



Piper Jaffray Investment Management

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Form ADV Part 2 - Disclosure Brochure

Municipal Opportunities Strategy

January 31, 2013

This Brochure provides information about the qualifications and business practices of Piper Jaffray Investment Management ("PJIM"). If you have any questions about the contents of this Brochure, please contact us at 612-303-6000. 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.

PJIM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about PJIM also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Item is intended to discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes since our last update of our brochure which was January 2, 2013.

This Brochure has been updated to include the Municipal Opportunity Strategy's allocation policy and procedure which can be found in item 12, Brokerage Practices.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Additional information about PJIM is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with PJIM who are registered, or are required to be registered, as investment adviser representatives of PJIM.

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Item 4 – Advisory Business

This disclosure document deals solely with the Piper Jaffray Municipal Opportunities Strategy (the “Municipal Opportunities Strategy”). This document provides clients with information about Piper Jaffray Investment Management LLC (“PJIM”) and its Municipal Opportunities Strategy that should be considered before becoming a client of PJIM or investing in the Municipal Opportunities Strategy. This information has not been approved by any governmental authority.

General Information and Investment Advisory Services

For the purpose of this brochure, PJIM manages investments in a Municipal Opportunities Strategy with discretionary authority on behalf of clients and investors primarily through the use of a commingled investment vehicle. PJIM may also provide separate account management in this strategy following further discussions with each individual client. PJIM will also generally manage such accounts with discretionary authority on behalf of such clients based on the goals and objectives of each individual client.

Types of Investments. For its Municipal Opportunities Strategy, PJIM primarily invests in municipal securities and (both tax-exempt and taxable municipal bonds, long-term or short-term) hedged in some cases with Securities Industry and Financial Markets Association Swaps (“SIFMA Swaps”), LIBOR swaps, credit default swaps, credit default index swaps, Treasuries, options, futures, caps, floors and Municipal Market Data (“MMD”) rate locks. PJIM may also invest in exchange-traded funds (“ETFs”) and closed-end funds.

Account minimums are generally \$5,000,000 or more in investable assets. Account levels under \$5,000,000 may be negotiated between PJIM and the client.

As the Municipal Opportunities Strategy is currently available solely as a commingled limited partnership, clients generally may not impose restrictions on investing in certain securities or types of securities. In separate accounts, PJIM will seek to provide advisory services that are tailored to the individual needs of each client. As a result, clients may impose restrictions on investing in certain securities or types of securities by notifying PJIM in writing.

Assets Under Management. PJIM manages all client assets on a discretionary basis in accordance with the terms of each client’s governing documents. As of December 31, 2011, PJIM had \$441 million in discretionary assets under management across the various investment strategies employed by PJIM on behalf of its clients as of such date.

Additional Information Relating to Piper Jaffray Investment Management

In addition to managing the Municipal Opportunities Strategy, PJIM, together with its affiliate, Piper Jaffray & Co. (“PJ&Co.” and, collectively, “Piper Jaffray”), also offers cash management strategies

including the Piper Jaffray Short Duration Fixed Income Advisory Program (the “Short Duration Fixed Income Advisory Program”), which is a customized investment management program sponsored by Piper Jaffray through which client accounts are managed by Fiduciary Asset Management, Inc. (“FAMCO”), the sub-adviser and an affiliated investment manager participating in the program, and the Piper Jaffray Custom Cash Management Program, sub-advised by Stone Ridge Investment Partners, LLC. PJIM’s separate brochure regarding the Cash Management Strategies is available upon request by contacting the Chief Compliance Officer at 612-303-6359.

PJ&Co. is a full-service brokerage and financial services firm and is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”). PJ&Co. is also a member of FINRA, various exchanges, the Securities Investor Protection Corporation (“SIPC”) and other financial services related organizations.

PJ&Co.’s broker-dealer activities are its principal business and account for the vast majority of its time, energies and resources.

PJ&Co.’s corporate headquarters are located at 800 Nicollet Mall, Minneapolis, Minnesota 55402. PJ&Co. services its clients from numerous branch offices located throughout the United States.

PJ&Co. has affiliated investment advisory companies, PJIM, PJC Capital Partners LLC, FAMCO and Advisory Research, Inc. PJIM is an SEC-registered investment adviser providing investment advisory services for individuals, corporations, public entities, foundations, and endowments. PJC Capital Partners LLC is an SEC-registered investment adviser providing advisory services to private funds. FAMCO is an SEC-registered investment adviser providing equity and fixed income portfolio management services to corporations; pension and profit sharing plans; public entities; foundations and endowments; registered investment companies; and individuals. Advisory Research, Inc. is an SEC-registered investment adviser providing services to institutional and high-net worth investors. PJ&Co. solicits clients for PJIM’s, PJC Capital Partners, FAMCO’s and Advisory Research, Inc.’s advisory services, and may receive a referral fee as a result of those solicitations. FAMCO is the sub-adviser of the Short Duration Fixed Income Advisory Program.

PJ&Co., PJC Capital Partners, FAMCO, Advisory Research, Inc. and PJIM are wholly-owned subsidiaries of Piper Jaffray Companies, a financial holding company, publicly traded on the NYSE under the symbol PJC.

Municipal Credit Score Reports and Consultation

PJIM provides information, analysis and consulting services regarding municipal bonds. The reports focus on price, yield, and credit risk. While these services do not constitute investment advice regarding the securities that are analyzed, PJIM may also provide investment advice regarding the same or similar securities.

