

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**Concerto Asset Management, LLC  
401 North Tryon Street  
Charlotte, NC 28202  
704-998-5489  
March 30, 2012**

This brochure provides information about the qualifications and business practices of Concerto Asset Management, LLC ("Concerto"). If you have any questions about the contents of this brochure, please contact us at the above number or eMail us at [henk.bouhuys@concertoasset.com](mailto:henk.bouhuys@concertoasset.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Concerto is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Concerto is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Item 2 Material Changes

Concerto has no information applicable to this Item.

Item 1 – Cover Page.....	Page 1
Item 2 – Material Changes.....	Page 2
Item 3 – Table of Contents.....	Page 3
Item 4 – Advisory Business.....	Page 4
Item 5 – Fees and Compensation.....	Page 6
Item 6 – Performance-Based Fees and Side-By-Side Management.....	Page 7
Item 7 – Types of Clients.....	Page 9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	Page 10
Item 9 – Disciplinary Information.....	Page 16
Item 10 – Other Financial Industry Activities and Affiliations.....	Page 17
Item 11 – Code of Ethics.....	Page 18
Item 12 – Brokerage Practices.....	Page 21
Item 13 – Review of Accounts.....	Page 23
Item 14 – Client Referrals and Other Compensation.....	Page 24
Item 15 – Custody.....	Page 25
Item 16 – Investment Discretion.....	Page 26
Item 17 – Voting Client Securities.....	Page 27
Item 18 – Financial Information.....	Page 28

Concerto is currently the investment manager for three pooled investment vehicles: the Concerto Credit Opportunity Offshore Fund I, Ltd. (the “Offshore Fund”) and the Concerto Credit Opportunity Fund, LP (the “Domestic Fund”) (together, the “Funds”), which act as feeder funds; and the Concerto Credit Opportunity Master Fund I, LP (the “Master Fund”) (the “Funds”). In addition to its role as investment manager to these vehicles, Concerto also serves two separate managed accounts.

Concerto was established in November 2006 and became registered with the Securities Exchange Commission in June 2010.

Julie Bouhuys is the sole managing member and the primary owner of Concerto.

Concerto’s ownership structure is as follows:

<u>Owner</u>	<u>Share</u>
Julie Bouhuys	59.5%
CAMO, LLC	30.5%
SPQR Capital (Cayman) Ltd.	10.0%

CAMO, LLC is a 100% employee owned entity. At present, employees own 52.3% of CAMO, LLC and Julie Bouhuys owns 47.7%. The amount held by Julie Bouhuys is intended to be awarded to employees in the future for contributions to the business.

SPQR Capital is based in the UK. SPQR’s 10% economic ownership is convertible at Concerto’s option at any time into a pre-agreed upon revenue share, at which point the 10% equity interest would revert to Julie Bouhuys.

Concerto’s investment strategies relating to the Funds is outlined in the current private placement memorandum (“PPM”) and are not catered to an individual client.

Accordingly, clients may not impose restrictions on investing in certain types of securities.

Conversely, Concerto’s advisory activities for individual managed accounts can be structured to be catered to the individual needs of the client and the client can impose restrictions on investing in certain types of securities.

#### Portfolio Management

Concerto provides investment advisory services pursuant to properly executed investment management agreements with the Master Fund and the managed account. Within the investment objectives, guidelines and parameters detailed in the investment management agreements and the offering memoranda of the Funds, Concerto seeks to diversify the risk and form of return across various strategies as part of our proactive plan to grow client Net Asset Value (“NAV”).

In its determination of appropriate investment recommendations, Concerto’s credit, investment and risk processes are fully integrated and continuous, with emphasis on fundamental company analysis and a constant monitoring and reassessment of portfolio positioning to assure optimal portfolio construction.

Concerto combines its macro view of the external environment with its opinion of credit markets specifically in its creation and execution of individual investment sub-strategies. Bottom-up fundamental and relative value industry and subsector views are further incorporated with our views on market liquidity, technical factors and asset class relative values to arrive at sub-strategy investment parameters.

