

**Tradex Global Advisors, LLC**  
**35 Mason Street**  
**4<sup>th</sup> Floor**  
**Greenwich, CT 06830**  
**Tel: (203) 863-1500**  
**Fax: (203) 863-2007**  
**Website: [www.thetradexgroup.com](http://www.thetradexgroup.com)**

**FIRM BROCHURE (PART 2A OF FORM ADV)**

**This Brochure provides information about the qualifications and business practices of Tradex Global Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at the number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with SEC or any state authority does not imply any particular level of skill or training.**

**Additional information about Tradex Global Advisors, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

**January 1, 2012**

***Item 2. Material Changes***

The Tradex Global Advisors, LLC brochure complies with the new formatting and content requirements in the new Form ADV, Part 2. This is the first filing of Form ADV, Part 2 under the “brochure rule” in this particular format.

This section will be amended annually, as necessary, to identify and discuss material changes to the Brochure since the previous release of the Brochure.

### ITEM 3. TABLE OF CONTENTS

Item 4. Advisory Business .....	4
Item 5. Fees and Compensation.....	5
Item 6. Performance-Based Fees and Side-By-Side Management .....	6
Item 7. Types of Clients.....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9. Disciplinary Information .....	12
Item 10. Other Financial Industry Activities and Affiliations .....	13
Item 11. Code of Ethics and Participation or Interest in Client Transactions; Personal Trading .....	14
Item 12. Brokerage Practices .....	16
a. General Information.....	16
b. Research and Other Soft Dollar Benefits.....	16
c. Directed Brokerage .....	16
Item 13. Review of Accounts.....	17
Item 14. Client Referrals and Other Compensation.....	18
Item 15. Custody.....	19
Item 16. Investment Discretion.....	20
Item 17. Voting Client Securities.....	21
Item 18. Financial Information .....	22

#### **Item 4. Advisory Business**

Our firm, Tradex Global Advisors, LLC (“Tradex” “Us” or “We”) was founded by Michael Beattie (“Michael”) and two other principals in 2004. Michael and Richard Travia (“Richard”) are presently the owners of the firm.

We primarily provide investment advisory and investment management services to funds. We also offer and provide investment advice directly (via customized managed account arrangements and a recommended list of small, niche hedge funds) to larger investors (including entities, foundations and high net worth individuals) upon request.

We provide investment advisory services (and generally also serve in a management role, such as the position of “Investment Advisor,” “Manager,” “Managing Member,” “General Partner” and/or a “Director”) to a number of pooled investment vehicles that rely on exemptions from registration as “investment companies” under the Investment Company Act of 1940, as amended (the “1940 Act”). Investors in these vehicles must meet a number of suitability requirements, such as having a specified minimum net worth. These pooled investment vehicles (“Funds” or “Hedge Funds”) include domestically formed Fund entities and offshore (British Virgin Islands) Fund entities. Each of the Funds is registered as a Segregated Portfolio Company (“SPC”) and employ what is known as a “master-feeder” structure where one Fund invests all or a portion of its assets in another Fund. Typically, Tradex advises Funds that invest a significant portion of their assets in a diversified group of hedge funds participating in various investment strategies. This is known as a Fund of Hedge Funds (“FoF”).

No Fund advised by Tradex is tailored to a specific individual investor; however, Tradex is willing to design Funds structured around the general investment desires of large initial “key” investors. Parties intending to make a substantial investment who wish to follow a specific strategy (similar to that of an existing Tradex Fund or otherwise) without supporting the structural costs inherent on establishing and maintaining a Fund vehicle are welcome to contact Tradex to explore the opening of an individual non-pooled-vehicle customized separately managed account.

As of December 31, 2011 Tradex managed assets in the amount of approximately \$132,619,411, all on a discretionary basis.

## **Item 5. Fees and Compensation**

Our fees are negotiable depending on the nature of the assets to be managed, the time that actual management is allowed and other factors.

For the FoF entities for which we provide investment advice in the role as the “Investment Advisor” or another similar title, the fees of Tradex are specified in the organizational documents of the Fund.

