

# Amber Capital LP Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Amber Capital LP (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at 212-340-7300. 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 the Registrant is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Since the time of its initial annual filing of Part 2 of Form ADV, dated March 30, 2012, the Registrant has updated relevant items to reflect an internal restructuring. The restructuring did not involve any change in control or management personnel of the Registrant or any change in the individuals responsible for the investment management services provided by the Registrant. This document should be reviewed in its entirety.

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## Advisory Business

Amber Capital LP (the “Registrant” or “Amber”) has provided investment advice and investment management services to private investment funds since 2005. Certain affiliates of the Adviser are included in the Registrant’s Form ADV as relying advisers and are identified in Section 1.B of Schedule D of the Registrant’s Form ADV Part 1.

The Registrant has affiliates in London, Milan, and Bogota. Amber’s UK affiliate, Amber Capital UK LLP (“Amber UK”), is an investment manager duly incorporated, authorized and regulated by the Financial Services Authority in the United Kingdom. Amber’s Italian affiliate, Amber Capital Italia SGR S.p.A. (“Amber Italia”), is an investment manager duly incorporated, authorized and registered with the Bank of Italy. Amber’s Bogota affiliate, Amber Capital Colombia S.A.S. (“Amber Colombia”), is a research services provider duly incorporated in Colombia. The Adviser’s net assets under management were approximately \$890 million as of December 31, 2012. All entities are ultimately controlled by Amber Capital Management LP (“Amber Cayman”), which is duly incorporated in the Cayman Islands and,

in its capacity as an investment manager, has registered with the Cayman Islands Monetary Authority.

#### Advisory Services

The Registrant, its parent and/or an affiliate serves as investment manager, adviser or managing member to several collective investment vehicles organized to invest in securities and other financial instruments (each a “Fund” and, collectively, the “Funds”). The Registrant, its parent and its affiliates are sometimes collectively referred to as the “Adviser.” In its role as investment manager, adviser or managing member, the Adviser is responsible for all trading and other investment decisions of each Fund. Investment advice is provided directly to each Fund and not individually to the limited partners, shareholders or members of such Funds. The Adviser manages the assets of each Fund in accordance with the terms of the governing documents applicable to each Fund.

Amber Capital US GP LLC (the “GP”), a Delaware limited liability company and affiliate of the Adviser, serves as general partner to certain onshore-U.S. funds managed by the Adviser. Offshore-U.S. funds managed by the Adviser are governed by Boards of Directors comprised of Joseph Oughourlian and Michel Brogard, each of whom is also a principal of the Adviser and a Managing Member of the GP, and Cayman based non-executive members David Bree and Don Seymour (“the Directors”).

Offers to sell interests in the Funds are made only by means of a Fund’s confidential offering memorandum, which contains information concerning an investment in the Fund, including a description of the material terms and risks of any investment.

#### Subadvisory Services

The Adviser serves as subadviser to a managed account organized to invest in securities and other financial instruments (the “Managed Account”). In its role as subadvisor, the Adviser is responsible for all trading and other investment decisions of the Managed Account, subject to certain investment restrictions set forth in the subadvisory agreement. Investment advice is provided directly to the Managed Account and not individually to the limited partners, shareholders or members of the Managed Account. The Adviser manages the assets of the Managed Account in accordance with the subadvisory agreement.

### **Fees and Compensation**

#### Management and Incentive Fees

Compensation received by the Adviser from the Funds is generally comprised of a management fee based on a percentage of assets under management (the “Management Fee”) and an incentive fee based upon investment performance (the “Incentive Fee”).

Management Fees range up to 2% (per annum) of net asset value. Management Fees for advisory services are directly deducted quarterly, in advance or in arrears depending on the client, prorated for any period that is less than a full fiscal quarter and adjusted for subscriptions occurring during the period. Management Fees for subadvisory services are billed monthly, prorated for any period that is less than a full fiscal month and adjusted for subscriptions occurring during the period.

The Incentive Fees range up to 20% of net realized and unrealized profits each fiscal year, generally calculated as of the end of each fiscal year, subject to a loss carryforward and/or a hurdle, as applicable.

