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June 18, 2013

This ADV Part 2A Brochure provides information about the qualifications and business practices of Hancock Capital Investment Management, LLC, a Delaware limited liability company ("HCIM"). If you have any questions about the contents of this Brochure, please contact us at (617) 572-0693 or [jpratt@jhancock.com](mailto:jpratt@jhancock.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

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

**Hancock Capital Investment Management, LLC**

## **Item 2 – Material Changes**

The date of HCIM's last annual update of its brochure is March 29, 2013. The following are the changes to the brochure since the last annual update:

- **Item 1. Identifying Information**
  - The section was updated to reflect the appointment of a Jason M. Pratt as Chief Compliance Officer of HCIM.
- **Item 4. Advisory Business**
  - We updated HCIM's assets under management.

HCIM will ensure that you receive subsequent brochures, together with a summary of any material changes, within 120 days of the close of HCIM's fiscal year. HCIM may further provide other ongoing disclosure information about material changes as necessary. HCIM will provide you with a new brochure as necessary based on material changes or new information at any time without charge.

Currently, HCIM's brochure may be requested by contacting Jason Pratt, Chief Compliance Officer at (617) 572-0693 or [jpratt@jhancock.com](mailto:jpratt@jhancock.com). Additional information about HCIM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Hancock Capital Investment Management, LLC

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<b>Item 4 – Advisory Business</b>
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A.

**The Company**

On December 5, 2007, HCIM registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Effective December 31, 2007, HCIM began to assume investment management responsibility from John Hancock Life Insurance Company (“JHLICO”) for investment advisory services being provided to clients by JHLICO’s Bond and Corporate Finance Group. JHLICO was subsequently merged into John Hancock Life Insurance Company (U.S.A.) (“JHUSA”) on December 31, 2009. The Bond and Corporate Finance Group is a business unit within JHUSA. The officers and directors of HCIM are primarily comprised of personnel from the Bond and Corporate Finance Group.

HCIM is a direct wholly-owned subsidiary of John Hancock Subsidiaries LLC and an indirect wholly-owned subsidiary of JHUSA. JHUSA is an indirect wholly-owned subsidiary of Manulife Financial Corporation, a publicly traded company listed on the Toronto Stock Exchange, the New York Stock Exchange, the Stock Exchange of Hong Kong and the Philippine Stock Exchange under the ticker symbol MFC.

HCIM currently serves as investment adviser to:

**Pension Plan Client**

HCIM is the investment manager to an unrelated pension plan of a major U.S. corporation. HCIM continues to make new investments for this client.

**Affiliated Corporation Client**

HCIM is the investment manager to an affiliated corporation for which HCIM manages general account assets. HCIM continues to make new investments for this client.

**Unaffiliated Insurance Company Client**

HCIM is the investment manager to an unaffiliated insurance company. This client is no longer making new investments.

**Private Fund Clients**

HCIM is the investment manager to certain pooled investment vehicles that typically are organized as limited partnerships or limited liability corporations, including collateralized debt obligation (“CDO”) vehicles (the “private fund clients”). For purposes of this brochure, HCIM considers each private fund to be its client, not the investors in such private funds.

HCIM is the investment manager to certain closed-end funds formed by a wholly-owned subsidiary of JHUSA. The general partner and certain investors in the

general partner and such funds are related persons of HCIM. The majority of the investors in such funds are unrelated third parties. Certain of these private fund clients are making new investments, but others are not.

HCIM is also the investment manager to another private fund client for which a related person of HCIM is the general partner. There is one investor in such fund and it is an unrelated third party. This private fund client is no longer making new investments.

HCIM is also the investment manager to another private fund client for which a related person of HCIM is the manager. There are two investors in such fund, one of which is an unrelated third party. This private fund client is no longer making new investments.

HCIM is also the investment manager to certain closed-end collateralized debt obligation ("CDO") private fund clients. Each CDO private fund client has privately issued debt and equity securities. Such debt securities are secured by a collateral pool of bonds and loans, including private placement, 144A and public bonds. All of these private fund clients are closed to new investors, are not making new investments, and are in run-off mode.

B.

### **Advisory Services**

HCIM's investment strategies for its clients may include purchasing investments in public and private securities, including corporate bonds at various quality levels, structured finance obligations, equity and mezzanine securities (i.e., subordinated debt generally with equity features such as warrants or common stock). HCIM's investment approach is based on in-depth credit and equity analysis and disciplined pricing of securities. HCIM has the option to use derivatives when permitted by clients to manage or hedge interest rate and currency risk and to manage duration. HCIM manages both insurance company general account portfolios for an affiliated corporation and third party portfolios under a broad range of mandates.

C.

### **Meeting Investment Objectives**

HCIM works with each of its clients to develop investment advisory services and investment guidelines based upon the client's investment objectives. Advisory services are documented in a written investment advisory agreement, limited partnership agreement, limited liability agreement, indenture or other similar agreement and include:

- evaluating prospective investment opportunities contemplated in the agreement
- making decisions regarding the purchase and disposition of investments
- structuring and negotiating investments
- working with legal counsel to prepare documentation

- monitoring investments.

HCIM manages client portfolios under a broad range of mandates. In most cases, the investment guidelines are negotiated at the time the fund is established. Some clients may amend, or be asked by HCIM to amend, guidelines as their needs change, as specific financial conditions at a portfolio company develop, or in response to a change in market conditions. Investment guidelines may include, among other things, (i) industry sector and portfolio company concentration limits, (ii) restrictions on the percentage of client assets that can be invested in non-cash paying securities, (iii) the percentage of investments in portfolio companies outside the United States and Canada, and (iv) prohibitions on (a) investing in start-up enterprises and/or project finance equity, (b) providing acquisition financing for hostile takeovers, (c) purchasing securities on margin, (d) selling securities short, and (e) investing directly in commodities.

D.

#### **Wrap Fee Program**

HCIM does not participate in any wrap fee programs.

E.

#### **Client Assets**

As of 3/31/2013, HCIM has \$5,898,474,627 in assets under management (“AUM”). These assets are managed on a discretionary basis. HCIM does not manage any assets on a non-discretionary basis.