Concerto adheres to a disciplined process of portfolio construction based on opportunity assessment, target portfolio mix across asset classes, rating (quality), liquidity, and sector, followed by single name credit selection based on rigorous bottom-up credit analysis, and ongoing active portfolio management applied at the single name and portfolio levels. Each of these primary elements is described below:

#### Portfolio Construction

Sector allocation based on fundamental and relative value views

Portfolio segmentation across individual investment/trading strategies based on detailed opportunity assessment

#### Credit Selection

Investing/trading based on bottom-up credit view supported by traditional, in-depth credit analysis

Constant observance of sector and single name relative values

Determination of “richness/cheapness” based on combination of intrinsic and relative value

#### Active Portfolio Management

Adherence to fundamental and investment thesis - Concerto establishes both a fundamental thesis, i.e. how the issuer is expected to perform over the investment horizon, and an investment thesis, i.e. how a particular investment is expected to perform over the investment horizon, at the outset of every investment. The objective is then to observe documented entry and exit points and to effectively “re-underwrite” every investment daily based on a constantly updated assessment of opportunities and risks.

Incorporation of key value drivers: macro market outlook, fundamental value, relative value, and technical market factors. While the investment thesis will initially incorporate a view of each of these drivers, they are each dynamic, and must therefore be reassessed on a regular basis.

As of February 29, 2012 Concerto manages a total of \$129,686,000 on a discretionary basis for clients and does not manage any assets on a non-discretionary basis.

As fully described in the respective individually negotiated investment management agreements with the clients, Concerto's fees comprise management fees, which are based on the level of the assets under management, and performance fees, which are based on the actual appreciation, taking into account both realized and unrealized appreciation, in the client account.

#### Fund Management Fee

Pursuant to the terms of the investment management agreement between the client and Concerto as the Investment Manager, the client will pay Concerto a management fee, paid quarterly in advance, equal to a percentage of the client NAV (calculated as described under "Summary - Fees and Expenses" in the offering memoranda of the Funds) as of the first business day of each calendar quarter. The management fee percentage will generally be up to 2.0% on an annualized basis.

#### Managed Account Fees

All fees for managed accounts are subject to negotiation and are established pursuant to each account's respective investment management agreement. Generally these fees will not exceed the management fees and performance fees applicable to the Funds.

Concerto and its personnel may invest in one or more Funds. Concerto is not charged a performance fee and Concerto's personnel are not charged a management fee or performance fee.

### Fund Performance Fee

The client will generally pay to Concerto, at the end of each calendar quarter, a performance-based fee. The performance fee is generally equal to 20% of the amount by which the client NAV as of the last business day of each calendar quarter (before giving effect to the performance fee) exceeds the client's Prior High NAV. The "Prior High NAV" is the higher of (a) the highest previous NAV determined as of the last business day of each calendar quarter, as reduced by the performance fee paid to the Investment Manager, if any, and (b) the NAV immediately following the opening of the client's investment account. The Prior High NAV will be adjusted to account for any client redemptions. This calculation is also described in the offering memoranda of the Funds under "Summary - Fees and Expenses."

Any performance based fees will be charged in accordance with Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and Rule 205-3 thereunder.

### Managed Account Fees

All fees for managed accounts are subject to negotiation and are established pursuant to each account's respective investment management agreement. Generally these fees will not exceed the management fees and performance fees applicable to the Funds.

Concerto and its personnel may invest in one or more Funds. Concerto is not charged a performance fee and Concerto's personnel are not charged a management fee or performance fee.

The hedge fund administrator for the Funds calculates and accrues the fees and deducts the fees from the clients' net asset value. The clients are not billed directly. Management fees are paid quarterly in advance and performance fees are paid quarterly in arrears.

In the case of the managed accounts, the custodians/fund administrators calculate and accrue the fees and Concerto bills the client directly. For the managed accounts, management fees are paid quarterly in arrears and performance fees, if applicable, are paid annually in arrears.