All or a portion of the Management Fees and/or the Incentive Fees may be waived for certain investors, including, in particular, investors who are principals, employees or affiliates of the Adviser or relatives of such persons.

In addition to the Adviser's fees, investors will bear indirectly the fees and expenses charged to the Funds and/or Managed Account. Complete information regarding Fund and/or Managed Account expenses are provided in the respective Fund's and/or Managed Account's confidential offering memorandum and/or governing documents. Investors should review the confidential offering memorandum and/or governing documents of the Fund and/or Managed Account in which they are invested to fully understand the types of fees and expenses paid by the Funds and/or Managed Account.

## **Performance Based Fees and Side-by-Side Management**

The Adviser accepts performance-based fees from certain clients. However, performance-based compensation is not accepted from all clients. The variation of performance-based compensation structures among the Adviser's clients may create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that pay or allocate performance-based compensation.

The Adviser seeks to allocate investment opportunities fairly, to the extent practical and in accordance with each Fund's and/or Managed Account's investment strategies, over a period of time.

## **Types of Clients**

The Adviser currently serves as the investment manager, adviser, managing member or subadviser of several collective investment vehicles and/or managed accounts organized to invest in securities and other financial instruments. The Adviser may, in the future, provide investment advisory services to other types of clients.

The Adviser itself does not impose a minimum dollar value of assets or other conditions for starting or maintaining an account. However, each client may have a minimum initial investment requirement, subject to legal requirements and the discretion of the client's GP, Managing Member or Directors, as the case may be, to accept lesser amounts. Details concerning applicable suitability criteria are set forth in the respective Fund's and/or Managed Account's confidential offering memorandum and/or governing documents.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

As adviser to its flagship fund, the Adviser pursues an event-driven strategy, with a focus on catalyst-driven opportunities, investing primarily in equities and selectively in other areas of

the capital structure. The investment strategies employed by the Adviser for its flagship fund encompass, among other things, any or all of the following strategies: directional long or short positions with a catalyst; long/short equity pairs with a catalyst; capital structure arbitrage; risk arbitrage; share class arbitrage; and company holding discounts.

The Adviser relies primarily on a fundamental method of securities analysis in pursuing its event-drive strategy. Main sources of information include in-house fundamental valuations; inspections of corporate activities; research materials prepared by others; corporate rating services; annual reports, prospectuses, and filings with the Securities and Exchange Commission and other regulators; and company press releases. Investment ideas and information are also generated through meetings with companies' executive officers and management teams and industry professionals. In addition, members of the Adviser's investment team keep abreast of political, statutory, and economic matters influencing potential investments.

Where deemed appropriate, the Adviser also pursues investments in private companies and collective investment vehicles. The Adviser may, in the future, employ other investment strategies. Additional information regarding investment objectives and trading strategy is available in each Fund's and/or Managed Account's confidential offering memorandum and/or governing documents.

All investing involves a risk of loss. There is no assurance that the Adviser's investment strategies will be successful, or that any Fund or Managed Account will be profitable. Details concerning the risks associated with an investment are set forth in the respective Fund's and/or Managed Account's confidential offering memorandum and/or governing documents.

The success of the Adviser's core event-driven investment strategy depends upon the Adviser's ability to make predictions about the likelihood that an event will occur and the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. Because of the inherently speculative nature of event-driven investing, the results of the Fund's and/or Managed Account's operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Additional risks associated with the Adviser's core strategy include: systems and operational risks, counterparty risk, risks due to competition/ availability of investments, volatility risk, risks resulting from having significant positions in securities, risks related to regulatory requirements, litigation risk, risks stemming from exposure to material non-public information, currency exchange exposure risk, risk of loss, general economic and market conditions risk, risks related to illiquid securities, relative value strategy risk, special situations risk, risks related to activism, arbitrage transaction risk, capital structure arbitrage risk, merger arbitrage risk, diversification and concentration risk, leverage and borrowing risk, high-growth industry related risks, short-term market considerations risk, non-US securities risk, Eurozone risk, sovereign default risk, convertible securities risk, debt securities risk,

equity securities risk, small- and medium-capitalization companies risk, derivative instruments risk, long/short risk, and risks arising from short sales.