The above AUM amount differs from HCIM’s “regulatory assets under management” which is used in Form ADV Part 1A. Form ADV Part 1A requires investment advisors to report their “regulatory assets under management”. To calculate “regulatory assets under management” an advisor is required to include in the assets for private fund clients the amount of any uncalled commitment pursuant to which a person is obligated to acquire an interest in, or make a capital contribution to, the private fund.

<h3><b>Item 5 – Fees and Compensation</b></h3>
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A. & B.

#### **Overview**

As further described below, HCIM is compensated under several different fee structures, depending on the client. All fees are subject to negotiation and the manner in which they are charged is documented in a written agreement with the client. In certain cases, clients may select to have fees billed directly or deducted from client assets by the custodian. For other clients, HCIM has the fees deducted from income or proceeds that would not otherwise have been distributed by the custodian. HCIM generally bills fees directly on a quarterly or semi-annual basis to all clients, except for the collateralized debt obligation (“CDO”) private fund clients which are deducted semi-

annually by the custodian. Upon termination of any client account, any prepaid, unearned fees would be promptly refunded, and any earned, unpaid fees would be due and payable. Such fees would be calculated on a pro-rated basis according to the number of days elapsed during the billing period.

HCIM's fees are exclusive of expenses which may be incurred by the client as documented in a written agreement with the client. If any such expenses are paid by HCIM, the client shall reimburse HCIM for the same.

The following describes the types of fee arrangements under which HCIM is compensated.

## **Fee Arrangements for Private Fund Clients**

### **Asset-based Management Fees**

HCIM may receive management fees for providing investment advisory services to private fund clients. Depending on the private fund client, these fees are payable quarterly in advance, or quarterly or semi-annually in arrears. Any payment made in advance for a period other than a full quarterly period would be adjusted on a pro-rata basis according to the number of days elapsed. These fees are individually negotiated and range in size from 0.05% to 1.5% per annum of:

- a private fund client's assets under management or,
- a private fund client's outstanding principal amount of securities or,
- a private fund client's funding commitment or capital invested, subject in some cases to adjustment according to predetermined formulas.

### **Performance-Based Fees**

In addition to asset-based management fees, private fund clients may also pay performance-based fees, which are commonly referred to as "carried interest", to the general partner of the respective fund. The general partner of certain private fund clients is a related party of HCIM. The general partner earns 20% of the profits generated by the respective fund after the limited partners' capital has been returned, together with a preferred return on such capital. Carried interest amounts are paid according to a predetermined distribution formula.

For one of HCIM's private fund clients, in lieu of a management fee, the general partner receives 5% of the partnership's net cash receipts (including income and investment gains) after payment of partnership expenses and return of invested capital. Such net cash receipts are payable quarterly in arrears. Carried interest amounts are paid according to a predetermined distribution formula.

For certain of the CDO private fund clients, HCIM may receive a contingent portfolio advisory fee if the equity investors have received a specified rate of return as agreed upon in writing in the investment management agreement(s). These fees range from

0.15% to 0.25% of the outstanding amount of the notes issued by the CDO private fund client, plus, for some clients, the amount of the equity.

### **Fee Arrangements For Non-Private Fund Clients**

HCIM receives management fees for performance of investment advisory services for one pension plan, one affiliated corporation and one unaffiliated insurance company. For the pension plan client, fees are individually negotiated and are charged directly to the client in accordance with a fee agreement. The quarterly fee rate is one-quarter of the annual fee rate and is computed on the market value of the client's account as determined by the client's trustee on the last valuation date for the quarter for which the fee is paid. The annual fee rate is 0.26%. The fee is payable by the client after the end of each calendar quarter. Fees for the affiliated corporation are individually negotiated and are 0.11% per year of assets based on the amount of assets under management and the class of assets being managed and are paid monthly after the end of each calendar month. For the unaffiliated insurance company client, fees are individually negotiated and are charged directly to the client in accordance with a fee agreement. The management fees for this client are payable quarterly in advance. The annual fee is 1.5% of the capital investment, subject in some cases to adjustment according to predetermined formulas. In addition to the management fee, this client may also pay HCIM performance-based fees. HCIM earns 20% of the client's base return after the client has received its contributed capital back, together with a preferred return on such capital. These amounts are paid according to a predetermined distribution formula.

C.

### **Other Types of Fees or Expenses**

Item 12 further describes the factors that HCIM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

In addition, certain of the private fund clients are responsible for paying expenses associated with organizing and maintaining the respective fund and the sale of the interests to the limited partners (including placement fees). Fees and expenses associated with establishing and maintaining the funds may include (i) the costs associated with evaluating, acquiring, monitoring and disposing of investments, (ii) costs associated with the respective fund's advisory committee meetings and meetings of the limited partners, (iii) costs of preparing financial, tax and other reports to the limited partners, (iv) all banking charges, taxes and insurance payments, and (v) all legal, accounting, custodial and consulting fees incurred in connection with the business and management of the respective fund. In the case of organizational expenses, the limited partnership agreements typically include a cap on the amount of organizational fees to be borne by the fund, with any remainder being treated as a credit to future management fees, if any.

Certain of the private fund clients have used either an affiliated placement agent or a third party placement agent to market and sell the fund interests to limited partners. Additionally, a private fund client uses an affiliate that is registered as an exempt market



dealer in Canada to distribute the private investment fund in the Canadian exempt securities market. As noted above, these fees are treated as fund expenses, however, the fund receives a complete offset to the management fees paid by the fund to HCIM for such placement fees.

D.

Management fees are paid quarterly, in advance, by certain of the private fund clients to HCIM. To the extent the management agreement between HCIM and such fund was terminated prior to the end of a fiscal quarter the management fee for such quarter would be pro rated based on the number of remaining days in the fiscal quarter and any overpayment would be returned by HCIM to the respective fund. Any carried interest earned by the general partner of such a fund is only paid when the fund has received cumulative proceeds from portfolio assets in excess of the sum of (i) capital contributed to acquire assets which have been disposed of, if any, (ii) impairments from portfolio assets (including those which have not been disposed of), and (iii) expenses incurred by the fund. The limited partnership agreement for each such fund includes a term which provides that, in the event that the general partner receives carried interest in excess of a defined formula, the excess amounts will be returned to the limited partnership .

E.

Not applicable.

