

## **ITEM 1: COVER PAGE**

### **BTIG ASSET MANAGEMENT, LLC BROCHURE**

600 Montgomery Street, 6th floor  
San Francisco, CA 94111

Telephone: 415-318-5800  
Facsimile: 415-318-5801

website: [www.btigam.com](http://www.btigam.com)

May 14, 2012

**This Brochure provides information about the qualifications and business practices of BTIG Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 415-318-5800 or [info@btigam.com](mailto:info@btigam.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.**

**Additional information about BTIG Asset Management, LLC also is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2: MATERIAL CHANGES**

This is the first Part 2A of Form ADV BTIG Asset Management, LLC has filed, so this item is inapplicable.

### **ITEM 3: TABLE OF CONTENTS**

	<b><u>Page</u></b>
ITEM 2: Material Changes.....	i
ITEM 3: TABLE OF CONTENTS.....	ii
ITEM 4: Advisory Business .....	1
ITEM 5: Fees and Compensation.....	1
ITEM 6: Performance-Based Fees and Side-By-Side Management.....	1
ITEM 7: Types of Clients.....	2
ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	2
ITEM 9: Disciplinary Information .....	7
ITEM 10: Other Financial Industry Activities and Affiliations.....	7
ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
ITEM 12: Brokerage Practices .....	8
ITEM 13: Review of Accounts .....	12
ITEM 14: Client Referrals and Other Compensation .....	12
ITEM 15: Custody .....	12
ITEM 16: Investment Discretion .....	12
ITEM 17: Voting Client Securities .....	13
ITEM 18: Financial Information .....	13

#### **ITEM 4: ADVISORY BUSINESS**

BTIG Asset Management, LLC (“BAM”) is a Delaware limited liability company recently formed to establish and operate an investment management business. BAM is a wholly-owned subsidiary of Condor Trading, LP, a Delaware limited partnership (“*Condor Trading*”). Condor Trading is the parent entity and majority owner of BTIG, LLC, a U.S. registered broker-dealer (“*BTIG*”). Condor Trading is also the ultimate parent entity for one other U.S.-registered broker-dealer and four non-U.S. broker-dealers (registered in the United Kingdom, Singapore, Hong Kong, and Australia). BTIG and those other broker-dealers are referred to in this brochure as “*Brokerage Affiliates*.”

As of May 2012, BAM has no assets under management.

BAM’s business will focus on providing discretionary portfolio management for institutional clients. We intend to build teams of investment professionals to pursue specific investment strategies. Through the first team, which we are in the process of building, we will pursue two small cap equity strategies; (i) a global small cap strategy, and (ii) an international (ex-U.S.) small cap strategy. We do not intend to participate in any wrap fee programs.

BAM will enter into a separate investment management agreement for each account it manages, specifying the investment strategy for the account, including any restrictions or limitations.

#### **ITEM 5: FEES AND COMPENSATION**

BAM intends to charge a “management fee” equal to a percentage of the net assets in the relevant client account. This fee will be negotiable with each client as part of its investment management agreement. BAM expects management fee rates to be in the range of 1% and 1.5% of assets managed. BAM expects generally to charge its management fee quarterly in arrears, based on account asset values at quarter-end. It is expected that management fees will be billed to clients outside of the managed account, however each client may specify in its investment management agreement whether BAM will bill them for the management fee for separate payment outside of the managed account or deduct the fee directly from the account.

BAM will prorate management fees for assets managed for a partial quarter based on the number of days the assets were in the account during the quarter.

In addition to management fees, clients will be responsible for all brokerage commissions, transaction fees, and other related costs and expenses related to transactions in their accounts, as well as custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. While clients will not pay BAM or any of its advisory personnel compensation for portfolio transactions, BAM expects to cause accounts to use BTIG and/or other Broker Affiliates to execute transactions and to pay BTIG and/or those other Broker Affiliates compensation at their regular rates. See Item 12: Brokerage Practices.