## **Disciplinary Information**

To the best of the Adviser's knowledge, there are no legal or disciplinary events that the Adviser believes would be material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of its management.

## **Other Financial Industry Activities and Affiliations**

The Adviser acts as investment manager, subadviser, general partner or managing member to each client. Investments in any client for which the Adviser acts as investment manager, subadviser, general partner or managing member are offered on a private placement basis and prospective investors are solicited only by means of the confidential offering memorandum and/or governing documents of the relevant Fund and/or Managed Account. Please refer to the Methods of Analysis, Investment Strategies and Risk of Loss section above for a description of the investment strategies utilized in the management of the Funds and/or Managed Account. These and other details concerning the Funds and/or Managed Account, including the associated advisory fees and other expenses, are described in each Fund's and/or Managed Account's confidential offering memorandum and/or governing documents.

### Affiliated Investment Advisers

Amber UK is an investment manager duly incorporated, authorized and regulated by the Financial Services Authority in the United Kingdom. Investments in any of the collective investment vehicles managed by Amber UK are offered on a private placement basis and prospective investors are solicited only by means of a confidential offering memorandum and/or governing documents of the relevant vehicle.

Amber Italia is an investment manager duly incorporated, authorized and registered with the Bank of Italy. Investments in any of the collective investment vehicles managed by Amber Italia are offered on a private placement basis and prospective investors are solicited only by means of a confidential offering memorandum and/or governing documents of the relevant vehicle.

Amber Capital Latam Ltd. ("Amber Latam") is duly incorporated in the Cayman Islands and, in its capacity as an investment manager, has registered with the Cayman Islands Monetary Authority. Investments in any of the collective investment vehicles that are managed by Amber Latam are offered on a private placement basis and prospective investors are solicited only by means of a confidential offering memorandum and/or governing documents of the relevant vehicle.

Amber Cayman is duly incorporated in the Cayman Islands and, in its capacity as an investment manager, has registered with the Cayman Islands Monetary Authority. Investments in any of the collective investment vehicles that are managed by Amber Cayman are offered on a private placement basis and prospective investors are solicited only by means of a confidential offering memorandum and/or governing documents of the relevant vehicle.

#### Other Related Persons

Amber Colombia is a research services provider duly incorporated in Colombia.

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

#### Code of Ethics

To avoid any potential conflicts of interest, including involving the misuse of material, nonpublic information or personal trading for the benefit of the Adviser or its principals and employees, the Adviser has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Adviser's Code of Ethics requires, among other things, that the Adviser, and its Employees:

- Conduct business with integrity;
- Conduct business with due skill, care and diligence;
- Take reasonable care to organize and control its affairs responsibly and effectively, with adequate risk management systems;
- Maintain adequate financial resources;
- Observe proper standards of market conduct;
- Pay due regard to the interest of clients and treat them fairly;
- Pay due regard to the information needs of clients, and communicate information to them in a way which is clear, fair and not misleading;
- Manage conflicts of interest fairly, both between its clients and itself and between clients themselves;
- Take reasonable care to ensure the suitability of its advice and discretionary decisions for any client who is entitled to rely upon its judgment;
- Arrange adequate protection for clients' assets when it is responsible for them;
- Deal with regulators in an open and cooperative way, and disclose to regulators appropriately anything relating to it of which regulators would reasonably expect notice; and
- Maintain full compliance with applicable federal, state and other securities laws.

A copy of the Adviser's Code of Ethics shall be provided to any investor or prospective investor upon request.

#### Participation or Interest in Client Transactions

The Adviser acts as investment manager, general partner, managing member or subadviser to each Fund and/or Managed Account. The Adviser and its affiliates or related persons buy and sell the same securities as recommended to clients or have an interest in the Funds. Additionally, the Adviser invests the assets of the Funds and/or Managed Account in securities and other investment products in which the Adviser or a related person has some financial interest. The Adviser seeks to ensure that all investments are made in the best interests of clients and in compliance with its policies and procedures.