<b>Item 6 – Performance-Based Fees and Side-By-Side Management</b>
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In some cases, HCIM has entered into performance-based fee arrangements with clients, while in other cases, HCIM charges an asset-based fee. Performance based fee arrangements may create an incentive for HCIM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. HCIM has processes in place to ensure oversight of investments for such clients, including the JHUSA approval process (see Item 8A), review of accounts (see Item 13) and extensive reporting to the Credit Committee of Manulife Financial Corporation. In addition, JHUSA has made a commitment to co-invest beside certain of these private fund clients, which aligns its interests with that of the private fund clients. Such performance-based fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. HCIM has implemented procedures reasonably designed to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among clients (see Item 11).

The general partner of certain of the private fund clients is entitled to receive carried interest based on the performance of the assets of such private fund clients. Certain supervised persons of HCIM are non-managing members of these general partner entities. Such employees, as part of their compensation, receive a percentage of the carried interest earned by the general partner. These supervised persons do not receive any part of the management fee that is paid to HCIM. The allocation of carried

interest to supervised persons may differ from one private fund client to another. Also, the performance of private fund clients may vary over time. These factors could create incentives for supervised persons to favor one private fund client over another. This potential conflict is managed in two primary ways: (i) for new investments, there is generally only one private fund open for new investments at a time which limits the ability of supervised persons to allocate an investment to a private fund client which would be more beneficial to them, and (ii) for existing investments, HCIM and JHUSA have processes in place to ensure oversight of investments for such clients, as noted above, including the JHUSA approval process (see Item 8A), review of accounts (see Item 13) and extensive reporting to the Credit Committee of Manulife Financial Corporation.

On occasion, HCIM or a related person is paid a closing, transaction, commitment, breakup or other fee by a non-client in connection with giving advice to clients or structuring an investment transaction in which a client may invest. In such instances, all, a portion or none of such fees may be used to offset management fees, or all, a portion or none of such fees may be retained by the related person. For one of its private fund clients, HCIM is required to reduce the management fee paid by such fund by 80% of the fund's share of any transaction, commitment, break-up or similar fees received by HCIM in connection with the investment of fund capital, net of related expenses, but is permitted to retain the remaining 20% of such fees without reducing the management fee by such amount. HCIM will determine the amount of these fees in its own discretion, subject to agreements with portfolio companies in which such private fund client invests and market norms. These fees compensate HCIM for its expertise in structuring the deal and are a negotiated term of the transaction. Although HCIM receives these fees from actual or prospective portfolio companies, the opportunity to earn these fees may create a conflict of interest between HCIM, on the one hand, and the private fund client, on the other hand, because the amounts of fees that HCIM may retain may be substantial. This conflict includes HCIM potentially having a financial incentive to select certain investments that will pay HCIM such a fee versus other investments that will not pay a fee or pay a lesser fee to HCIM. This potential conflict is managed by HCIM's investment oversight processes, as described above in this Item 6.

## **Item 7 – Types of Clients**

HCIM provides investment management services to private fund clients, a corporate pension plan, an affiliated corporation and an unaffiliated insurance company. HCIM's private fund clients include collateralized debt obligation ("CDO") vehicles.

For purposes of this brochure, investors in private funds advised by HCIM are not considered HCIM's clients. HCIM considers each private fund to be its client.

While HCIM does not have any specific requirements for opening or maintaining an account, HCIM generally only provides investment advisory services to private funds and other institutional investors. HCIM does not generally accept as investment advisory clients non-institutional individual investors other than accredited investors.

<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</b>
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A.

**Methods of Analysis**

HCIM's investment process focuses on in-depth credit and/or equity analysis of an issuer, the strength of the issuer's management team, the operating history and industry position of the borrower, the collateral in secured deals, the covenant package in a transaction and other factors, such as diversification of revenues and profits; liquidity; financial leverage; insurance coverage; and legal, regulatory, accounting and environmental risks. HCIM's investment analysts, all of whom are in-house with HCIM or a related person, use fundamental credit analysis using various sources including company annual reports and press releases, research materials prepared by others, newspapers, corporate rating and research services and industry, trade association and academic publications. Material provided by the Federal Reserve Board and other government agencies may also be consulted. HCIM's investment approach is characterized by a long term view. Each investment is analyzed for its creditworthiness and/or potential for capital appreciation over the full term of the investment.

**Investment Strategy**

HCIM's current investment strategies for its clients may include investments in public and private securities, including corporate bonds at various quality levels, structured finance obligations, equity and mezzanine securities.

HCIM may employ the following investment strategies, depending on the client:

- for its fixed income strategy, HCIM focuses on (i) credit risk, investing primarily in corporate bonds that offer relative value (i.e., bonds that appear to be underpriced from a fundamental perspective relative to similar or related securities), and (ii) as an additional feature for certain clients, the potential for long-term capital appreciation by investing in equity securities; and
- HCIM also manages client assets using a total return framework to outperform benchmark indices.

Investments by HCIM on behalf of its clients are subject to JHUSA's approval process. In this process, HCIM evaluates a potential investment and decides whether to have the applicable HCIM client proceed with the transaction. Prior to acquiring a new investment, HCIM submits the transaction to the appropriate credit authority of the Bond and Corporate Finance Group of JHUSA for its review. This credit authority analyzes the transaction. Upon concurrence with HCIM's decision, the new investment will be acquired.

Investing in securities involves risk of loss that clients should be prepared to bear.

B & C.

### **Risks of Investment Strategy and Types of Securities**

All investments involve the risk of loss, including (among other things), loss of principal, a reduction in earnings and the loss of future earnings. These risks include the risks described below as well as other risks of investing in the market that are not contemplated in this Form ADV.

#### Debt

Investments in debt securities, whether senior or subordinated debt, public or private, secured or unsecured, or investment-grade or below investment-grade, may involve the following risks:

**Liquidity Risk:** Debt securities may be illiquid. The risk of investing in illiquid securities is that they may be difficult for HCIM to sell for their fair market value. HCIM may purchase debt securities for clients that are subject to restrictions on sale because they were acquired from the issuer in a “private placement”. HCIM may not be able to sell these securities publicly. Furthermore, contractual conditions or practical limitations may preclude, delay or otherwise restrict HCIM's ability to dispose of illiquid securities for clients or reduce the proceeds that might otherwise be realized from any such disposition. In addition, the ability to buy or sell debt securities may be reduced or cease at any time, due to general market turmoil, problems experienced by a single issuer or a market sector, or other factors.