The Funds bear all of the expenses incident to their operations and business including, but not limited to: (i) transaction costs incurred in connection with the conduct of the Funds' business, (ii) fees and charges of prime brokers, financial counterparties, banks and custodians, and (iii) legal, compliance, consulting, and other professional fees and expenses, including those of the administrator, custodian and collateral administrator. (For further details regarding brokerage practices, please refer to Item 12 – "Brokerage Practices.") Concerto bears its own overhead and the salaries of its employees.

If the Funds' investment management agreement is terminated, any fees shall be prorated for the applicable period through the termination of the agreement and the prorated amount shall either be paid to Concerto or refunded to the client, as appropriate.

In the case of the termination of the investment agreement for the managed accounts, the managed accounts will pay to Concerto any accrued fees due to Concerto pro rata to the date of termination.



Concerto generally provides investment advice to private investment Funds, formed for investment purposes, and which are exempt from registration under Section 3(c)(7) / 3(c)(1) of the Investment Company Act of 1940 (the “Company Act”), and separately managed accounts. Interests in the Domestic Fund will be offered on a private placement basis to persons who are “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) and “qualified purchasers” as defined under the Company Act. Shares in the Offshore Fund will be offered to persons who are not “U.S. Persons” as defined under Regulation S of the Securities Act and U.S. tax-exempt entities.

Concerto typically requires a minimum investment of \$1,000,000 for both the Offshore Fund and the Domestic Fund although each of the respective Funds may, in its discretion, accept investments in lesser amounts. In no event may either Fund accept an initial investment in an amount less than US\$100,000. Interests in the Funds are offered to investors who qualify as “accredited investors” and “qualified purchasers.”

The minimum investment required to set up a managed account will vary according to the estimated expenses that would be associated with the account. Once a managed account is established, the incremental investment for such respective managed account would typically be \$1,000,000, although smaller increments might be considered.

Concerto currently has five clients: the Concerto Credit Opportunity Offshore Fund I, Ltd. (the “Offshore Fund”) and the Concerto Credit Opportunity Fund, LP (the “Domestic Fund”) (together, the “Funds”), which act as feeder funds; the Concerto Credit Opportunity Master Fund I, LP (the “Master Fund”); and two separately managed accounts. In the future, Concerto may be the investment adviser of other investment partnerships, vehicles, accounts and funds, with strategies similar to or different from that of the Funds and the managed accounts.

**Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. As summarized below and more fully detailed in the offering memoranda of the Funds under “Risk Factors,” investing in securities involves a significant degree of risk. It is not suitable for investment by any person who is not in a position to hold the investment indefinitely or who cannot afford the loss of its entire investment.

**Investment Strategy Overview**

Concerto is a multi-strategy, through-the-cycle manager specializing in the corporate credit asset class, with an emphasis on non-investment grade corporate debt instruments. Concerto’s investment strategy objective is to generate high risk-adjusted returns over the long term, with below-market volatility.

Concerto’s target investment strategy includes instruments in the non-investment grade segments of the following markets:

- leveraged loan
- high yield bond
- single name credit default swaps
- CDX and LCDX Indices
- both long and short investment positions with a net long bias

Concerto’s investment strategy is to identify and execute:

- attractive absolute risk-adjusted returns in targeted market segments
- attractive relative value investment and trading opportunities across sectors, asset classes, issuers and within individual issuer capital structures

Concerto’s investment management style is to engage in both medium term investing and short term trading pursuant to clearly identified investment strategies designed to capitalize on the best opportunities the market is offering at any particular time. Strategy mix is further designed to ensure appropriate diversification of returns across yield and capital gain components with an intense focus on the consistent generation of alpha.

**Investment Analysis:** All of Concerto’s investments are supported by internally produced, independently developed investment recommendation prepared by a Concerto Industry Analyst (“IA”), incorporating Concerto proprietary credit analysis, investment and technical market analysis, legal and structural analysis and an internally developed risk rating. Various reports and data are obtained from third parties and used in the development of this analysis as highlighted below.