Clients should review the fees charged by any third party together with the fees charged by BAM to fully understand the total amount of fees to be paid by the client, and thereby evaluate the advisory services being provided.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

BAM does not charge performance-based fees (*i.e.*, fees based on a share of capital gains on or capital appreciation in a client’s account).

## **ITEM 7: TYPES OF CLIENTS**

BAM intends to provide investment management services exclusively to institutional clients, including employee benefit plans, endowments, and corporations.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Investment Strategies and Methods of Analysis**

BAM's initial strategies – its Global Small Cap Strategy and International Small Cap Strategy – are intended to achieve superior risk adjusted returns over the long-term through investment primarily in equity securities of issuers with market capitalizations generally ranging from one hundred million to five billion dollars at the time of acquisition.

The Global Small Cap Strategy is not subject to any specific geographic diversification requirements. Countries in which the strategy may invest include, but are not limited to, the nations of Europe, North and South America and Asia.

The International Small Cap Strategy excludes the United States as an investment region, but may invest in countries in other parts of North America, South America, Europe and Asia. The International Small Cap Strategy is not subject to any geographic diversification requirements.

For each portfolio within each strategy, we expect to invest in approximately 40-60 stocks, depending on the availability at any given time of stocks meeting our selection criteria. Subject to any particular investment management agreement, we generally aim to limit exposure in the portfolios based on individual stock position size, geographical regions and/or business sectors.

### **B. Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While we attempt to moderate these risks, we cannot assure clients that our investment and trading activities will be successful or that clients will not suffer losses. The following is a summary of some of the principal risks involved in both the Global Small Cap Strategy and International Small Cap Strategy. It is necessarily incomplete; no summary can describe all risks.

#### ***Investment Selection***

We believe the primary risk of its investment strategies arises from investment selection: the risk that our techniques could result in investment positions that, at least over certain periods, decline in value or do not appreciate as much as other investment opportunities.

#### ***Key Personnel Risks***

Our investment advice depends on the judgment and analysis of our key investment personnel, in particular the portfolio managers who are responsible for portfolio construction and investment selection. We currently expect to have two portfolio managers. If either of them were to die, become ill or disabled, or otherwise cease to be involved in the active management of portfolios, portfolio performance could suffer.

### ***General Economic and Market Conditions***

The success of our investment activities will be affected by global, national and local economic and market conditions, such as interest rates, currency exchange rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. None of these factors is within our control. These factors may affect the level and volatility of securities prices and the liquidity of the investments. Unexpected volatility or illiquidity could impair profitability or result in losses.

### ***General Market Conditions and Disruptions; Interconnected Markets***

Developments and disruptions in financial and securities markets generally, including aspects described above, can significantly affect our ability to assess the prospects of securities issues, and our ability to adapt portfolios and market exposures. In 2007 and 2008, a global “credit crisis” caused rapid and violent swings in all markets. Some effects of that crisis on markets (including effects caused by governmental intervention, discussed below) have continued, and some of the underlying causes may re-emerge, causing markets to be less predictable than they historically were before the “credit crisis.” Other types of disruptions could emerge, including as a result of political or economic developments outside the markets in which we mainly invest, that have similarly, or even more, dramatic effects on the markets in which we do invest, potentially causing portfolios to incur losses.

### ***Governmental Intervention; Financial “Reform” Legislation***

The global “credit crisis” and related or concurrent market disruptions have led to extensive new governmental intervention in financial markets and the structure and operation of financial institutions. Initially, much of that intervention was implemented on an “emergency” basis, disrupting markets further, sometimes suddenly. In part due to the complexities of financial markets and the speed with which governments have taken action, many governmental interventions have been unclear in scope and application and have included apparent inconsistencies.

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “*Reform Act*”) became law in the United States. It seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. It requires a variety of U.S. regulatory agencies to adopt new rules. While some rulemaking has been completed and more is under way, it will remain difficult for some time to predict the impact of the Reform Act on markets in which we will invest client accounts. Other action, in some cases similar and in others inconsistent, has been taken and is proposed in various other countries, including pan-regional bodies, such as in Europe.