**Interest Rate/Market Value Risk:** There is a risk that the value or yield of a debt security may decline if interest rates change. In general, the prices of debt securities rise when interest rates fall, and fall when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter term obligations. Depending on the timing of the purchase of such a security and the price paid for it, changes in prevailing interest rates may increase or decrease the security's yield. If the debt securities were to be marked-to-market or sold, changes in interest rates may adversely affect the value of these investments.

**Credit Risk/Market Risk:** There is a risk that a decline in an issuer's financial position may prevent it from making payments on the securities they issue. Also, if an issuer's financial condition changes, the credit quality of the securities may be lowered. Bonds with lower credit ratings involve a greater risk of impairment or default before maturity. Lower credit quality also could result in greater volatility in the price of the security which could affect liquidity and ability to sell the security. An economic downturn could also disrupt the market for such securities and adversely affect the value of such securities and the ability of the issuer to repay principal and interest.

**Ratings Risk:** For investments in private corporate bonds, HCIM relies on credit ratings developed by internal credit analysts for each investment because such bonds are not rated by credit rating agencies.

**Prepayment Risk:** There is a risk that issuers may pre-pay on the bonds sooner than expected, forcing HCIM to reinvest the unanticipated proceeds for a client at lower interest rates, resulting in a decline in income.

**Below investment-grade debt Risks:** Below investment-grade debt obligations are subject to certain risks that are generally greater than those of investment grade securities. Issuers of such debt may be in weak financial health, their ability to pay interest and principal is uncertain and they may have a higher risk of becoming insolvent. Small changes in the issuer's creditworthiness can have more impact on the price of lower-rated bonds than would comparable changes for investment-grade bonds. Lower-rated bonds can also be harder to value and sell and their prices can be more volatile than the prices of higher-quality securities.

**Foreign Investment Risk:** Investments outside the United States may involve greater risks than investments in the United States, including lack of publicly available information, varying degrees of governmental regulation and oversight, difficulties enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws.

**Exchange Rate Risk:** There is risk associated with currency exchange rate fluctuations. Changes in exchange rates and exchange control regulations may increase or reduce the value of a security.

#### Subordinated Debt and Preferred Equity

In addition to certain of the risks noted above, investing in subordinated debt and preferred equity involves additional risks. Such investments are highly speculative and involve a high degree of risk of credit loss. These risks are likely to increase during an economic recession. Although typically senior to common stock or other equity securities, subordinated debt and preferred equity will generally be unsecured and subordinated to substantial amounts of senior debt, all or a significant portion of which may be secured. In addition, these securities may not be protected by financial covenants, such as limitations upon additional indebtedness, which typically protect such senior debt. Holders of subordinated debt generally are not entitled to receive any payments in bankruptcy or liquidation or certain default scenarios until senior creditors are paid in full. Holders of preferred equity are not entitled to payments until all creditors are paid in full. In addition, the remedies available to holders of subordinated debt are normally limited by restrictions benefiting senior creditors. To the extent a portfolio company cannot generate adequate cash flow to meet senior debt service, such clients may suffer a partial or total loss of capital invested.

#### Common Equity

In addition to certain of the risks applicable to debt investments, investments in common equity are subject to the risk that the price of equity securities may decline in response to the performance and financial condition of individual issuers of equity, as well as general market

and economic conditions. General market conditions could include changes in interest rates, political situations, economic growth, and market conditions.

### Derivatives

Derivatives may be subject to risks such as liquidity risk, interest rate risk, market risk and credit risk.

### Other Risks

HCIM competes for investments for its private fund clients with a number of other sources of capital with similar investment objectives. As a result, there may be relatively few attractively-priced investment opportunities available at certain times. This could result in HCIM investing capital over a longer period of time and potentially have an adverse impact on performance.

Also, HCIM may acquire for its clients either debt or equity securities of companies formed for specific transactions and that have no operating histories, or of companies that are highly leveraged, with significant burdens on cash flow resulting from acquisitions, recapitalization or other debt service. Such companies' securities and the ability of such companies to pay debts could be adversely affected by interest rate movements, changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or specific developments within such companies. In connection with the disposition of such investments, HCIM may be required to make representations about the business and financial affairs of the company typical of those made in connection with the sale of a business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HCIM or the integrity of HCIM's management. HCIM has no information applicable to this Item.

Although HCIM and its affiliates may be subject to litigation from time to time in the normal course of business, there is no pending or threatened litigation or regulatory action against HCIM that is likely to affect the legality, validity or enforceability against it of any advisory agreement to which it is a party or its ability to perform advisory services for its clients.

## **Item 10 – Other Financial Industry Activities and Affiliations**

A.

Certain of HCIM's management persons are registered representatives of a broker-dealer, John Hancock Distributors LLC, which is an affiliate of HCIM.

B.

Neither HCIM nor any of HCIM's management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

C.

As noted in Item 4, HCIM is an indirect wholly-owned subsidiary of Manulife Financial Corporation ("MFC"). MFC is also the indirect parent company of the following related persons with whom HCIM and/or its management persons have relationships that are material to HCIM's advisory business or HCIM's clients:

- John Hancock Distributors LLC ("JHD"), a broker-dealer registered with the Securities and Exchange Commission.
- Manulife Asset Management (Hong Kong) ("MAMHK"), a company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China. MAMHK is an investment adviser.
- Manulife (International) Limited ("MIL"), a company incorporated in Bermuda and having its principal place of business in Hong Kong. MIL is an insurance company.
- John Hancock Life Insurance Company (U.S.A.) ("JHUSA"), a Michigan insurance corporation.
- Declaration Management & Research LLC ("DMR"), a Delaware limited liability company. DMR is an investment adviser registered with the Securities and Exchange Commission.
- Hancock Capital Management, LLC ("HCM"), a Delaware limited liability company.
- Manulife Asset Management Limited ("MAML"), a corporation incorporated under the laws of the Province of Ontario and registered as an exempt market dealer in all Canadian provinces.