Tradex manages and advises various Funds that offer a variety of fees based on the nature of the intended investments, intensity of the analysis required, and expected size of the Fund. The standard arrangement is for each Fund to pay Tradex up to a 1.75% management fee and up to a 20% performance-based allocation or fee. Certain Funds pay Tradex reduced amounts (due to Fund-specific “expense caps,” “hurdle rates” and/or lower fee and performance allocation ratios established for a specific Fund). Fees may be reduced or limited as to specific investors in a given Fund. Fees paid to Tradex by Fund clients are always paid in arrears, not in advance. Typically, management fees are paid monthly. Performance based fees or allocations are typically paid or (as the case may be) allocated on a monthly basis, but will be subject to a “high water mark” provision, such that no performance based fees will be awarded on new gains in NAV until any losses from prior periods have first been recouped.

Fees for separately managed accounts are negotiable and follow the same general standards noted above for the Funds advised by Tradex and range from 50 basis points to 1.75% of assets under management plus a performance-based compensation component tied to realized and unrealized profits.

Clients with a separately managed account can select whether fees will be billed or deducted from their account. We currently do not manage any separately managed accounts. Fees for Fund investors are deducted from accounts of the Fund.

Fees and expenses charged to clients are specified in their investment agreements, organizational documents and appropriate private placement memoranda. Fees charged to Fund clients include: (i) costs associated with borrowing or using leverage; (ii) fees for professional service such as legal, audit and accounting; (iii) fees paid for research, consulting and/or valuation services related to a specific investment; (iv) federal, state, local or foreign taxes, and any interest or penalties thereon; (v) fees related to custody and safekeeping of Fund assets and transfer agent services as needed; and other fees as may be specified in Fund documentation.

#### ***Item 6. Performance-Based Fees and Side-By-Side Management***

Tradex collects performance-based compensation that are fees or allocations based on a share of capital gains on or capital appreciation of the assets of a client, for each of its Fund clients and, depending on specific arrangements, for separately managed accounts. Performance-based compensation is paid on a percentage of the investment performance that is calculated either monthly or at the end of a predetermined contractual date.

The existence of performance-based compensation described in **Item 5** above may create an incentive for Tradex and its staff to recommend or approve more speculative investments on behalf of the Funds and/or separately managed accounts with performance-based compensation than would be the case in the absence of this arrangement. In addition, the performance-based compensation, if made, could result in allocations to Tradex which are greater than fees normally paid to other investment managers for similar services if such managers do not charge similar performance based compensation.

Tradex expects that, from time to time, various Funds and accounts advised by Tradex that employ performance-based compensation arrangements (which have differing performance-based percentages, arrangements and thresholds) and accounts advised by Tradex that do not employ performance-based compensation arrangements may participate in an investment opportunity at the same time. Tradex's internal policies require that any such allocation of investment opportunities be fair and equitable and that no participating entity or account receive preferential treatment over any other on the basis of whether Tradex is eligible to receive performance-based compensation or the terms of such compensation.

When presented with an investment opportunity, Tradex will assess the suitability of the investment for each Fund or account including the nature of the investment opportunity and the amount requested for each account. Its assessment takes into account, among other things, the Fund's or account's investment objectives and strategies, risk profile, tax status, diversification requirements, liquidity needs and available assets for investment. Tradex also assesses current market conditions and any other information relevant to the fair allocation of securities among the multiple potential investors.

**Item 7. *Types of Clients***

We currently only provide investment advice to Funds. In the future, we will provide investment advice directly (via a customized separately managed account) to larger individual investors (including entities, foundations and high net worth individuals) upon request.

The minimum subscription in our Funds is typically \$100,000 (subject to waiver). Our minimum for accepting a separately managed account is negotiable, but is significantly higher than the minimum for a Fund investment. The organizational documents and Private Placement Memoranda of each of the Funds advised by Tradex specify mandates and/or guidelines that Tradex must follow in investing the assets of the individual Fund.

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

Investing in securities involves risk of loss that clients should be prepared to bear. We strive to reach the best asset allocation for each of our clients; however, we cannot guarantee that our investment advice will lead to successful results.