It is impossible to predict what other interim or permanent governmental restrictions or other actions may be imposed on markets, particularly if new disruptions occur, and it is impossible to predict the effect those restrictions or other actions may have on our strategies or clients’ portfolios when implemented.

## ***Risks of Investing in Non-U.S. Securities***

Investing in securities of non-U.S. companies, and in securities and instruments denominated in currencies other than U.S. dollars, subjects accounts to risks not typically associated with investing in securities in the U.S. The following discussion sets forth some of the more significant risks associated with this type of investing.

- *Characteristics of Foreign Securities Markets.* Foreign stock markets generally are not as developed or efficient as those in the U.S. and may be more volatile than the U.S. markets. In particular, there is generally less government supervision and regulation of foreign exchanges, brokers, and listed companies than in the U.S. Further, trading volumes in foreign markets are usually lower than in U.S. markets, resulting in reduced liquidity and potentially rapid and erratic price fluctuations. Commissions for trades on foreign stock exchanges are generally higher than negotiated commissions on U.S. exchanges and custody expenses are generally higher as well. Settlement practices for transactions in foreign markets may involve delays beyond periods customary in the U.S., possibly requiring the borrowing of funds or securities to satisfy obligations arising out of other transactions. In addition, there could be more “failed settlements,” which can result in losses.
- *Political and Economic Instability.* Many economies are subject to instability due to, among other things, volatile internal political environments, relatively unstable monetary systems, and/or external political risks. Some governments participate in their economies through ownership or regulation in ways that can have a significant effect on securities prices. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic condition of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation.
- *Currency Fluctuations.* We invest client assets in securities denominated and/or traded in foreign currencies. A change in the value of any such currency against the U.S. dollar causes a corresponding change in the U.S. dollar value of securities that are denominated or traded in that currency. Such changes will also affect the performance of Client portfolios. Certain foreign countries maintain their currencies at artificial levels relative to the U.S. dollar. This type of system can lead to sudden and large exchange-rate adjustments, which can result in losses to foreign investors.
- *Less Company Information and Regulation.* Generally, there is less publicly available information about foreign companies than about U.S. companies. This may make it more difficult for us to stay informed of corporate action that may affect the price of a particular security. Further, many foreign countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of foreign companies.
- *Restrictions on Investment and Repatriation.* Certain countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners, or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude investments in certain countries and may increase the costs and expenses of investing. Indirect foreign investment may, in

some cases, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. But those premiums may shrink or disappear, perhaps even become negative, particularly if the restrictions on direct foreign investment in the relevant country were significantly liberalized. In addition, certain foreign countries impose restrictions and controls on repatriation of investment income and capital.

- *Foreign Taxes.* Dividend and interest payments on certain otherwise attractive foreign securities may be subject to foreign withholding taxes, and capital gains upon sale of securities may be subject to taxation in local markets.

### ***Investment in Small Capitalization Companies***

We intend to invest a significant portion of a client's assets in stocks of companies with relatively small market capitalizations. These stocks can involve higher risks than stocks of larger companies. Their prices are often more volatile than prices of large-capitalization stocks or even mid-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies is higher than for larger companies. Due to thin trading in some small-capitalization stocks, an investment in those stocks may be considered illiquid.

### ***Limited Liquidity of Some Investments***

Some of the securities in which we will invest client assets may be relatively illiquid, either because they are thinly traded, because they are traded only in foreign markets that do not provide the same liquidity as U.S. markets, or because they are subject to transfer restrictions. Accounts may not be able to promptly liquidate those investments if the need should arise, and accounts' ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. Further, sales of thinly-traded securities could depress the value of the securities an account does not sell, thereby reducing profitability or increasing unrealized losses.