**Third Party Research:** Concerto does obtain and read a wide variety of third party research which is used as a tool to understand market sentiment around a name and the possible drivers of potential changes in market value. IA's specifically seek to identify variances between internal and third party views and the reason for such variances, which can range from company specific performance assumptions to industry or overall market macro views. Concerto IAs will frequently have direct communications with third party research analysts to achieve these objectives.

**Economic and Credit Market Research:** Concerto develops its own view of the macroeconomic environment and specifically how this environment will affect the fundamental and technical performance of individual credits and industries. However, these views are based on economic data and industry analysis provided by third party research providers or economic forecasters. Concerto professionals will frequently maintain a dialogue with these other research-oriented market participants to understand their assumptions and opinions, primarily for the purpose of validating our own assumptions in an effort to develop our independent view.

**Ratings:** Concerto produces its own proprietary internal issuer and facility ratings and industry and sector outlooks. However, Concerto also obtains and assimilates the ratings and views of relevant rating agencies, again primarily to reconcile differences between internal and rating agency ratings as well as the key drivers of the rating and the triggers for upgrade or downgrade. We view it as particularly important to understand the basis for a rating agency rating so as to assess the ongoing probability of a change in rating, which can cause a move in the market value of the investment. Concerto IAs will frequently have direct communications with the rating agency analysts to achieve these objectives.

**Structural and Documentation Review:** The Concerto investment analysis incorporates a proprietary view of the underlying structure of a deal and the terms and conditions of other creditor agreements in the same capital structure. To the extent that we believe that a thorough understanding of the risks and opportunities present in the structure of a deal requires a professional review, Concerto may engage the services of legal counsel to conduct a targeted or comprehensive documentation review.

## **Risk Factors**

**General Economic and Market Conditions.** The success of Concerto's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, market liquidity, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. The securities markets have been characterized in recent years by great volatility and unpredictability. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses. Investments of the Fund may be illiquid or difficult to value.

Credit Risk. Concerto's ability to earn a positive return is dependent upon the performance of the Fund's assets. That performance, in turn, is subject to a number of risks, primarily the credit risk of the Fund's underlying assets. Credit risk is the risk of nonpayment of scheduled interest and/or principal payments. Credit risk also is the risk that one or more investments in the Fund's portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status. The value of Leveraged Loans and other investments is affected by the creditworthiness of borrowers/issuers and by general economic and specific industry conditions.

Debt instruments are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income to the Fund, a reduction in the value of the asset experiencing non-payment and a potential decrease in the net asset value of the Fund. Although the Fund generally seeks to invest in debt instruments that Concerto believes are secured by sufficient collateral at the time of initial investment, there can, however, be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments, or that such collateral could be readily liquidated. Further, in the event of bankruptcy or insolvency of a borrower or issuer, the obligation of the borrower or issuer to repay its obligations may be subject to certain defenses that can be asserted by such borrower or issuer.

Leveraged Loans. Leveraged Loans generally involve less risk than unsecured or subordinated debt and equity instruments of the same issuer because the payment of principal and interest on Leveraged Loans is a contractual obligation of the issuer that, in most instances, takes precedence over the payment of dividends, or the return of capital, to the issuer's shareholders and payments to bond holders. Concerto generally invests in Leveraged Loans that are secured with specific collateral. However, the value of the collateral may not equal Concerto's investment when the Leveraged Loan is acquired or may decline below the principal amount of the Leveraged Loan subsequent to Concerto's investment.

High Yield Debt. High yield bonds (commonly known as "junk bonds") and other securities that may be acquired by Concerto are typically junior to the obligations of companies to senior creditors, trade creditors and employees and may be unsecured. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the issuer or in general economic, financial, competitive, regulatory or other conditions may impair the ability of the issuer to make payments of principal and interest. High yield debt securities have historically experienced greater default rates than investment grade securities. The ability of holders of high yield debt to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.