JHD and HCM have entered into a Placement Agency Agreement. As noted in Item 10A, certain of HCIM's management persons are registered representatives of JHD. HCIM does not believe such relationship will create a material conflict of interest between HCIM and its clients.

MAMHK serves as investment adviser to MIL. HCIM serves as sub-investment adviser to MIL pursuant to a sub-investment management agreement between HCIM and MAMHK. HCIM does not believe such relationship will create a material conflict of interest between HCIM and its other clients.

MIL is one of HCIM's investment advisory clients pursuant to a sub-investment management agreement between HCIM and MAMHK, as noted above.

HCIM's principal executive officers each serve in a dual capacity as officers of HCIM and JHUSA and/or one or more of its affiliates. These persons are shared with and provide services to HCIM under a services agreement with JHUSA (which has a services agreement with one or more affiliated companies), but may spend the majority of their time on activities for JHUSA or its affiliates. These persons are subject to the control of JHUSA or its affiliates and may take actions that are different from the actions that individuals who are not employed by JHUSA or its affiliates would take. The principal activity of certain of these persons is in each case providing investment advice or investment management services to affiliated or non-affiliated entities. These supervised persons receive a base salary and performance-based bonus which is based on a number of factors, including the performance of certain accounts of JHUSA that are independent of the investments made by HCIM on behalf of its clients, which could present a conflict of interest. For example, certain HCIM officers, acting in their capacity as JHUSA employees, may review investments for JHUSA of the type in which HCIM's clients do not invest. If that asset class were performing better than asset classes in which HCIM's clients do invest, the compensation of such supervised persons from that asset class would be higher and thus would incentivize such supervised persons to allocate more of their time and attention to that asset class.

These conflicts are mitigated by: (a) each such supervised person's responsibility to render services in the client's best interest pursuant to the investment management or other agreement and HCIM's code of ethics; and (b) the JHUSA approval process (see Item 8A).

DMR serves as sub-investment manager to HCIM with respect to certain of its clients. HCIM does not believe such relationship will create a material conflict of interest between HCIM and its other clients.

HCM, a related party of HCIM, is the managing member of the general partner entities for certain of the private fund clients. HCIM does not believe such relationship will create a material conflict of interest between HCIM and its other clients.

MAML and HCM have entered into a Distribution Agreement regarding the sale of certain private investment fund securities in the Canadian exempt securities market. HCIM does not believe such relationship will create a material conflict of interest between HCIM and its clients.

<b>Please see <u>Item 11</u> below for descriptions of how these relationships could create material conflicts of interest with clients and how those conflicts are addressed.</b>
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D.

HCIM does not recommend or select other investment advisers for its clients.



<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>
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## **Code of Ethics**

HCIM has adopted a Code of Ethics for all supervised persons of HCIM. The Code of Ethics describes HCIM's high standards of integrity and ethical business conduct that all supervised persons must follow. The Code of Ethics includes provisions relating to general fiduciary principles and business conduct, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. The Code of Ethics is designed to ensure that personal securities transactions and outside activities of officers of HCIM will not interfere with making decisions in the best interest of clients. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that they would not materially interfere with the best interests of HCIM clients. In addition, the Code of Ethics requires pre-clearance of most transactions and restricts trading within 7 calendar days before or after client trades for certain designated access persons. Access persons are any of HCIM's supervised persons who have access to non-public information regarding any client's holdings or purchase or sale of securities, or any person who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. HCIM is permitted to develop de minimus and other exemptions from the requirements of the Code for those situations that appear to involve no opportunity for abuse and where the exemption would be otherwise permitted by applicable law.

All supervised persons at HCIM must acknowledge that they have read and agree to abide by the Code of Ethics at least annually and sanctions are imposed for non-compliance with the Code of Ethics. A copy of the Code of Ethics is available upon request by contacting Jason Pratt at 617-572-0693.

## **Conflicts of Interest—General**

Conflicts of interest with respect to HCIM's private fund clients may arise from time to time, as described below:

- Frequently a related person of HCIM co-invests with one or more client accounts in securities of the same or similar class. In addition, HCIM or a related person may invest the assets of a client in securities of the same or similar class in which HCIM or a related person has a pre-existing ownership interest. In appropriate circumstances a related person may, as principal, buy securities for itself from, or sell securities it owns, to a client if the client (or, as applicable, its investment advisory committee or equity holders, in the case of certain private fund clients) grants its consent.

- Mezzanine investment opportunities presented to or sourced by JHUSA or HCIM may be subject to the portfolio manager's discretion to allocate a certain percentage of any such investment to certain of HCIM's private fund clients as well as a related person. The allocation entitlements for private fund clients are set forth in such fund's limited partnership agreement and HCIM's Investment Allocation Process. In addition, other JHUSA accounts may participate in such investments, on the same terms and conditions as the investments made by such private fund clients, to the extent the fund does not commit all of the capital required for such investments.
- Certain private fund clients may make investments in portfolio companies in which other JHUSA accounts already have an investment, or vice versa. Such situations may present conflicts of interest, particularly in cases where the private fund client and other JHUSA accounts have invested in different levels of a portfolio company's capital structure, which could result in JHUSA accounts holding securities which are senior in priority to those held by the client. For example, in cases in which a HCIM private fund client makes an investment in a portfolio company in which a JHUSA account has a prior investment, the fund's investment may indirectly enhance the value of JHUSA's prior investment.
- From time to time, JHUSA or an affiliate may provide financing in the form of a loan to a portfolio company in which HCIM has invested on behalf of certain private fund clients. The securities received in such transaction may be secured by the assets of the portfolio company and will generally be senior in priority to the portfolio company's existing subordinate debt or equity holders, including HCIM's private fund clients. Similarly, JHUSA or an affiliate may provide additional equity to a portfolio company and receive preferential liquidation or dividend terms over the securities held by HCIM clients. Any such financing and/or capital contribution will be at JHUSA's or its affiliates' sole discretion, and there is no guarantee that JHUSA or any of its affiliates will provide such financing and/or capital to any portfolio company.
- Conflicts may arise if a private fund client's investment in a portfolio company is used, directly or indirectly, to refinance or otherwise liquidate an investment in the portfolio company that was made by a JHUSA account or another private fund client, or if an investment by a JHUSA account is used, directly or indirectly, to refinance or otherwise liquidate an investment by a HCIM private fund client in a portfolio company. Such conflicts of interest may include determinations of whether existing investors are being cashed out at an appropriate price and whether new investors are purchasing securities with terms that are more or less favorable than the prevailing market terms. In such cases, HCIM may have an incentive to arrange for an investment to be refinanced or liquidated upon terms that are advantageous to the other JHUSA accounts involved.