***Emerging Markets Risks.*** Investing in emerging markets can involve more risk than investing in developed markets. These may include the following:

- *Economic and Political Dislocations.* Many emerging economies are unstable compared to the U.S. and many other developed economies. This results from, among other things, volatile internal political environments, less stable monetary systems, and/or external political risks. Coups in several countries and regional instability can suddenly and significantly affect economic activity and as a result securities markets. Diplomatic or political (internal or external) developments can quickly lead to programs that adversely affect investments, such as confiscatory taxation or expropriation.
- *Limited Availability of Information; Due Diligence.* Financial statements are prepared in accordance with local accounting standards that in many cases differ from U.S. GAAP. Local laws governing public company disclosure may impose less exacting requirements than developed countries' laws in important respects, making accurate assessment of financial condition and earnings more difficult. Companies are less accustomed to responding to extensive legal and business due diligence and may be less forthcoming with accurate information.



- *Legal System.* The legal systems of many developing countries suffer from a lack of complete transparency and significant procedural inefficiencies and provide less predictable results for commercial disagreements in which portfolio companies may become involved. Delays in obtaining licenses, approvals, and authorizations are common and may adversely affect the operations of companies in which the portfolios will invest.
- *Corporate Governance.* In many developing countries laws regulating ownership, control and governance of companies are still evolving, and under some of those laws it may be permissible (and as a result it may be common) for companies and/or their management to pursue interests that are not aligned with investors' interests.
- *International Trade.* International trade is important to many developing countries. Many of them depend on foreign countries for raw materials, and exports allow them to pay for those raw materials. Some developing countries may encounter difficulties in their relationships with trading partners, particularly those with whom the trade imbalances are the greatest. It is possible that disputes over trade policies may lead the trading partners to take actions that may have an adverse effect on the relevant countries.
- *Natural Disasters.* In the past, certain developing countries have experienced earthquakes, tidal waves and other natural disasters of varying degrees of severity, and the risks of such phenomena, and damage resulting from them, continue to exist. Any such events, depending on their severity, could have substantial adverse effects on the economies of the affected countries.

### ***Portfolio Turnover***

Our portfolio management activities may involve higher portfolio turnover than other investment managers' activities. If that occurs, brokerage commissions may be higher than those incurred in other portfolios.

### ***Valuation Risks***

Many of the securities in which we invest are traded in markets that are not as active or deep as large-capitalization equity markets. For some securities, there is no established secondary market. For others, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, resulting in unreliability of pricing information. Because of market inefficiencies, bid/ask pricing can vary materially among different dealers. Further, if an issuer's financial condition deteriorates, accurate financial and business information may become even more limited or entirely unavailable. In some circumstances, prices for positions may not be available from any source. Where third-party pricing information is not available, or where we consider market-based pricing information not to be indicative of an investment's value, we will establish valuation conventions by agreement with clients. BAM may face conflicts of interest in making valuation decisions.

As a result of these and other factors, there can be no assurance that the valuation of investment positions at any valuation date will accurately reflect the amount that could be obtained upon a sale or closing transaction on that date. Inaccuracies in valuation could affect portfolio management activities and, as a result, cause significant losses.

## **ITEM 9: DISCIPLINARY INFORMATION**

Neither BAM nor any of its advisory affiliates is subject to any reportable legal or disciplinary events.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As indicated in ITEM 4: BAM's parent company, Condor, is also the ultimate parent entity for 6 Broker Affiliates. Two of those, BTIG and Bayridge Securities, LLC, are registered with the U.S. Securities and Exchange Commission as broker-dealers and are members of FINRA. BTIG is also registered with the CFTC as an introducing broker and effects futures transactions. The other four Broker Affiliates are registered as brokers and/or dealers (or the equivalent) with local regulators in the jurisdictions in which they do business: the United Kingdom, Hong Kong, Singapore, and Australia.

BAM intends, subject to agreement and consent with clients, to use the services of BTIG and possibly the other Broker Affiliates to execute transactions in client accounts. Further, subject to client consent, and also subject to compliance with Rule 206(4) under the U.S. Investment Advisers Act, BTIG or another Broker Affiliate may effect so-called "agency cross" transactions for BAM client accounts – transactions in which the Broker Affiliate acts as executing broker for both a BAM client account and another Broker Affiliate brokerage customer.