Credit Default Swap Transactions. Concerto may invest in credit default swap transactions for hedging and investment purposes. The “buyer” (or “seller”) in a credit default contract (“Swap Agreement”) is obligated to pay to the “seller” (or receive from the “buyer”) a periodic stream of payments over the term of the contract *provided* that no credit event, as described in the relevant Swap Agreement on an underlying reference obligation has occurred. If a credit event occurs, the seller must pay the buyer the full notional value, or “par value,” of the Swap Agreement. Credit default swap transactions are either “physical delivery” settled or “cash” settled. Physical delivery entails the actual delivery of the reference asset to the seller in exchange for the payment of the full par value of the reference asset. Cash settled entails a net cash payment from the seller to the buyer based on the difference of the par value of the reference asset and the current value of the reference asset that may have, through default, lost some, most or all of its value. The Fund may be either the buyer or seller in a credit default swap transaction. If the Fund is a buyer and no credit event occurs, the Fund will have made a series of periodic payments. . However, if a credit event occurs, the Fund (if the buyer) will receive the full notional value of the Swap Agreement either through a cash payment in exchange for the asset or a cash payment in addition to owning the reference assets. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, *provided* that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the Swap Agreement through either physical settlement or cash settlement. Credit default swap transactions may involve greater risks than if the Fund had invested in the reference obligation directly.

Market Indices. Concerto may invest in Leveraged Loan and/or high yield bond market indices that synthetically reflect a composite of performance of the respective market based on the aggregate performance of a diversified pool of underlying actively traded “par” Leveraged Loans or high yield bonds. The Fund may take long positions or short positions in these indices primarily as a means of investing its portfolio, hedging credit risk or increasing portfolio yield. Market indices are available in unfunded and funded format, the former making use of credit default swaps and the latter making use of credit-linked notes.

Investments in Equity Securities Incidental to Investment in Debt Instruments. Concerto may acquire equity securities as an incident to the purchase or ownership of a debt instrument or in connection with a reorganization of a borrower. Incidental to loan investments, the Fund may invest in the issuer's equity. Such investments may be structured as investments in equity, warrants or options. Investments in equity securities incidental to investment in debt instruments entail certain risks in addition to those associated with investments in debt instruments. The value of the equity securities may be affected more rapidly, and to a greater extent, by company-specific developments and general market conditions. These risks may increase fluctuations in the Fund's net asset value. The Fund may frequently possess material non-public information about a borrower as a result of its ownership of a debt instrument to such borrower. Because of prohibitions on trading in securities of issuers while in possession of such information, the Fund might be unable to enter into a transaction in a security of such a borrower when it would otherwise be advantageous to do so.

### **Risk Management**

Concerto draws upon the expertise of its principals, senior managers, and staff in identifying suitable debt investments. Concerto emphasizes preservation of capital and achievement of above-average returns by employing: (i) a thorough analysis of the credit fundamentals of each issuer, including the issuer's business prospects, cash flows, leverage and asset quality; (ii) positioning in sectors expected to outperform the market; (iii) active management of the portfolio; (iv) avoidance of defaults; (v) diversification; and (vi) the investment expertise, overall experience and industry contacts of the principals. Investments are actively managed using a blend of quantitative, relative value and fundamental credit analysis.

Concerto aims to maintain a moderately diversified portfolio across industry, sub-sector, and individual issuers. As investments are focused primarily on North American markets, the portfolio is concentrated geographically in U.S. domiciled corporate borrowers.

Diversification is managed using a process of assigning target industry weightings that are based on the fundamental and relative value industry and sector views of the Industry Analysts and Portfolio Manager. Industry weightings are periodically set by the Portfolio Manager and approved by the Investment Committee and are compared to the industry weightings of various loan and bond market indices. In addition to these discretionary weightings, diversification is further governed by Concerto risk management policies which set gross notional and market value limits at the industry, sector, issuer and instrument level. In addition, Concerto actively manages portfolio construction through a series of targets, guidelines and limits across various "buckets", such as by rating, spread bucket, instrument, subsector, liquidity rating, and volatility estimate.