### **Our standard investment strategies:**

As relevant to all of the Segregated Portfolio programs of the Master Fund, the investment objective of the Funds is to create medium-term capital appreciation via investment in an underlying portfolio of superior private hedge funds and managed account programs. The Funds will target low volatility returns broadly consistent with the historical performance of global equity markets. Nonetheless, the Underlying Portfolio will be designed to maintain a low correlation to a traditional securities portfolio, as well as to other asset classes such as commodities, currencies and derivatives. Although the Funds' primary goal is absolute (positive) returns, we believe that the Funds will also outperform broader market benchmarks (including popular hedge fund and fund-of-funds indices) on both a nominal and risk-adjusted basis. Tradex will pursue these objectives through a rigorous manager selection process, as well as the application of its substantial expertise in asset allocation and portfolio management.

Tradex's process of manager selection and due diligence is the product of many years of development and successful application. Threshold due diligence methods are highly granular, and include assessments of structural (qualitative business and manager-specific) risks as well as elaborate quantitative analysis of the investment risks of each program considered for the Underlying Portfolios. These methods have been dynamically refined over time, and are informed by our extensive experience. We will only consider managers who accurately articulate: (i) their strategy and style both in the context of, and as distinct from their competitors, (ii) hedging and risk management processes, and (iii) attribution of profits and losses. The due diligence process is qualitatively driven, and overlain by robust quantitative modeling and risk management. The Underlying Portfolios will be dynamically optimized on the basis of global macroeconomic and geopolitical events/environments. The availability of leveraged investment into the Master Fund through the Fund (while increasing return volatility and risk to leveraged investors) will also generally enhance diversification, with the objective of reducing overall manager and sector risk in the Underlying Portfolio. We believe that diversification is a key to delivering superior returns across a variety of market conditions.

The substantial majority of the underlying managers chosen by the Funds will typically have assets under \$500 Million. Tradex believes that the focus upon smaller funds and programs will enhance the Funds' returns significantly over time. The Funds' total assets will be a factor in the determination of the number of underlying programs. It is our intention to restrict allocation to any one underlying program to a small percentage of the Funds' aggregate assets.

### **Alternative Hedge Fund Investment Strategies**

Because of the extreme growth in the hedge fund industry, it is becoming more and more difficult for hedge fund investors to find distinctive programs that are capable of outperforming market benchmarks while remaining relatively uncorrelated to broader market portfolios (i.e. that offer alpha.) Today, investors are increasingly turning to alternative investment strategies to extract alpha, because traditional long/short equity strategies are not providing adequate returns on a risk-adjusted



basis. One of several factors unique to the process employed by Tradex on behalf of the Funds is the focus on managers that participate in niche trades. Put simply, we have a preference for programs that do not participate in crowded markets or highly popular strategies. This philosophy not only leaves more alpha on the table for fund managers to extract, but also affords the Underlying Portfolio a greater proportion of trades not correlated to overall market shocks. Some examples of these trades may be country or sector specific strategies, strategies that employ time arbitrages in sentiment-based economies, trades that focus on the underlying real estate value inherent in a security, trade finance, commodity finance, factoring, small event driven trades, and trades that employ specific and *distinctive* risk management techniques. These are just some examples, but our philosophy consistently emphasizes investment with managers that can make money in a broad range of market environments, but more importantly, in groups of managers who prove profitable in different markets than the other managers within the same group. A focus of the rigorous due diligence process is understanding how a manager makes money, why he/she makes money, what environments the manager can and cannot make money in, and confirming that the manager understands why its program makes or loses money.