BAM does not intend initially to employ its own "buy-side" trading personnel. Rather, in selecting brokers and dealers to execute particular transactions, it intends to use for some but not necessarily all of its trading activities BTIG's "Outsource Trading Service." That is a service BTIG provides for a wide variety of investment advisers that are independent of BTIG. Those investment advisers communicate to the outsource trading personnel their desire to buy or sell specified amounts of a particular security, often within specified time and price parameters, the outsource trading personnel then identify, within parameters or instructions provided by the investment adviser, the brokers or dealers through whom they believe transactions can most effectively be executed, and then work with those brokers and/or dealers to accomplish the investment adviser's goals. This provides a variety of benefits of trading scale, familiarity with various brokers, and anonymity for investment advisers. Sometimes the Outsource Trading personnel select BTIG (or another Broker Affiliate) for a portion or all of an investment adviser's execution need as to a particular stock, but often they do not. From unaffiliated investment advisers (or their clients) BTIG typically receives a fee for this service based on the number of shares (or other securities) traded, but BAM's clients will not pay BTIG any fee for Outsource Trading services. **[Discuss]**

Our selection of Broker Affiliates to execute client transactions will involve a conflict of interest for BAM in that our parent, Condor Trading, may benefit economically and otherwise from the trading activities directed by BAM. BAM will have incentives to, among other things, cause client accounts to (i) use a Broker Affiliate when an unrelated broker or dealer could provide better execution or equivalent execution at a lower cost and (ii) effect more transactions than might otherwise be optimal. When executing agency cross transactions, a Broker Affiliate will have divided loyalties between responsibilities as between BAM's client and its other brokerage customer. Further, while BTIG's Outsource Trading personnel operate as a unit distinct from BTIG's other trading personnel (with information-barrier procedures intended to prevent BTIG traders from learning sensitive "buy-side" client information), the fact that Outsource Trading personnel are employed by BTIG not BAM could have subtle impacts on broker selection.

BAM's policy will be to use Broker Affiliates when it believes doing so will be in its clients' best interests and in any event only to the extent that, over time, that usage will not compromise overall execution quality and or inappropriately increase overall trading costs. To implement this policy, we will establish a broker-usage committee consisting of portfolio management personnel as well as operations and compliance personnel, which will evaluate overall broker selection activity, execution quality, and execution costs. To the extent Broker Affiliates engage in agency cross transactions, they and we will provide the relevant client with trade confirmations and periodic statements containing the information required by Rule 206(3) under the U.S. Investment Advisors Act, including notice that the client may revoke its authorization to effect agency cross transactions at any time.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have adopted a Code of Ethics (the "Code") for the purpose of instructing our personnel in their ethical obligations and to provide rules for their personal securities transactions. We and our personnel owe a duty of loyalty, fairness and good faith towards our clients and their investors, and have an obligation to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code.

The Code covers a range of topics that include: 1) general ethical principles, 2) reporting personal securities trading, 3) exceptions to reporting securities trading, 4) reportable securities, 5) initial public offerings and private placements, 6) reporting ethical violations, 7) distribution of the Code, 8) review and enforcement processes, and 9) supervisory procedures.

Our policies seek to ensure that our members, employees and officers ("Associated Persons") do not use their positions with us and their knowledge of client account activities to benefit personally from the short-term market effects of those activities. We have established a policy that our Associated Persons may not own an interest in or buy or sell for their accounts the same securities that may be traded by the client accounts that we manage or that are currently held by the client accounts we manage.

Additionally, all Associated Persons are required to obtain pre-approval from the Compliance Department prior to entering into any personal securities trades, other than trading in mutual funds and ETFs. The Compliance Department monitors all employee trading and conducts periodic testing and review of procedures to ensure ongoing compliance by Associated Persons.

A copy of BAM's Code of Ethics is available to all clients and prospective clients upon request.

#### **ITEM 12: BROKERAGE PRACTICES**

BAM will generally have discretion to decide who will execute client transactions and how much each client will pay them. Some brokers (and others involved in portfolio transactions) will provide us with information, services and other products beyond pure transaction execution. Some of those brokers may be affiliated with BAM.