The Adviser may determine that it would be in the best interests of the Fund and one or more Other Accounts to transfer a security from one Account to another (each such transfer, a

"Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If the Adviser decides to engage in a Cross Trade, the Adviser will determine that the trade is in the best interests of both of the Accounts involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Accounts. To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in an Account by the Adviser or its personnel, the Adviser will comply with the requirements of Section 206(3) of the Advisers Act.

The Adviser, its affiliates, and/or principals and associated persons participate from time to time in certain investments for its or their own account.

It is the policy of the Adviser to allocate investment opportunities to Accounts fairly, to the extent practical and in accordance with Accounts' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) available cash of the Accounts for the proposed investment; (ii) the primary investment strategy of the Accounts; (iii) the liquidity profiles of the Accounts; (iv) the primary markets invested in by the Accounts; (v) the potential for the proposed investment to create an imbalance in an Account's portfolio; (vi) the amount of Assets held by the Accounts; (vii) whether the risk-return profile of the proposed investment is consistent with an Account's objectives; and (viii) regulatory restrictions or other eligibility criteria that would or could limit an Account's ability to participate in a proposed investment.

The Adviser has no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to an Account solely because the Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to an Other Account if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Other Account.

From time to time, senior management and key employees of the Adviser may serve as directors, advisory board members or consultants of certain portfolio companies or other entities. In connection with such services, such persons may receive directors' fees or other similar compensation attributable to such employees' services. These participations, at times, preclude the Adviser from transacting in the securities of such companies.

#### Personal Trading

Among other things, the Adviser's Code of Ethics generally prohibits employees from purchasing, or otherwise acquiring direct or indirect beneficial ownership of, securities of individual companies for any of their personal accounts, with the exceptions noted above in the Participation or Interest in Client Transactions section. Although certain exceptions are made to this policy, employees must receive clearance to engage in personal securities transactions of any securities other than exempt securities (such as mutual funds and U.S.



Treasury securities) and exchange traded funds. Additionally, the Adviser requires all employees to provide an accounting of their personal account holdings at least annually.

## **Brokerage Practices**

The Adviser has complete discretion in deciding which financial instruments are bought and sold, the amount and price of those financial instruments, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Portfolio transactions for clients are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Adviser and/or certain Accounts, but not beneficial to all Accounts. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Adviser may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment and commitment of capital.

Accordingly, the commission rates charged to the clients by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Adviser nor the client separately compensates any broker or dealer for any of these other services.

If the Adviser decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another: the ease of use; the flexibility of the ECN compared to other ECNs; and the level of care and attention that will be given to smaller orders.

The Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

### Soft Dollar Practices

From time to time, the Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Adviser believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by the client may be used by the Adviser to service one or more Other Accounts, including Accounts that may not have paid for the soft dollar benefits. The Adviser does not seek to allocate soft dollar benefits to Accounts in proportion to the soft dollar credits the Accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Adviser (i.e., a "mixed use" item), the Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Adviser and those that primarily benefit the Accounts.

When the Adviser uses brokerage commissions (or markups or markdowns) generated by any Accounts to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for such products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on the Adviser interest in receiving research or other products or services, rather than on an Account's interest in receiving most favorable price or execution.

At least annually, the Adviser considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Brokers (including the prime brokers) assist the Adviser in raising additional funds from investors. Additionally, brokers provide capital introduction and marketing assistance services, and representatives of the Adviser speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors may encounter representatives of the Adviser. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space. Although the Adviser does not compensate brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence the Adviser in deciding whether to use such broker in connection with brokerage, financing and other activities of the clients.

The Adviser currently leases office space from one of the prime brokers to the Funds. The Adviser pays a market-based fee for this lease and does not direct brokerage based upon the existence of this lease.

The Adviser may effect transactions through, or otherwise utilize broker-dealers that have, or whose affiliates have, referred or recommended investors or investment opportunities to it, its affiliates and/or its related persons, broker-dealers or registered representatives of broker-dealers that personally, or through related persons or family members, have investments in the Funds, broker-dealers employing or owned by family members of the Adviser, and broker-dealers that provide the Adviser with pricing information. Although the Adviser seeks, at all times, to obtain the best execution in directing brokerage for its clients, these practices may create an incentive for the Adviser to direct more business to these broker-dealers in order to generate future referrals or additional affiliated investment.