### **Strategic Investment in Smaller Managers**

It has been widely observed that successful smaller hedge fund strategies - private funds and programs with between \$200 Million and \$500 Million in Assets Under Management – have outperformed most AUM-heavy programs over the past ten years. Tradex believes that several reasons exist for this somewhat counterintuitive effect. Smaller funds have fewer capacity limitations in their market operations than larger funds. They exhibit a level of investment — flexibility relative to larger programs, including market anonymity, better liquidity and consequent price efficiency both in entering and exiting positions, as well as a more willing attitude toward strategic and stylistic adaptation. Several economists have also analyzed the subjective economics inherent in advisory fee structures. As a program's net assets swell beyond the \$500 Million dollar level, its investment advisor faces a double conflict: as capacity constraints make it increasingly difficult to maintain performance at past levels, the performance component of advisory fees becomes of decreasing importance relative to AUM-based management fees. Thus, risk tolerance and willingness to express adaptive investment ideas decreases for the principal manager of a growing program (and often for other members of its expanding operational staff as well.) We believe that an opportunity exists in a well diversified and dynamically managed program of investments in smaller manager programs. Structural and investment risks of smaller managers can be reduced by rigorous manager selection protocols supplemented by efficient asset allocation on the basis of geographic and sector diversification. Most traditional larger funds of funds ignore managers in this category, permitting the Funds to gain significant alpha by focusing on managers often overlooked by the broader investment market.

### **Investment Approach and Philosophy**

While Tradex believes that opportunities exist in smaller manager investment, a number of challenges exist to make this strategy attractive on a risk adjusted basis. Our approach is designed to identify outstanding smaller managers while controlling the structural and quantitative risks of investment in such programs at both the individual and portfolio levels.

Four core beliefs behind our investment approach are portfolio management, classification of strategy and style, transparency of risk reporting, and ongoing due diligence:

*Asset Allocation and Portfolio Management:* Tradex believes that asset allocation and portfolio optimization are as important as manager selection. Ideally, we seek to create the most efficient balance of strategies and styles, while also factoring in broader sector, asset class, and geographic diversification.

*Classification of Strategy and Style:* Tradex believes that the traditional sector methods of categorizing strategies are often inadequate to investors targeting truly non-correlated performance. Also, significant disparity often is found between a manager's self reported strategy and his/her actual style as implemented. This can lead to errors in classification and risk analysis and can often result in style drift, a serious concern from a structural as well as an investment perspective.

*Transparency and Risk Reporting:* Tradex believes that a key value of a fund of funds is to provide the maximum possible transparency in risk reporting to its investors in the face of the common reluctance of underlying programs to provide timely and specific reporting of trade positions for fear of disclosing proprietary trading methodologies. The ideal mix requires both a solid understanding of each program's internal day-to-day risk structure, and a means of quantifying and reporting to fund of fund investors on an aggregate basis.

*Ongoing Due Diligence:* Another key value of a fund of funds is to provide a level of due diligence superior to that which a fund of funds investor could perform on its own. Such superiority should be a core competence of a fund of funds manager, and should include extensive background checks on underlying advisors and principal decision makers in each management company. Due diligence should ideally be ongoing and adaptive to changes in the personal, regulatory, or business circumstances of each manager.

## **General Investment Procedures**

Tradex's proprietary investment method is designed to incorporate the core principles outlined in the prior section, and applies the extensive experience of its Principals, Michael Beattie and Richard Travia, in the areas of institutional fund of fund management and investment. Investment procedures are to be applied to the Funds' Underlying Portfolios in several stages, which may include, but are not limited to, the following:

1. *Manager Prescreening and Selection* - Underlying program managers are selected on the basis of numerous factors, including historical performance both in program and in prior institutional settings, consistency of application of investment strategy (versus style drift), behavior during prior market stress periods and/or following periods of poor performance in program, and the relative amount of a manager's own net worth invested in his/her own program. No specific duration of prior track record or audit status will be universally required, especially in situations where a new manager's prior institutional record has been verifiably successful. Back and middle office functionality, as well as administrative, risk reporting (including IT) resources of each manager will be assessed with a general requirement of adequate monthly reporting. Personal background checks are conducted on all managers.
2. *Manager Watch List* - The Investment Manager conducts on-going due diligence and monitoring on approximately 2000 hedge fund program managers which are tracked in contemplation of future investment. The most extensive market databases are used to search for successful managers fitting the Funds' investment profile and guidelines. A separate

watch list is maintained of programs presently in the Underlying Portfolio which are likely candidates for possible redemptions based on a number of potentially negative factors.