##### ***Selection, Generally***

As noted in Item 10 above, for many transactions we intend to use BTIG's Outsource Trading service to select brokers and dealers. Discussion of our selection criteria and activity refers to our

instructions and criteria and the Outsource Trading personnel's activities combined. Further, because we may use BTIG or other Broker Affiliates to execute transactions, we will have a conflict of interest in selecting brokers and dealers. Our approach to addressing that conflict is discussed in Item 10.

In selecting broker-dealers, our primary objective is to obtain the best overall execution quality, within each client's given constraints (see Client Directed Brokerage discussion below). In assessing a broker-dealer's ability to provide best execution, historical prices, giving effect to brokerage commissions and other transaction costs (if any), are a principal factor, but we also consider other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the value of research and brokerage services the broker-dealer provides, and the market for the security.

We will generally select brokers or dealers on a transaction-by-transaction basis (although some clients may direct us to use a particular broker or dealer for a portion of the transactions in their accounts). Clients may buy securities from or sell them to a primary market maker acting as principal on a net basis with no brokerage commission and they may buy securities from underwriters at prices that include compensation to the underwriters. We do not intend to cause clients to effect transactions with Broker Affiliates on a principal basis. We may use nontraditional execution facilities or agents, including electronic crossing networks or dark pools.

### ***Aggregation of Transactions***

To facilitate orderly and efficient execution of transactions, we expect regularly to aggregate the orders of all clients that are buying or selling the same security at the same time. When we do so, participating clients will generally receive the average price and share execution expenses proportionately. Accounts in which we or our affiliates have a beneficial interest may participate in aggregated transactions.

Due to a stock's limited trading liquidity we may not be able to buy or sell the desired amounts for all similarly situated accounts at a single price. If an order is "partially filled", we will seek to allocate "fills" in the best interests of all the clients participating in the order, taking into account all relevant factors, including: size of each client's allocation; client's liquidity needs; client's cash needs; previous allocations; specific requirements as stated in the client's investment agreement regarding portfolio makeup and restricted securities; and other unforeseeable factors as encountered under the prevailing circumstances.

### ***Foreign Currency***

We will typically cause client accounts to buy and sell securities in the currencies in which they are locally traded (*i.e.*, convert currency into and out of local currencies). We will typically initiate a currency transaction on the spot market on the same day we initiate the underlying securities transaction, with settlement to match the settlement of the corresponding equity trade (generally up to three days, although occasionally longer). In pursuit of best execution, we may place currency transactions with a client's custodian or may use other custodians and/or FX brokers or intermediaries.

## ***“Soft Dollars”***

In selecting broker-dealers, in many cases we expect to consider the value of “research” and additional brokerage products and services a broker-dealer has provided or may be willing to provide beyond pure execution services on the particular transaction. This is known as paying for those other products and services with “soft dollars.” “Research” products and services may include research reports on particular industries and companies, economic surveys, data and analyses, recommendations as to specific securities, financial databases, online information systems, customized software and services, and other products or services that provide us with lawful and appropriate assistance in the performance of our investment decision-making responsibilities. Consistent with Section 28(e) of the Securities Exchange Act (discussed below), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions, enhance trading and perform functions incidental to transaction execution, clearance and settlement.

We expect our use of soft dollars generally to be within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. That is, in placing orders with a particular broker-dealer, we will determine, considering all relevant factors, that the commissions to be paid are reasonable in light of all the brokerage and research products and services provided by that broker-dealer. We generally will not evaluate the value of those services in relation to any particular transaction or transactions that generate “soft dollar credits” (discussed below) or in relation to investment decisions for any particular account(s). Rather we will consider the value those services contribute to our performance of our overall responsibilities to all our clients. As discussed below under “Client Directed Brokerage,” one or more clients may limit their accounts’ participation in specific types of broker-dealer activity, including activities that generate soft dollar credits or otherwise alter their accounts’ relationships with broker-dealers. To the extent doing so prevents their accounts from generating soft dollar “credits,” they can be viewed as receiving benefits that other accounts pay for.