Each investment made by Concerto is documented by a thorough investment recommendation including the terms and features of the potential investment, the investment thesis, risk factors based upon a detailed fundamental credit analysis as outlined above, a return analysis, and a peer group analysis. Concerto employs an active portfolio management style, based on a process of continuous credit surveillance and evaluation in which investments and comparable companies are monitored on a continuous basis for changes in credit fundamentals and relative value. The investment team generally holds daily meetings to review individual investments and developments in the capital markets. Concerto actively manages the investment portfolio based on fundamental and technical analysis. Events causing changes in investment theses, internal credit ratings and valuation changes impacting specific investments are discussed by the investment team, prompting decisions about whether to retain the position or adjust position size. In addition, Concerto has established stop-loss and sell triggers to ensure sell discipline in the light of valuation changes and mitigate negative credit migration. Concerto actively monitors all portfolio positions, execution levels and trading performance to ensure compliance with each fund's investment strategy.

Item 9      Disciplinary Information

Concerto has no information applicable to this Item.



Item 10      Other Financial Industry Activities and Affiliations

Julie Bouhuys is the general partner in Concerto Credit Opportunity GP, LLC, which is the general partner of Concerto Credit Opportunity Fund I, LP.

Concerto has adopted a strict Code of Ethics (“COE”) that is designed to comply with all applicable industry rules and regulations including Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisor’s Act”). Rule 204A-1 requires that every Registered Investment Advisor (“RIA”) adopt a COE relevant to the Firm’s operation and its personnel.

This COE establishes rules and standards of conduct for all employees of the Firm and governs:

- Protection of material non-public information;
- Gifts and entertainment;
- Personal securities trading of the Firm’s employee and employee related accounts;
- Submission of quarterly transaction reports and statement of annual holdings to the Chief Compliance Officer (CCO), and the review by the CCO;
- Investments in initial public offerings and private placements by access persons,
- Reporting of violations of the COE;
- Employee COE training as well as delivery and annual acknowledgement of the COE by each of the Firm’s employees;
- Record retention.

All employee account agreements, investment advisory agreements, and all duplicate trade confirmations and monthly account statements are maintained by the Concerto CCO in a file maintained in a secure location and accessible for examination by external regulators or auditors as may be required from time to time.

All employees are required to sign a **Code of Ethics Attestation** at least annually. Such attestation shall state that the employee has abided by the Concerto Code of Ethics, and specifically the requirements applicable to employee controlled accounts and employee investment management accounts.

All employee **Code of Ethics Attestations** are maintained by the Concerto CCO in a file maintained in a secure location and accessible for examination by external regulators or auditors as may be required from time to time.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Concerto, its affiliates, and personnel (each an “Advisory Affiliate” and, collectively, the “Advisory Affiliates”). Concerto has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. The Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds and managed accounts. The Advisory Affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Funds and managed accounts. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds and managed accounts. Potential conflicts also may arise due to the fact the Advisory Affiliates may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

Concerto will devote as much of its time to the activities of the Funds and managed accounts as it deems necessary and appropriate. Concerto is not restricted from forming additional investment funds and managed accounts, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and managed accounts and may involve substantial time and resources of Concerto. These activities and the provision of discretionary investment management services to the Funds and managed accounts could be viewed as creating a conflict of interest in that the time and effort of the members and partners of Concerto and the Advisory Affiliates will not be devoted exclusively to the business of one Fund or one managed account, but will be allocated between the businesses of all of the Funds and managed accounts.

Concerto may purchase or sell securities on its own behalf or on behalf of one or more Funds and managed accounts that may differ from those purchased or sold for other Funds and managed accounts, even though their investment objectives may be the same or similar. A Fund, for example, may make an investment at the same time that one or more other Funds is disposing of the same or a similar investment. Likewise, a Fund may make an investment in a position which is already held by one or more of the other Funds or a position that is subordinated or senior to or otherwise adverse to a position held by one of more of other Funds (e.g., a Fund may own debt of a portfolio company while another Fund owns equity in the same portfolio company). It is possible that the activities or strategies used for one or more Funds and managed accounts could conflict with the activities and strategies employed in managing the assets of other Funds and managed accounts and affect the prices and availability of the securities and instruments in which such Funds and managed accounts invest (e.g., in a situation where a Fund invests in debt securities of a company in which another Fund holds or is contemporaneously acquiring equity securities, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or

whether debt should be refinanced). Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest.

