Best Execution, only.

Brokerage commissions used to acquire research or brokerage services in these arrangements are known as "soft dollars." To the extent that brokers in our markets do not customarily decouple research and other products and services and trading and charge the same commission rates whether or not EM Capital receives its research or other services, we do not consider them to be "soft-dollars" as this term is customarily used with U.S. and European brokers that may pay for a manager's expenses using a credit calculated by the sum of commission earned from the managers' client trades.

We strongly believe the common industry practice of receiving "Soft Dollars" is completely unethical and constitutes an unethical rebate of client money to the manager no matter how it is described and rationalized as a fair way to divert a portion of client commissions to enrich the manager. Basically, what is going on is that these soft-dollar rebates are covering overhead and/or the cost of services and products the manager would otherwise have to pay itself, thereby reducing the manager's profit margin. In this context, rebates from vendors are actually a surcharge or tax on broker services paid by clients in an opaque mode. As many smaller investment managers do not qualify for material sums of soft-dollars due to lower gross commissions paid (from client money) to brokers, the payment of soft-dollars is in our opinion, a form of uncompetitive restraint of trade biased to large managers. The absence of soft-dollars compared to sums received by larger brokers financially constrains smaller managers and reduces the availability of new ideas and products from smaller firms that may be valuable to investors.

Receiving research and brokerage services in exchange for soft dollars creates potential conflicts of interest for us and that is why we do not differentiate between brokers that provide such services and those brokers that provide less or no similar services.

Allocating Transactions and Opportunities. **Aggregating Transactions.** EM Capital may aggregate trade orders for securities for a client with similar orders of one or more other clients, if: the orders are initiated at the same time. Aggregation is consistent both with our duty to seek best execution for our clients, and subject to authorization in the specific terms of our client agreements.

Generally, the markets where we trade are closed during regular U.S. business hours. Therefore, we treat orders initiated throughout the U.S. business day, before a particular emerging and frontier markets market opens, as having been initiated contemporaneously. We will not receive additional compensation or other remuneration as a result of proposed or actual aggregation of orders, and we will not knowingly favor one client over another when considering whether to aggregate particular orders. We reserve the right not to aggregate transactions if to do so:

- Would be unfair or inequitable in the circumstances; Is impractical;
- Would violate the laws, regulations or market customs of the jurisdiction in which the transaction is placed;
- Would, in our judgment, minimize the market impact of a large trade; or Is otherwise inappropriate in the circumstances.

Seeking to place separate, non-simultaneous transactions in the same security for multiple clients may negatively affect market price, transaction commissions, and/or trade execution. In other words, clients may pay more when we do not aggregate trades.

EM Capital will allocate aggregated trades (and trades in limited supply) on an objective and equitable basis. We have designed allocation procedures to minimize the risk that any particular client would be inappropriately disadvantaged by the allocation and to promote fairness and equity among clients over time. Generally, we allocate aggregated trades pro rata based on each participating account's share of the aggregated transaction as indicated on the trade order. For this purpose, a pro rata allocation means, to the extent practicable and subject to rounding for odd-lot amounts, an allocation of the trade among applicable clients proportionate to the order size initiated by the portfolio manager on the trade order.

All accounts participating in the allocation of an aggregated order receive the same average price on the transaction. To the extent that an account participates in the allocation of an aggregated order, it will pay a pro rata share of any associated commission and transaction fees.

For partial fills, where a pro rata allocation of shares is not practicable, we may make allocations to participating accounts on a random rotational or other basis (for example, smallest first or first-in-time) that in our judgment will produce an equitable result. Orders for certain small capitalization stocks and other limited availability securities sometimes result in partial fills. In these cases, pro rata allocation may result in an allocation that is less than appropriate. At the end of the quarter, we will review all accounts that participated or were left out of orders in these cases. Any account that we determine may not have received an appropriate allocation of securities overall during that quarter will have priority for allocations in the next quarter.

Special issues and conflicts arise in connection with the allocation of limited opportunities for our clients, including initial and secondary public offerings (collectively, an "IPO") and private placements, and other limited opportunities. We may have an incentive to allocate IPOs and other limited opportunities to clients and accounts that pay us higher, or greater, fees. (As noted in Item 6, we do not,

however, charge performance-based fees to any account.) We monitor allocations of these opportunities, as discussed below, in an effort to provide an equitable allocation of opportunities for all clients, over time. Some clients, however, may receive priority for certain opportunities, as discussed below.

We may determine for one or more of our clients to participate in security distributions available in IPOs or in a private placement of a security. Special considerations apply to both selecting accounts for possible participation in an IPO or private placement, and to any allocation of shares we receive on behalf of our clients. IPOs and private placements are usually available in limited supply and in amounts too small to permit all interested accounts to participate. An investment in securities subject to an IPO also frequently entails greater risk than investments in more established publicly-traded issuers. See the discussion of risks associated with IPOs in **Item 8** above.