- Conflicts of interest may arise if a portfolio company in which a HCIM private fund client and a JHUSA account have invested subsequently becomes financially troubled. For example, questions as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced may arise. 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, whether or not to provide additional capital, and the terms of any work-out, restructuring, or additional capital, may raise conflicts of interest.
- Conflicts of interest may arise if HCIM decides to sell a private fund client investment in a portfolio company in which JHUSA accounts hold an investment at a different level of the capital structure, or vice versa. Conflicts of interest may arise if HCIM decides to sell a private fund client investment in a portfolio company in which JHUSA accounts hold an investment and the JHUSA accounts do not sell their investment or do not sell their investment in the same proportion as the private fund client. Similarly, conflicts of interest may arise if JHUSA decides to sell an investment it holds in a portfolio company that is also held by a private fund client and HCIM does not sell the private fund client's investment or does not sell the investment in the same proportion as JHUSA.
- In limited cases, employees of HCIM may serve on the boards of certain portfolio companies in which private fund clients invest. A HCIM employee who serves as a board member of a portfolio company will have a fiduciary duty to the stakeholders of such portfolio company as a director, and a potentially conflicting fiduciary duty to HCIM clients. While HCIM generally expects the interests of portfolio companies to be aligned with those of HCIM's clients, from time to time such interests may diverge. In those situations, any investment-related decisions impacting the applicable portfolio company will be made by HCIM through its normal investment decision-making process, without regard to the fact that a HCIM employee serves on the board of such portfolio company. In the event of such conflict, the HCIM employee serving on the board would recuse himself from voting on the matter that would conflict with the client.
- Management fees, carried interest allocations, performance fees and/or other compensation payable to HCIM or certain of its related persons by private fund clients are established by HCIM at the time of the establishment of the relevant vehicle and negotiated with participating investors prior to their investment. Specific details of such compensation and expenses and their method of calculation are set out in the offering materials, disclosure documents and/or governing documents of the relevant private fund client and, as indicated above, vary from private fund to private fund. Such compensation and expenses, once the relevant private fund has been established and commenced operations, are generally not negotiable. From time to time, the general partner of certain of the private fund clients may enter into "side letters" or similar negotiated agreements

with investors in the private fund clients that may provide rights and terms that vary from those granted under the terms of the limited partnership agreements, including the right to receive rebates or reductions of management fees or other compensation otherwise payable with respect to investments to HCIM. As a result, some investors may invest in the private funds on terms (including without limitation those relating to information rights) more favorable than the terms that are available to other investors. These differing terms may be based on the size of an investor's investment in a private fund or other similar commitment by the investor.

- Conflicts of interest may arise with respect to a private fund client at the time of liquidation of the fund. At the end of a fund's life, it may be in the best interests of the fund to sell the remaining securities to the Manulife General Account in order to avoid in-kind distributions to the fund's investors.

HCIM has a Conflicts Committee that is responsible for reviewing potential conflicts of interest relating to the HCIM's advisory clients and providing advice and recommendations for mitigating such conflicts. The members of the Conflicts Committee are appointed by the HCIM Board and consist of representatives from portfolio management, trading, law and compliance. The Conflicts Committee meets regularly and on an ad hoc basis, as necessary.

In addition, certain of HCIM's private fund clients have advisory committees comprised of limited partners that are established in accordance with the terms of their limited partnership agreements. In accordance with the fund's governing documents, the general partner of each such fund refers to the advisory committee matters involving conflicts of interest between such fund and JHUSA accounts or other HCIM clients that the general partner reasonably determines to be material, including in the circumstances described above, other than such matters as are explicitly contemplated by the terms of the limited partnership agreements. The advisory committee of such private fund client addresses these conflicts in accordance with its duties and obligations set forth in the respective limited partnership agreements.

From time to time, HCIM or its affiliates may restrict investments in certain securities, industries, companies or countries based on regulatory, contractual or risk management reasons. As a result of this, HCIM clients who have the ability to invest in such securities, industries, companies or countries may not be able to make such investment.

### **Conflicts of Interest—Investment Allocation**

HCIM manages investment advisory accounts for its advisory clients. The Bond and Corporate Finance Group of JHUSA manages certain proprietary accounts and accounts on behalf of certain affiliates, including JHUSA ("affiliated accounts"). These accounts may invest in publicly registered bonds, private placement bonds or both, depending on their particular investment policies. In addition, some of these accounts

are authorized to invest in mezzanine transactions and direct private equity investments. HCIM advisory clients, proprietary accounts and affiliated accounts may from time to time invest in the same securities, resulting in a potential conflict of interest between HCIM's clients and HCIM's affiliates. HCIM is not required to purchase an investment for one client that they may have purchased for another client. In certain circumstances HCIM may sell an investment for one client while purchasing the same investment for another client. This may result in a potential conflict of interest between and among HCIM's advisory clients.

HCIM has adopted an Investment Allocation Process designed to allocate investment opportunities in a manner that is fair to all of the accounts managed by HCIM. Investments generally are allocated among proprietary, affiliated and/or client accounts of HCIM and the Bond and Corporate Finance Group of JHUSA, according to their respective investment policies, cash available to invest and investment needs, and then among advisory client accounts consistent with their respective investment policies, cash available, the overall size of the investment opportunity, any minimum investment requirements and investment needs. As set forth in the HCIM Investment Allocation Process, with respect to mezzanine transactions, two private fund clients and JHUSA as co-investor in such funds have the right, pro rata in accordance with their respective capital commitments, to purchase up to 90% of each mezzanine investment opportunity presented and available to HCIM or the Bond and Corporate Finance Group of JHUSA. As a result of this arrangement, other HCIM clients who have the ability to invest in mezzanine transactions may not be able to invest as much as such private fund clients and JHUSA.