A situation may arise where certain assets held by one or more Funds and managed accounts may be transferred to another Fund or managed account, including for the purpose of rebalancing the portfolios of such Funds. For example, certain "cross" trades may occur between Funds or managed accounts as may be necessary to rebalance cash or various portfolio positions. Any such transactions will be conducted in accordance with, and subject to, Concerto's fiduciary obligations to the Funds or managed accounts.

Concerto recognizes that conflicts may arise under such circumstances and will endeavor to treat all Funds and managed accounts fairly and equitably. Concerto also maintains Insider Trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. Concerto's Insider Trading Policies prohibit Concerto and its personnel from trading for the Funds or themselves, or recommend trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, Concerto may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. Concerto has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to Inside Information so that investment decisions may be made on the basis of public information only. Among other things, such policies seek to control and monitor the flow of Inside Information to and within Concerto, as well as prevent trading based on Inside Information. Accordingly, Concerto may not have access to Inside Information that other market participants or counterparties are eligible to receive. Notwithstanding such policies and procedures, there may be certain cases where Concerto either may receive Inside Information due to its various activities on behalf of itself or the Funds or managed accounts or may be restricted in acting for the Funds or managed accounts, resulting in limited liquidity or using such information for the benefit of certain clients in specific securities. Concerto seeks to minimize those cases whenever possible, consistent with applicable law and our Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

Concerto's Code of Ethics is available to any client or prospective client upon request.

Concerto's investment management agreements grant Concerto full discretionary authority over investment portfolio composition and trade execution, including the timing and amount of the purchase and sale of securities as well as the broker or dealer utilized and the commission paid, if applicable.

### **Determination of Brokers Used and Commission Rates**

Currently all of Concerto's trades are done on a riskless principal basis and a reasonable mark-up or mark-down is charged in lieu of commissions. The primary factor driving Concerto's selection of a broker for any specific transaction is the ability of that broker to execute the transaction on the best possible terms for Concerto.

### **Best Execution Policy**

#### **Selection of Broker-Dealers**

Concerto, as a fiduciary to its advisory clients, will endeavor to seek best execution when placing trades for clients. The trader is responsible for achieving the best possible execution for the trade, notwithstanding the approved pricing shown on the trade ticket. Accordingly, the trader is authorized to select the dealer and transact the trade in his/her discretion. Typically the trader will have already conducted some amount of price discovery during the investment evaluation process, but some additional dealer discovery immediately prior to trade execution would be typical.

Additional factors to consider include:

- Select broker-dealers based on their ability to consistently execute trades in an accurate and professional manner, including their ability to provide prompt and accurate oral, hard copy or electronic reports of execution. Number of incomplete trades the broker-dealer had made in the past will be considered.
- Select one broker-dealer over another qualified broker-dealer based on the broker-dealer's special expertise in executing trades for a particular type of security or securities issued by particular issuers.
- Select broker-dealers based on their financial condition and ability to maintain and commit adequate capital when necessary to complete trades. In addition, the broker-dealer's ability and its overall commitment to technology will be considered.
- Select highly skilled broker-dealers, based on such factors as the broker-dealer's ability to search for and obtain liquidity to minimize market impact, accommodate unusual market conditions, complete trades, execute unique trading strategies, execute and settle difficult trades, and maintain the anonymity of Concerto.

**Conflicts of Interest**

When selecting broker-dealers to execute client trades, Concerto will be sensitive to any potential conflicts of interest, and where necessary, shall address such conflicts by disclosure, client consent or other appropriate action. Further, Concerto:

- Does not participate in soft dollars arrangements;
- Is not affiliated with any broker dealer; and
- Does not anticipate receiving IPO allocations from a broker-dealer.