When we use soft dollars to acquire research and brokerage services and products, the commissions paid may be greater than what another broker-dealer who did not provide research services or products might charge for the same transactions, or greater than what the same broker-dealer would charge if it were not giving soft dollar “credits” for use in buying research or non-execution brokerages services and products. Notwithstanding compliance with Section 28(e), acquiring products and services with soft dollars may be considered to create a conflict of interest in that we might otherwise pay cash for those products and might therefore have an incentive to use broker-dealers who provide soft dollar credits to avoid having to pay cash.

We may use some products or services not only as “research” but for our administrative and other purposes as well. We make a reasonable allocation of the cost of those products and services so that only the portion of the cost that is attributable to our use of the products and services for research or brokerage purposes is paid with commission dollars; we will pay the balance. Clients should recognize that our interest in making such an allocation will differ from theirs, in that we will have an incentive to maximize the research and brokerage portions of the cost in order to minimize the portion we must pay directly.

Broker-dealers that provide services or products for soft dollars generally establish “credits,” based on past brokerage business, that may be applied as soft dollar payments for research services or products. In other cases broker-dealers may suggest a level of future business that would fully compensate the broker-dealer for services or products it provides. Because brokerage decisions

are based on a number of factors, the business any particular broker-dealer receives during any period may be less than what it considers adequate to compensate it for services or products it provided. However, that business may often exceed many brokers' suggestions, in part because the total brokerage business generated by our clients may be significantly greater than the value of research services and products provided, and in part because the broker-dealers that provide those services or products may also provide superior execution and may therefore be the most appropriate broker-dealers for particular transactions regardless of whether or not they provided such products or services. We do not exclude broker-dealers from receiving business because they do not provide soft dollar products and services, although we may not be willing to pay them the same commission as we would if they provided research products and services.

BTIG's Outsource Trading personnel continuously monitor transaction results generally to evaluate execution quality provided by particular brokers and dealers. We will also evaluate those results from time to time, and may use services provided by outside suppliers, to assess the execution quality and to evaluate the reasonableness of the compensation paid to various broker-dealers in light of all the factors described above. In some cases we may pay for soft dollar products and services by asking a broker-dealer with whom we place a transaction to "step out" of a portion of a transaction in favor of a broker-dealer that has provided such products or services. This permits us to use the broker we believe will provide the best execution while paying for valuable services or products provided by others.

#### ***Client Directed Brokerage and Other Client-Initiated Arrangements***

Some clients may instruct us to use one or more particular broker-dealers in managing their accounts. Those clients may specify that a particular amount of commissions should be sent to those broker-dealers, that all business should be directed to those broker-dealers, or merely that those broker-dealers should be used when all other considerations are equal. Clients may specify that a particular broker-dealer is to be used even though we may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. Conversely, some clients may restrict our use of a particular broker-dealer or broker-dealer arrangement (such as to avoid participating in soft dollar credit generation), even though we may be able to obtain a more favorable net price and execution from that broker-dealer or through that arrangement. Such restrictions may limit our ability to obtain the best overall price on securities transactions. Some clients may also make arrangements directly with some broker-dealers, independent of their relationship with us, to receive rebates or similar benefits from those broker-dealers when we use those broker-dealers for transactions in their accounts, in lieu of those transactions generating soft dollar credits. These arrangements could be viewed as creating an incentive for us to increase the portion of overall trading done pursuant to soft dollar arrangements, in order to generate the same amount of soft-dollar credits that would have been generated absent those clients' arrangements. To the extent these clients' arrangements allow them to avoid participating in the generation of soft dollar credits, other clients can be viewed as paying for research and brokerage services that provide benefits to the clients that have the special arrangements.