### **Conflicts of Interest—Personal Trading**

HCIM's officers and employees may under certain circumstances purchase and sell securities for their own accounts, including securities which might be purchased or sold for client accounts. The Code of Ethics imposes various trading restrictions and reporting requirements on certain personal securities transactions in order to monitor for and avoid conflicts of interest with client account activity. Most proposed personal securities trades (including all private placement investments) for such officers and employees (including certain household family members) must be approved by HCIM before the trade is executed. Pre-clearance approval applies to debt and equity securities, including private placements. Further, no officer or employee involved in portfolio management activities (or family member) may trade in securities that are likely to be traded for a client account without requesting an exemption through HCIM's formal exemption process. Also, personal trades and holdings, direct or indirect by officers and employees involved in investment advisory activities, must be reported to HCIM's Compliance office.

## **Item 12 – Brokerage Practices**

A.

Generally, in the absence of a client's direction to use a particular broker or dealer for the execution of transactions in such client's account, HCIM's primary objective in effecting portfolio transactions is to seek to achieve best execution. "Best execution" is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the circumstances.

The factors that HCIM may consider in selecting a particular broker or dealer and determining the reasonableness of its commission include, without limitation: HCIM's knowledge of available broker-dealer margin/mark-ups or commissions and other typical transaction costs; the nature of the transaction; the size of the transaction; the desired timing of the transaction; the activity existing and expected in the market for the transaction; confidentiality; the execution, clearance and settlement capabilities and procedures of the broker or dealer; HCIM's opinion of the financial stability of the broker or dealer; and the willingness of the broker or dealer to commit capital as necessary for execution. Given these factors, HCIM's clients may pay transaction costs in excess of those which another broker or dealer might have charged for effecting the same transaction.

HCIM will generally purchase debt securities for client accounts from the issuer (or its agent) or a primary market maker acting as principal on a net basis with no brokerage commission paid by the client. With respect to private placements of debt and equity securities, in most cases HCIM will effect transactions for client accounts either directly with the issuer or through the broker or dealer offering the security for sale. Debt and equity securities also may be purchased for client accounts in underwritten offerings at prices that include underwriting commissions and fees. Most debt security transactions executed by HCIM in the secondary market are executed on a competitive basis, taking into account the factors discussed above.

Certain broker/dealers may provide HCIM with research or analytical data, which they make generally available to a broad array of potential investors. Such data is not taken into consideration by HCIM in selecting broker/dealers. HCIM believes that any such data would be made available to HCIM whether or not trades are placed through a given broker/dealer.

Occasionally, transactions are directed to a particular broker or dealer when market conditions indicate that this method is likely to produce better net prices.

With regard to certain private fund clients, most investments made by such funds involve private securities that are not traded or sold through a broker-dealer. From time to time a portfolio company in such a fund later may seek to raise capital through a public offering of its common stock. If HCIM elects to liquidate a fund's

interest in the portfolio company in the public offering, it may be required to do so through the underwriter of the offering or a broker-dealer specified by the underwriter or the equity sponsor. In that case, HCIM will be limited in its ability to select a broker-dealer to effect the transaction. In addition, HCIM may be unable to negotiate the commissions on such trades, and the fund may pay a higher commission than it would if HCIM was free to select the executing broker.

HCIM does not consider client referrals in selecting or recommending broker-dealers.

Generally, we do not permit clients to direct brokerage, but in the event HCIM did so, its authority with respect to brokerage discretion may be subject to conditions imposed by the client. For example, HCIM's clients may retain the power to direct that certain transactions be effected through specific brokers or dealers. In such cases, HCIM may be unable to achieve the most favorable execution of directed transactions, clients may receive less favorable prices, clients may pay higher commission rates than those available through other broker-dealers, and clients may pay higher brokerage commissions because HCIM may not be able to aggregate the order with other customer orders.

B.

When the same security is being purchased by HCIM for two or more clients, or by HCIM and the Bond and Corporate Finance Group of JHUSA for clients and proprietary or affiliated accounts, trade orders may be aggregated. The aggregation of trades may allow HCIM to obtain better net prices and execute trades in a more timely manner. HCIM receives no additional compensation or remuneration of any kind as a result of aggregating orders. If an order is only partially filled, each account will receive a pro-rata share of the securities purchased or sold based on the size of its order relative to the aggregate order.

HCIM may not aggregate orders if the effect of such aggregation is not consistent with its duty to provide best execution, including obtaining the best net price.

<b>Item 13 – Review of Accounts</b>
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A.

HCIM performs periodic (generally monthly or quarterly) internal account reviews to track account performance and to prepare client reports.

For each internal review, appropriate personnel of HCIM monitor or assess an account's various attributes, including custodial reports, portfolio guidelines, asset values, performance, portfolio structure and holdings. Approximately two to four individuals participate in an account's internal review. A portfolio manager is

responsible for reviewing the accounts he or she manages. Titles of portfolio managers range from Director to Senior Managing Director.

HCIM may also have meetings with clients. Client meetings generally cover the same topics as internal reviews. In addition, HCIM may provide supplementary information during a client meeting. This supplementary information may include relevant organizational or personnel changes concerning HCIM, information concerning aggregate assets under management of HCIM or HCIM's investment strategies.

B.

With respect to certain private fund clients, in addition to the periodic review, HCIM reviews these client accounts on an as-needed-basis throughout the quarter in connection with the ongoing operations of the fund and the management of its investments. Examples of situations that trigger a review of all or part of a client's account include scheduled interest payments, prepayments of principal and interest, acquisitions or dispositions of securities, receipt of physical securities and any unusual events occurring in the marketplace. In such circumstances HCIM is regularly monitoring the accounts to insure that transactions are occurring as expected and that the figures provided by third parties match its records.

C.

HCIM provides written account reports to clients monthly or quarterly, depending on the particular arrangement with each client. Matters covered by reports to clients may include the account's portfolio guidelines and guideline compliance, asset values, performance, performance attribution, sector concentrations, yield curve exposure, portfolio structure, transactions and holdings.