Laws or rules, including FINRA Rules 5130 and 5131, may prevent certain clients from participating in an IPO. Because of these and other factors, we determine which accounts will initiate an order to participate in an IPO based on any limitations imposed by the client, and on the appropriateness of the IPO to the client's investment objectives and strategies. Country- or sector-specific accounts may have a greater interest in participating in IPOs associated with that country or sector, and limited opportunity to participate in IPOs more generally. Thus, when determining the suitability of IPOs for particular accounts, we will give greater consideration to accounts whose investments are limited to an applicable region, country, sector, investment style or market capitalization, and will also consider, among other things, the following factors:

1. Consistency of participation with the client portfolio's investment objective, policies and strategy;
2. The appropriateness of the investment for each client portfolio's investment objectives, time horizon and risk management objectives; and
3. Whether the client's liquidity position after the desired purchase will continue to maintain an adequate level.

We generally allocate shares received in an IPO on a pro rata basis among participating accounts. However, where we believe that a pro rata allocation of shares is not practicable, or would lead to an inequitable or unfair allocations, we may allocate the transaction on any basis that we believe is fair and equitable (including a rotational method) among participating accounts.

At the end of each quarter, we will review and calculate the participation in IPOs by each account able to participate in IPOs. Any account that we determine may not have received an appropriate allocation of IPO shares overall during that quarter will have priority for IPO allocations in the next quarter.

We may face conflicts of interest related to the sharing of research and investment ideas by research analysts and portfolio managers, and to allocating investment opportunities among clients who are eligible to acquire these securities. Because certain investment ideas may not be available over a

reasonable period of time or in sufficient quantity, research analysts and portfolio managers have a conflict of interest in that they may have an incentive to treat the fund or account they manage preferentially as compared to other accounts we manage. Our investment team regularly reviews each account for, among other things, material dispersion of performance or other indicative factors to help us detect and manage potential conflicts.

To manage these conflicts, our Trading Policies address the allocation of investment opportunities (for example, investment ideas). We make all research conducted by any member of our investment team generally available to every other member on an equitable basis. However, our portfolio managers make decisions for their accounts individually, and may act (or not act) upon applicable research at any time.

No account or investment mandate (i.e., a group of accounts with similar investment objectives) has priority access to research. Nevertheless, we may establish priorities to an investment opportunity because of its limited availability, the difficulty of execution, or other factors. We may establish a priority for newly-established investment mandates, where appropriate.

Directed Brokerage. We do not engage in directed brokerage arrangements on behalf of clients with third parties. We do not pay for distribution of mutual fund shares with brokerage commissions. In addition, our client agreements do not generally provide clients the option to direct us to use a particular broker-dealer to effect their transactions. However, from time to time, and if the CCO has approved of the arrangement, a client may direct us to use a specific broker or dealer to execute transactions for its own account. If you direct us to use a particular broker or dealer, we may not be able to obtain best price or best execution for the transaction. As a result, a directed brokerage arrangement may result in you paying more money through higher transaction costs or receiving poorer quality execution than other clients, and your trade may receive less favorable prices. For example, we may not be able to aggregate trades with other clients to obtain volume discounts or reduce transactions costs.

Resolution of Trade Errors. Our Trading Policies expect our employees to take the utmost care when acting on behalf of client accounts to minimize the impact of any errors that may occur. Nevertheless, errors can and do occur, and we have adopted procedures for error identification and correction. These procedures require the correction of trading errors as soon after discovery as reasonably practical, consistent with the orderly sale or purchase of the securities in question under prevailing market conditions. We may correct trading errors by canceling the trade prior to settlement, so long as the broker-dealer does not assume any client losses. We may also reallocate the trade to one or more other accounts prior to the end of the trade date, so long as there is a legitimate investment decision for the other account(s) to buy and sell the security.

If an action or omission by us that violates an applicable standard of care causes the trade error and results in a loss to you (other than a de minimis loss), we will compensate your account. We may net gains and losses related to trade errors within a single account when: (i) consistent with applicable law, and (ii) the gain or loss results from a single trading decision or represents a single and consistent application of a guideline or restriction. We will not net the gains and losses of separate clients and will not net the gains and losses of a single client that resulted from multiple errors (for example,

trade errors resulting from more than one investment decision for the same client).

Item 13. – Adviser Review of Client Accounts

Our investment team, which currently includes our Chief Investment Officer and each portfolio manager, research analyst and trader performs investment reviews of all client accounts. Portfolio managers, research analysts and others with investment responsibilities for an account or a group of accounts review each of their accounts on an on-going basis. Separately, portfolio managers meet as a group at least monthly and review the performance and holdings of every client account. At these meetings, the portfolio managers also review other information, including trading history, turnover ratio, dispersion in holdings and performance.