3. *On-Going Risk Monitoring and Reporting* - The Funds' portfolios will be monitored and evaluated on a continuous ongoing basis in an effort to attain an optimal balance of return and portfolio risk. Historical and/or Monte Carlo simulation techniques of calculating Value at Risk (VaR) will be used as well as parametric (normal distribution). Since Value at Risk is most useful when paired with scenario testing, the Investment Manager will regularly stress test the portfolio using historical worst-case events as well as modeling potential future scenarios in a determinative fashion. For example, the Investment Manager models such factors as changes in interest rates, liquidity and volatility to assess their respective potential impact on the performance of the portfolio and underlying programs. Attribution analysis will also be performed to assess the contribution of a number of market factors to the performance of each underlying program. Emphasis will be placed on combining managers whose return characteristics have a low correlation to one another, so that the volatility of the Fund's portfolio is ideally less than that of any single investment. Risk assessment will include benchmark reports, Assets Under Management, monthly conference calls, geographical breakdowns, and volatility comparisons.

#### **Certain specific considerations for Tradex-advised Funds:**

Tradex has control over the design of the Funds it advises and manages. Each Fund employs specific investment strategies and has its own material risk factors and investment characteristics. Each investor in a Fund advised and/or managed by Tradex must consult the Private Placement Memorandum and related offering documents of the applicable Fund for a discussion of applicable risk factors and disclosure items. Within the framework and limitations specified in each Fund's governing and offering documents, Tradex performs fundamental and operational analyses to select hedge funds that it believes will meet the mandates of the specific Fund. Investors in any Tradex managed Fund have significant general liquidity risk related to their investments because interests are not freely transferable and significant restrictions and/or limitations on redemptions exist.

**Item 9. *Disciplinary Information***

We have no legal or disciplinary events to report.

**Item 10. Other Financial Industry Activities and Affiliations**

Tradex has an affiliated advisory business called Tradex Global Advisory Services, LLC (“TGAS”), which is designed to house any advisory activity excluding active FoF management. Tradex is the sole owners of TGAS.

As discussed in **Item 4**, Tradex provides investment advisory services (and generally also serves in a management role, such as the position of “Investment Advisor,” “Manager,” “Managing Member,” “General Partner” and/or a “Director”) to a number of pooled investment vehicles in which clients may invest that rely on exemptions from registration as “investment companies by virtue of Section 3(c)(1) and/or 3(c)(7) of the 1940 Act.

**Item 11. Code of Ethics and Participation or Interest in Client Transactions; Personal Trading**

We have adopted a Code of Ethics (“COE”) as required by SEC rules. A copy of the Tradex’s COE is available to any client or prospective client upon request.

Our COE establishes rules of conduct for all of our principals and employees, and is based upon the principle that we owe a fiduciary duty to our clients. Our COE includes personal trading reporting and review policies and procedures and insider trading policies and procedures. Our COE requires, among other things, that all individuals required to adhere to the COE and:

- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with Tradex’s COE; and
- Comply with applicable provisions of the federal securities laws.

Tradex does not engage in proprietary trading. Tradex’s COE requires individuals required to adhere to the COE to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on a quarterly basis, and 3) provide the Chief Compliance Officer with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and quarterly thereafter) over which such employees have a direct or indirect beneficial interest.

As stated in **Item 6**, when presented with an investment opportunity, Tradex will assess the suitability of the investment for each Fund or account it advises. Its assessment takes into account, among other things, the Funds’ or account’s investment objectives and strategies, risk profile, tax status, diversification requirements, liquidity needs and available assets for investment. Tradex also assesses current market conditions and any other information relevant to the fair allocation of securities among the multiple potential investors.

Please note: If a Fund advised by Tradex acts as a “feeder fund” to a Tradex advised “master fund,” the “feeder fund” would be buying securities from the “master fund” (i.e. buying an interest in the “master fund”). With proper disclosure and Fund structuring, we do not view such an arrangement as a conflict of interest. Other than such a circumstance, situations where Tradex recommends to an existing client that such client invest in a Tradex-managed Fund or vehicle is generally limited to purchases of interests in a Fund mandate and select investments by the separately managed accounts of significant and sophisticated investors. See **Item 4** for more information. The current clients of Tradex are Funds - not the underlying people and entities that invest in the Funds advised by Tradex. As a registered adviser, Tradex adheres to the principal trade rules of Section 206 of the Investment Advisers Act of 1940, as amended.