For certain private fund clients, HCIM may also report on:

- each limited partner's closing capital account as of the end of the reporting period;
- the cost, reported value and a summary description of each portfolio investment owned by the fund at the end of reporting period, together with a schedule of cumulative distributions received by the fund from each such portfolio investment
- a description of recent key events affecting the fund during reporting period;
- a calculation of the internal rate of return and cash on cash return to the fund on each portfolio investment through the end of reporting period; and
- the amount of reserves maintained by the fund at the end of reporting period, including the value of temporary investments.

<b>Item 14 – <i>Client Referrals and Other Compensation</i></b>
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On occasion HCIM or a related person is paid a transaction, commitment, breakup or other fee by a non-client in connection with giving advice to clients or structuring an investment transaction in which a client may invest. In such instances, all, a portion or



none of the fees may be used to offset management fees or all, a portion or none of the fees may be retained by the related person. See Item 6 for additional detail.

A.

Investors in certain private fund clients advised by HCIM indirectly provide an economic benefit to HCIM for providing investment advice to such funds. HCIM generally receives a management fee from a fund based on a percentage of the aggregate capital commitments of the fund's limited partners or the amount of the fund's invested capital, the terms of which are set forth in such fund's limited partnership agreement. In addition, the general partner of the fund generally receives a carried interest in a fund. Please see Items 5 and 6 for additional information on the fees received by HCIM.

B.

In connection with the formation of two of the private fund clients, such fund engaged a unrelated third party placement agent to solicit limited partners for the fund. The placement agent was paid a market rate for providing this service. The placement agent is a registered broker/dealer.

In connection with the formation of one of the private fund clients, an affiliated placement agent was engaged to solicit limited partners for the fund. The placement agent is a registered broker/dealer. Also for this client, an affiliated third party was engaged to distribute the private investment fund securities in the Canadian exempt securities market. The distributor is registered as an exempt market dealer in all Canadian provinces.

In each of the above cases in this Item 14B, the private fund client is responsible for paying the cost of the placement agent or distributor, as the case may be, and can call capital from the limited partners to fund such expense. The limited partners received a 100% offset for such fees to the management fees otherwise payable by the fund to HCIM. Accordingly, there is no net cost to the limited partners or the private fund client for such fees.

## **Item 15 – Custody**

HCIM does not have custody of client's securities or cash, except that HCIM is deemed to have custody in the case of certain private fund clients which are pooled investment vehicles because a related person of HCIM is the general partner of each of these funds. For each of these clients, an annual audit of the pooled investment vehicle is conducted by an accountant registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), the annual audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and they are delivered to investors within 120 days of the fiscal year end. Such clients are exempt from the requirement to have a qualified custodian distribute

periodic account statements because the investment vehicle is audited annually as described above.

For these private fund clients, HCIM also maintains its own records with respect to cash receipts and payments, securities, ledgers and financial statements and provides the general partner of each such fund with reports that contain such information for its review. HCIM strongly encourages such clients to reconcile the statements received from third party service providers with the records prepared by HCIM.

#### **Item 16 – Investment Discretion**

HCIM accepts discretionary authority from each client to select the identity and amount of securities to be bought or sold on behalf of such client at the outset of the advisory relationship. Before HCIM assumes this authority, investment guidelines and restrictions must be documented in the investment management agreement, limited partnership agreement, indenture or other similar agreement with the client or in the private fund offering documents. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

In the limited partnership agreement for certain of the private fund clients advised by HCIM, the general partner has been granted discretionary authority to manage the investments made by each private fund client. In addition, pursuant to the terms of the limited partnership agreement, the general partner has the discretion to delegate this authority to the investment manager, HCIM. In certain cases, this delegation is contained in the limited partnership agreement and in other circumstances the general partner has entered into a separate investment management agreement which contains the delegation of authority from the general partner to HCIM.

See also Item 4.

#### **Item 17 – Voting *Client* Securities**

A.

HCIM accepts the authority to vote client securities and has a Proxy Voting Policy which outlines its fiduciary duty to its clients to use its best efforts to preserve or enhance the value of a client's account.

It is HCIM's policy that when HCIM is given authority to vote proxies for any client account, HCIM must have full discretion and authority to vote all proxies for that account. HCIM does not accept partial voting authority nor does HCIM accept instructions from others on how to vote on specific issues. Clients may wish to retain proxy voting authority and vote their own proxies if necessary to satisfy particular social, environmental or other goals.

When HCIM is given authority to vote proxies for any account, it is HCIM's policy to vote all proxies received on behalf of HCIM's client accounts except in unusual circumstances. HCIM may abstain from voting a proxy if HCIM concludes that the effect on the account holder's economic interests or the value of the portfolio holding is insignificant. HCIM also may abstain from voting a proxy for cost reasons (e.g., costs associated with voting proxies of non-U.S. securities). In accordance with any applicable fiduciary duties, HCIM would weigh the costs and benefits of voting proxy proposals relating to non-U.S. securities and make an informed decision with respect to whether voting a given proxy proposal is prudent. HCIM's decision would consider the expected effect that such vote, either by itself or together with other votes, would have on the value of the account holder's investment and whether this expected effect would outweigh the cost of voting.

HCIM recognizes that the potential for conflicts of interest could arise in situations where HCIM officers or related persons have material business relationships or material personal/family relationships with the subject company (or with a potential acquiring or target company in the case of a takeover proxy vote). To address these potential conflicts, HCIM has proxy voting procedures reasonably designed to identify potential conflicts and a Proxy Voting Committee to address them. If a potential for conflict is identified, it is brought to the attention of the Proxy Voting Committee which uses reasonable efforts to determine what the conflict is by screening proxies against lists of companies with whom HCIM may have a material business relationship and/or reviewing any material business relationships or material personal/family relationships of personnel involved in the proxy vote. The Proxy Voting Committee will decide how to vote the proxy in the best interests of HCIM's client(s) and document their rationale.

Clients may obtain a copy of HCIM's Proxy Voting Policy and a record of how HCIM voted the proxies for their accounts by contacting the HCIM Compliance Office at (617) 572-1135.

As an investment advisor, HCIM may be asked to decide whether to participate in a class action for assets held in the client's account. Upon mutual agreement of HCIM and the client, HCIM will file a claim in a class action.

B.  
Not applicable.

<b>Item 18 – Financial Information</b>
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A.  
Not applicable.

B. & C.  
HCIM is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.