At times, the Adviser may invest client assets in securities issued by investors in the Funds and/or Managed Account, entities related to investors in the Funds and/or Managed Account, or other entities with whom the Adviser may have business relationships. The Adviser seeks to ensure that all investments are made in the best interest of clients and in compliance with its policies and procedures.

#### Trade Aggregation

If the Adviser determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Adviser may, but is not obligated to, purchase or sell such a security on behalf of such Accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Account will receive the average price, with transaction costs generally allocated pro rata based on the size of each Account's participation in the order (or allocation in the event of a partial fill) as determined by the Adviser. In the event of a partial fill, allocations may be modified on a basis that the Adviser deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Adviser. As a result, certain trades in the same security for one Account (including an Account in which the Adviser and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

## **Review of Accounts**

Accounts are reviewed on a continuous basis by the Portfolio Manager and the members of the investment team in accordance with the sectors/positions for which they are responsible. Accounts are monitored for market swings, economic conditions, performance and other factors. Factors triggering reviews, and perhaps triggering buy or sell recommendations, include the evolving investment case, capital inflows and outflows in client accounts, "events"

occurring in the economy and/or capital markets and changes in the investment strategy and/or securities held in client accounts.

### Regular Reports

Investors in the Funds receive in writing, at a minimum, annual audited financial statements and annual reports containing information that is necessary for tax purposes. In addition, investors in certain Funds may also receive, in writing: (i) monthly net asset value figures; (ii) a monthly letter providing an overview of the economic environment, a performance matrix and historical performance on a month to month basis; (iii) a quarterly position-level transparency report with a 90-day delay if they have (or expect to have) at least EUR 25M invested in the fund; (iv) quarterly capital account statements and/or (iv) quarterly valuation reports. The Adviser provides a copy of the AGO monthly letter to the Managed Account. At the request of certain investors, the Adviser provides summary level exposure information (absent portfolio level transparency) to third-party risk vendors, who produce certain reports in connection therewith. The Adviser, in its sole discretion, may discuss specific investment positions during meetings with investors.

## **Client Referrals and Other Compensation**

The Adviser may enter into agreements with placement agents in connection with the offering of the other Funds, and in such circumstances, any fees paid to placement agents will be borne by the Funds, the Adviser or, in certain cases, on a fully disclosed basis, by the investor introduced to the Funds by a placement agent. Placement agents that solicit investors on behalf of the Funds are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. An investor solicited by a placement agent will be advised of any compensation arrangements relating to such solicitation.

## **Custody**

The Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account. Account statements related to the clients are sent by qualified custodians to the Adviser.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is deemed to comply with certain requirements of the Custody Rule with respect to the Funds because it complies with provisions which, among other things, require that each Fund (i) be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and (ii) distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

## **Investment Discretion**

The Adviser buys and sells securities and other instruments for the Funds and/or Managed Account on a discretionary basis in a manner consistent with each Fund's and/or Managed Account's investment objectives and restrictions.

The Adviser is authorized to exercise total investment discretion in accordance with each client's objectives and restrictions without obtaining prior consent from any of the clients or their investors, including making the following determinations: (1) which securities or instruments to buy or sell; (2) the total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

## **Voting Client Securities**

It is the Adviser's policy to vote proxies in the interest of maximizing value for the Funds and/or Managed Account. Consideration is given to both the short and long term implications of the proposal to be voted on when determining the optimal vote.

From time to time, conflicts of interest may arise between the Adviser and its clients with respect to the voting of proxies. Where material conflicts of interest are identified, the Adviser will analyze the conflict of interest, discuss potential remedial solutions, and determine how such proxy will be voted.

The Adviser's complete proxy voting policy and procedures are memorialized in writing. In addition, the Adviser keeps a record of all proxy votes. In certain circumstances, such as the lack of materiality of its voting position or other reasons, the Adviser may choose not to vote its shares. Please contact the Adviser if you have any questions or if you would like to review either of these documents.

## **Financial Information**

The Adviser has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.