Tradex and/or related persons may from time to time invest in securities or investment products that Tradex and such related persons may also recommend to clients. Any such securities transactions are likely to be insignificant in relation to the market as a whole. As a general practice, such transactions, if any, are executed after, or simultaneously with, related client transactions and disclosure of any conflict of interest is made in advance. Tradex and its related persons are not

permitted to “front-run”, self-deal, utilize insider information, or otherwise participate in or effect transactions that would potentially cause damage or harm to a client account.

## **Item 12. *Brokerage Practices***

### **a. General Information**

Tradex does not generally use brokers and dealers to effect transactions in financial instruments.

### **b. Research and Other Soft Dollar Benefits**

Tradex does not generally participate in any soft dollar agreements.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process.

### **c. Directed Brokerage**

Currently, this is not applicable



**Item 13. *Review of Accounts***

All client accounts are reviewed regularly, and in particular, at times of significant and relevant market changes.

The composition of the Funds managed by Tradex are reviewed at least monthly to confirm compliance with applicable risk limits.

On a regular basis, Tradex's investment team meet to discuss the performance of the Funds it advises, their past performance as well as to discuss plans for such Funds in the future. These meetings are typically held in our offices.

Each investor in a Tradex-advised Fund receives a monthly capital account statement showing the current value of the investment and investment returns for the month, and year-to-date of investment (as calculated by our fund accountant/administrator). We also provide a monthly recap for month-ends that show the Fund's performance for the month, year-to-date and since inception (as calculated by the Fund's accountant/administrator), along with a short summary of Fund activity for the month. These reports are typically provided in electronic form.

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

We have entered into arrangements with third parties in which we agree to pay a third party for soliciting and referring clients to us. The third party may receive a portion of our standard management fee for a period of time, which amount varies on a case-by-case basis. Our payment for the referral or solicitation does not impact the fee paid by the client. These solicitation arrangements are structured under the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

From time to time, Tradex compensates unaffiliated third party consultants and entities, both offshore and domestic, for referring prospective advisory clients and investors to it or the entities it may advise. Such consultants are paid referral fees, which are negotiated on a consultant-by-consultant basis. Tradex's payment of a referral fee does not affect the fees paid by any new advisory client or investor. Each consultant agrees that such referral arrangement will conform to Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, including that such referral arrangement is disclosed to prospective advisory clients and investors.

**Item 15. Custody**

Under SEC rules, as an Investment Advisor, Manager, General Partner, or Director of each Fund advised by Tradex, Tradex is deemed to have custody of Fund client assets. In all cases, our custodian(s) (who are qualified custodians) hold and maintains the assets held by the Fund and we do not have physical custody of any assets.

Each of the Funds advised by us is subject to an annual audit, and Tradex or the applicable Fund administrator endeavors to distribute each Fund's audited financial statements to that Fund's investors within 120 days after the Fund's fiscal year end. The auditor of each Fund is an independent public accountant registered with and subject to inspection by the Public Company Accounting Oversight Board.

Upon liquidation, each Fund will distribute its audited financial statements to its investors after the completion of such audit.

**Item 16. *Investment Discretion***

We manage only discretionary accounts. We are granted discretionary authority by way of the investment advisory contract with our clients (which may, depending on the client, be called any number of names). By executing a discretionary advisory agreement, clients give us the authority to exercise investment discretion over their accounts.

Any limitations to this discretion are in a written document executed by both the client and us, may be alternatively located in the governing documents of the Fund as accepted by us in writing (i.e. limitations stated in a Fund's Operating Agreement). Certain key matters concerning investment discretion are discussed in the subscription agreements applicable to underlying Fund investors.

**Item 17. *Voting Client Securities***

Tradex does not have a standard proxy voting policy for the underlying funds that it invests in, and as such takes each vote on a case-by-case basis.

**Item 18. *Financial Information***

Not applicable. We are unaware of any financial conditions that would be reasonably likely to impair our ability to meet our contractual obligations to our clients.