Our investment team also meets to consider broader investment- related factors, including future prospects of issuers, valuations of holdings and potential holdings, changes in industry, sector, national or regional outlook, and micro and macro economic factors impacting investment decisions. These broader weekly discussions may not relate to specific client accounts. Our compliance department periodically meets with the investment team and provides information concerning industry, country and security concentrations and similar matters.

Clients may receive the following written reports for their accounts from EM Capital (as well as, in certain cases your custodian, administrator or other agent):

- **Transaction Statements** – On a monthly, quarterly or other basis, clients receive a report of purchases and sales of portfolio securities for their account.
- **Appraisals** – on a monthly or quarterly basis, clients receive a report of portfolio holdings, including cost basis, and market values.
- **Investment Reports** – On a quarterly basis, clients receive a report on market conditions in or affecting portfolio holdings.

Item 14. - Client Referrals and Other Compensation

EM Capital does not receive an economic benefit from anyone who is not a client for providing investment advice or advisory services to our clients (for example, we do not receive sales awards or other prizes). Also, we do not compensate any third parties for client referrals.

Arguably, the use of soft dollars confers an economic benefit to us related to the advisory services we provide to clients. As discussed in Item 12 above, conflicts of interest may arise from our use of soft dollars, a client asset generated from commissions on brokerage transactions executed for client accounts. See Item 12 above for additional information concerning soft dollars and the types of research and brokerage services we may acquire with soft-dollars.

Item 15. - Custody

We do not take physical possession of client funds or securities. Client funds and/or securities are held for safekeeping by a qualified institutional custodian such as an international bank, major local market bank or securities broker(s). The above notwithstanding, EM Capital has legal custody of some client's accounts solely because the client authorizes us to deduct our fees directly from its accounts otherwise held by a qualified custodian. Clients who request or permit the direct deduction of our fees from their accounts should receive statements, at least quarterly, directly from the broker-dealer, bank or other qualified custodian that holds or maintains the client's investment assets. In these cases, we urge you to carefully review those statements, where applicable, and compare those official custodial records to the account statements we may send to you. Our statements may vary from custodial statements based on reporting dates and differences in the timing and sources of valuation used by us and your custodian.

Other than for clients that authorize us to deduct our fees directly from their accounts, we do not have custody of client funds or securities. Further, we do not currently serve as the general partner of a limited partnership, or hold a comparable position with other pooled investment vehicles.

Item 16. - Investment Discretion

Ordinarily, EM Capital manages institutional client accounts on a fully discretionary basis, as set forth in your client agreement. We also have full discretion to manage the EM Capital investment products and the non-US funds we manage. Clients may limit our discretion to invest in particular securities, or establish other limitations on the types of investments we make (for example, some clients desire limits restricting the use of leverage). Any guidelines and restrictions applicable to our management of the account will be set forth in the client agreement. Any limitations applicable to a fund or other investment we manage will be set forth in the fund's prospectus, private placement memorandum or other offering circular. Before we exercise discretionary authority or invest for your account, you must agree to and enter into a written client agreement with us. Please see also Item (4) above.

Item 17. - Voting Client Securities - Proxies

You can decide whether to delegate to us authority to vote proxies for securities in your account. Our standard client agreement grants us authority for all of our clients.

For clients who delegate authority to us to vote proxies on their behalf, we have adopted written Proxy Voting Policies and Procedures ("Proxy Policies") to assist us in exercising shareholder rights and evaluating shareholder proposals in light of the best interests of our clients. We may also retain the services of an independent proxy consultant such as ISS Governance Services, a business unit of Risk Metrics Group, Inc./MSCI or other qualified consultant, to receive and evaluate shareholder proposals, apply our Proxy Policies, effect proxy votes and maintain appropriate records. We may also receive research related to proxy voting from other services; however *clients may not direct us to*

use specific proxy voting services.

In Emerging and Frontier Markets, refraining from voting on a matter submitted to shareholders is, in our view, often in the best interests of our clients. For example, the cost of voting the proxy may exceed the expected benefit to the client. Similarly, voting on shareholder matters in foreign countries, particularly in emerging markets, may be subject to restrictions (including registration procedures that result in a holding becoming illiquid for a period of time), in-person voting and limitations that impede or make the exercise of shareholder rights impractical.