Concerto's Portfolio Management and Risk Management teams monitor portfolio performance on a daily basis. Portfolio position valuations are reported to the Risk Committee, Portfolio Manager, CIO/CEO and the Investment Committee daily.

Position level triggers are intended to call attention to negative price movement to compel sell discipline, hedge or other form of risk mitigation. Concerto uses a combination of soft and hard triggers, depending on the severity of the market move, in an effort to be highly proactive in its review of single name pricing declines.

Investors in the Funds receive periodic statements from the Fund Administrator documenting the performance of their fund, in addition to written commentary regarding Master Fund performance. Concerto may provide certain investors with information on a more frequent and detailed basis if agreed to by Concerto. Concerto also issues investors tax reports and audited financial statements concerning their respective Funds, generally within 120 days of the end of the Fund's fiscal year.

Concerto currently has two arrangements under which we pay a third-party (the “Solicitors”) for client referrals. Under our agreements with the Solicitors, Concerto will pay a percentage of all investment management fees we receive as investment manager for the respective client assets referred by each Solicitor.

In the future, we may enter into additional written agreements for client referrals with other third parties. In all such cases, we will compensate such third parties in compliance with SEC rules governing payments for client referrals.



Investors in the Funds receive monthly statements from the Fund Administrator documenting the valuation and performance of their fund, in addition to written commentary regarding Master Fund performance. Concerto may provide certain investors with information on a more frequent and detailed basis if agreed to by Concerto. Concerto also issues investors tax reports and audited financial statements concerning their respective Funds, generally within 120 days of the end of the Fund's fiscal year.

Investors in the managed accounts receive statements at least quarterly outlining valuation and performance from the custodians employed by the managed accounts per their contractual agreement with that custodian. The managed accounts and their custodians are responsible for all fee calculations and communications with investors.

Concerto provides investment advisory services pursuant to properly executed investment management agreements. Each of Concerto's investment management agreements grants Concerto full discretionary authority over investment portfolio composition and trade execution, including the timing and amount of the purchase and sale of securities as well as the broker or dealer utilized and the commission paid, if applicable. In all cases, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

Each Concerto Investment Advisory Agreement contains a clause describing whether Concerto or the client votes proxies related to securities owned by clients. Accordingly, currently clients cannot direct votes for any particular solicitation. If Concerto votes the proxies, the Investment Advisory Agreement will briefly describe how it votes client proxies and refer the client to Concerto's proxy voting procedures.

It is Concerto's policy to recommend to a client the purchase or sale of a security only if Concerto has reasonable grounds for believing that the recommendation is suitable for such client, to ensure that clients are aware of their right to vote proxies of securities held in their account, and where clients have delegated proxy voting to Concerto, to vote such proxies in a manner that is consistent with the interests of the clients. Where a client has delegated the power to vote portfolio securities in his or her account, Concerto will vote the proxies in a manner that is in the best interests of the client.

Unless the power to vote proxies for a client is reserved to that client (or in the case of an employee benefit plan, the plan's trustee or other fiduciaries), Concerto is responsible for voting the proxies related to that account.

Concerto shall vote proxies related to securities held by any client in a manner solely in the best interests of the client. Concerto shall consider only those factors that relate to the client's investment, including how its vote will economically impact and affect the value of the client's investment. Proxy votes will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, and maintain or increase the rights of shareholders. Proxy votes will be cast against proposals having the opposite effect. In voting on each and every issue, Concerto shall vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot.

Concerto recognizes that conflicts between itself and clients may arise in voting the proxies of public companies and that these conflicts must be addressed. The Chief Compliance Officer is responsible for identifying potential conflicts of interest in regard to the proxy voting process. Where appropriate, Concerto will resolve such conflicts, provided such method results in a decision to vote the proxies that is based on the clients' best interest and is not the product of the conflict.

Concerto's voting procedure policy is available to any client or prospective client upon request. Additionally, clients may contact Concerto to obtain information on how Concerto voted their securities.

Registered investment advisors are required in the item to provide you with certain financial information or disclosures about Concerto's financial condition. Concerto has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.