In some cases, we may implement clients' directions by asking a broker-dealer with whom we have placed an aggregated transaction to "step out" of a portion of the transaction in favor of a broker to which a client has directed us to send brokerage business – i.e., allow the commissions as to a particular client's portion of the transaction to be paid to that client's directed broker. This is intended to allow clients to obtain the same average price while accommodating directed brokerage requests. However, "step out" arrangements may not be practicable in all cases. Clients who may want to direct us to use a particular broker-dealer should understand that their direction

may prevent us from aggregating orders with other clients or from effectively negotiating brokerage compensation on their behalf, and may therefore deprive them of possible advantages that non-designating clients may have.

### **ITEM 13: REVIEW OF ACCOUNTS**

All client accounts are reviewed on a quarterly basis, if not more frequently, to assess overall asset allocation and performance, and compliance with any investment guidelines, restrictions or requirements prescribed by the particular client's investment management agreement.

Reviews of client accounts will be conducted by the portfolio managers who are managing the accounts as well as by BAM's compliance and/or operations personnel.

Clients will receive monthly reports on their accounts.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time BAM may enter into an agreement with a solicitor, placement agent or other third party (collectively, "Solicitors") for client introductions, and in some cases those Solicitors may be associated with affiliates of BAM. If a client is introduced to BAM by either an unaffiliated or an affiliated solicitor, BAM may pay that solicitor a referral fee in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Any such referral fee shall be paid solely from BAM's investment management fee, and shall not result in any additional charge to the client. The solicitor will be required to provide the client with a copy of BAM's Form ADV Part 2 (the "Brochure") and a copy of the solicitor's disclosure statement, which will contain the terms and conditions of the solicitation arrangement, including compensation. The solicitor will be required by BAM to obtain the client's signature acknowledging receipt of BAM's Brochure and the solicitor's disclosure statement.

In addition, BAM will receive benefits through its use of "soft dollars," described in Item 12 above.

### **ITEM 15: CUSTODY**

BAM does not maintain or hold custody of client funds or securities.

### **ITEM 16: INVESTMENT DISCRETION**

#### **A. Discretionary Authority: Limitations**

All investment management services will be performed by BAM on a discretionary basis. In exercising its discretionary authority, BAM will have the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, time horizon and or other restrictions or limitations as set forth in an investment management agreement. In addition, BAM's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients will be permitted to impose reasonable limitations on BAM's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to BAM in writing.

**B. Limited Power of Attorney**

By entering into an investment management agreement with BAM, clients will authorize BAM to exercise full discretionary authority with respect to all transactions involving the client's account. Pursuant to such agreement, BAM will be designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account.

**ITEM 17: VOTING CLIENT SECURITIES**

Whether and to what extent BAM is authorized and expected to vote proxies will be established for each client in the relevant investment management agreement (or comparable document). In light of the global nature of our investment strategy, a significant portion of the securities in client accounts may be issued by companies for which voting proxies is impractical due to , among other things, local regulations, voting procedures, and the manner in which clients hold the securities (or derivatives based on the securities). When we consider it to be in clients' best interests (and we have the authority) to vote proxies, we will vote in a manner we consider consistent with the best economic interests of our clients. We expect to engage third party service providers to analyze proxy issues and make voting recommendations, as well as to provide assistance in the administration of the proxy process, including maintaining proxy voting records. We expect to use those recommendations flexibly, keeping in mind the principles stated above, as well as our the goal of protecting clients' rights as shareholders.

BAM attempts to identify conflicts of interest that may arise in the proxy decision making process. If a material conflict arises between clients' interests in a particular vote and BAM's, and we determine that our proxy voting policy does not adequately address the conflict of interest, we will notify the relevant clients of the conflict and ask them to consent to our intended response to the proxy solicitation. If a client consents to BAM's intended response or fails to respond to the notice within a reasonable period of time specified in the notice, BAM will vote the proxy as described in the notice. If the client objects to BAM's intended response, BAM will vote the proxy as directed by the client. BAM will not submit conflict questions of this type to investors in the Funds.

Clients may obtain a copy of our proxy voting policy and records detailing how we voted proxy issues on clients' behalf by submitting a written request to [compliance@btig.com](mailto:compliance@btig.com)

**ITEM 18: FINANCIAL INFORMATION**

BAM does not require or solicit prepayment of fees six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. BAM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.