These limitations may include:

- Untimely or inadequate notice of shareholder meetings
- Restrictions on the ability of holders outside the issuer's jurisdiction of organization to exercise votes
- In-person voting requirements
- Restrictions on the sale of securities for periods surrounding the shareholder meeting ("share blocking")
- Granting local agents powers of attorney to facilitate voting instructions
- Proxy materials or ballots not being readily available
- Proxy materials or ballots not being available in English

For significant corporate matters, including establishing pension or profit sharing plans, proposed mergers and acquisitions, and sales of assets, our Proxy Policies establish guidelines for evaluating the facts and circumstances of the particular proposal. In these circumstances, we evaluate the proposal in light of the best interests of our clients and vote accordingly.

For other, more routine, matters, our Proxy Policies may establish certain standards that, if satisfied, will result in a vote for or against a proposal. Routine matters include, among other matters:

- Election of directors
- Approval of auditors
- Approval of dividends and distributions
- Confidential voting
- Limitation on charitable contributions or fees paid to professional advisors

Even in these "routine" circumstances, we reserve the right to evaluate each proposal in light of the best interests of our clients and to vote other than as indicated by our Proxy Policies. For example, while we generally vote in favor of management's nominees for a board of directors, we may vote

against management nominees (individually or as a slate) if we believe that the board was entrenched or otherwise not acting in the best interests of shareholders. In evaluating proxy materials, we also take into account the objectives of individual clients. As a result, we may vote in favor of a proposal for certain clients, while at the same time voting against the same proposal for other clients. We also reserve the right to revise, alter or supplement our Proxy Policies from time to time, which may result in different votes on similar issues.

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

We will vote on proxy matters in accordance with your specific request even if that vote would be inconsistent with our Proxy Policies or our vote for other clients. You must make your request in writing and submit it in a timely manner. For all proxy matters, contact the Proxy Committee at the address listed below.

In some case, we have (or may be perceived to have) a conflict or potential conflict of interest in voting on particular matters. For example, EM Capital, a member of senior management, a portfolio manager or a portfolio analyst may do business with a particular proxy issuer or closely-affiliated entity. This relationship would appear to create a material conflict with the interests of clients in how to vote proxies of that issuer. A material conflict of interest might also exist in unusual circumstances when we have actual knowledge of a material business arrangement between a particular proxy issuer and an affiliate.

Our Proxy Policies attempt to manage conflicts of interest and potential conflicts of interest by using an independent consultant to monitor and apply our Proxy Policies. Also, we monitor for conflicts and potential conflicts of interest circumstances. When we identify a material conflict of interest, we will take one of the following steps and vote client securities:

Based upon the recommendations of an independent third party;
Advise affected clients of the circumstances, seek their direction, and vote accordingly; or
Take other action as may be appropriate in the particular circumstances.

Where one of our employees has a personal conflict in relation to an issuer, that employee will not make any recommendation with respect to voting on that issuer, or be involved in the recommendation process.

The above only summarizes our Proxy Policies. If you have questions concerning specific proxy matters or proxy voting processes, submit them to our Proxy Voting Committee at the address below. You may obtain our Proxy Policies, as well as information on how securities held in your account were voted, by submitting a written request to:

EM Capital Management, LLC
920 Country Club Drive, Suite 1E
Moraga, CA 94556
Attention: Proxy Voting

We will respond to your request in writing within 30 days.

Please note that participating in class-action litigation, bankruptcy proceedings and other litigation relating to portfolio holdings involves the consideration of cost and other factors unique to individual accounts and unrelated to portfolio management. Accordingly, while we will consider assisting clients who wish to participate in these matters, we do not prepare filings or otherwise act as your agent in connection with these matters unless specifically engaged by a written client agreement to perform such services. If you are interested in participating in these matters we recommend that you also consult with your own legal, tax, accounting and other professional advisers.

Item 18. - Financial Information

We customarily do not require or solicit prepayment of vanilla asset management fees in advance. We may charge fees to establish a separate account or as reimbursements for expenses in connection with regulatory, tax and other costs related to investing in a certain market.

We have no current financial obligations that impair our ability to meet contractual and fiduciary commitments to our clients. EM Capital has not been the subject of a bankruptcy petition in the past.

Privacy Policy

EM Capital is committed to protecting its clients' personal information. EM Capital shall maintain the strictest confidence regarding the affairs of our clients, except for disclosure that may be required by applicable law or court-order. EM Capital may collect non-public information about our clients, which may include, but is not limited to, information we receive from our clients on contracts and/or applications, such as name, address, social security number, assets and income. EM Capital does not disclose any non-public information about current or former clients to anyone, except as appropriate for processing or servicing their account, or as permitted by law or judicial order such as a subpoena or other mandate. EM Capital maintains physical, electronic and procedural safeguards to guard our clients' nonpublic personal information. The above notwithstanding, it is possible that your confidential information could be subject to "hacking" or other misappropriation by a third-party irrespective of reasonable safeguards intended to prevent such misappropriation.