PJIM's Municipal Credit Score Reports are not intended to be used as a replacement for a full credit analysis, and do not act as a replacement for a bona fide credit rating. The scoring in PJIM's reports is a product of analysis of numerous quantitative measures to evaluate an issuer's general credit quality.

Promptly after the delivery of a Municipal Credit Score Report, PJIM makes an investment professional available to the client, via telephone, to discuss and review the report for a period of time that is agreed upon between PJIM and the client. PJIM may also provide additional consulting services from time to time, as agreed upon between PJIM and the client.

Item 5 – Fees and Compensation

Advisory Services

PJIM serves as general partner and investment manager to a commingled limited partnership that invests in the Municipal Opportunities Strategy. Because the strategy is currently available solely as a commingled limited partnership, the partnership ordinarily debits from each limited partner's Capital Account and pays to PJIM a management fee, in arrears (the "Management Fee") in an amount equal to 0.167% of the net asset value ("NAV") of such Account as of the end of each calendar month (approximately 2% per annum). The partnership also compensates PJIM with a 20% Performance Allocation.

Fees may, in certain circumstances, be negotiated. Some clients may pay higher or lower fees depending on considerations such as:

- The size of the client's Account;
- The amount of time the client has had an Account with PJIM;
- The total amount of business the client conducts through PJIM; and
- Other relevant criteria.

Billing Methods. PJIM will work with any separate account clients to determine their preferred billing method. In most cases, PJIM will generate an invoice quarterly in arrears and submit that invoice either to the client or a client's designated agent for payment. In some cases, clients may also elect to permit PJIM to deduct management fees from custodial accounts electronically. In the event that PJIM is permitted to deduct management fees electronically, PJIM will also deliver an informational copy of the invoice to the client or his/her designated agent.

Notes. It should be noted that PJIM's fees are exclusive of brokerage commissions, transaction fees, and/or other related costs and expenses which may be incurred by the client. Item 12 further describes the factors that PJIM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions). Separate account clients may also incur charges imposed by custodians, brokers and/or other third parties, such as: custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes of brokerage accounts and securities transactions. With respect to mutual funds, exchange-traded funds and other

collective investment vehicles in separately managed accounts, PJIM's fees are in addition to advisory fees that may be charged by such mutual funds and collective investment vehicles as per the fund's prospectus. Additionally, PJIM will not charge separate account fees to clients with respect to assets invested in investment vehicles that are affiliated with PJIM. For investors in a commingled fund, please refer to its private placement memorandum for additional information regarding fees.

Consulting and Credit Analytics Services

PJIM may charge a fixed fee for its Municipal Credit Score Reports, described above. The fee will typically range from \$50 to \$5,000 for each instrument analyzed, depending upon the nature and complexity of the instrument, and the depth of analysis included in the report. Up to 100% of this fee may be due upon signing a consulting agreement, with any balance due upon presentation of the applicable report to the client.

The fee for each report may include provision of the consulting services described in Item 4 above for an agreed-upon period of time. For any consulting services provided by PJIM in excess of the services provided as part of the fixed fee, the client will be charged at the rate of \$700 per hour.

Item 6 – Performance-Based Fees and Side-By-Side Management

As stated above, PJIM may receive a performance allocation as the result of its management of the limited partnership invested in the Municipal Opportunities Strategy. PJIM will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 ("Advisers Act") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, PJIM shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for PJIM to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. PJIM has implemented trade allocation procedures designed to ensure that all clients are treated fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among accounts. Please refer to the private placement memorandum for additional information regarding fees.

Item 7 – Types of Clients

The Municipal Opportunities Strategy is currently only available in a limited partnership vehicle to sophisticated investors meeting specific criteria. Please refer to the Private Placement Memorandum for additional information regarding these limitations and criteria. PJIM may also provide separate account management in this strategy following further discussions with each individual client.

PJIM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, public and private investment funds, trust programs and other U.S. institutions.

PJIM generally requires a minimum investment value of \$5,000,000 for accounts investing in the Municipal Opportunities Strategy. Account levels under \$5,000,000 may be negotiated between PJIM and the client.

These minimums apply to accounts on an individual basis. Exceptions to the minimum can be made if other factors or relationships deem it to be in the best interest of the client for PJIM to manage the relations.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

The investment objective of the Municipal Opportunities Strategy is to maximize total returns by taking advantage of perceived inefficiencies in the municipal securities market. However, no assurance can be given that the objective will be achieved or that a portfolio invested in this strategy will not sustain losses. PJIM primarily invests for the Municipal Opportunities Strategy in municipal securities and (both tax-exempt and taxable municipal bonds, long-term or short-term) hedged in some cases with Securities Industry and Financial Markets Association Swaps (“SIFMA Swaps”), LIBOR swaps, credit default swaps, credit default index swaps, Treasuries, options, futures, caps, floors and Municipal Market Data (“MMD”) rate locks. PJIM may also invest in exchange-traded funds (“ETFs”) and closed-end funds. Although PJIM believes that the Municipal Opportunities Strategy should mitigate the risk of loss through careful selection and monitoring of investments, an investment in the strategy is nevertheless subject to loss, including possible loss of the entire amount invested. No guarantee or representation is made that the strategy will be successful, and the investment results may vary substantially over time.

Fixed Income Risks

Credit and Insurer Risk. This is the risk that the issuer or guarantor of a municipal security will be unable or unwilling to make timely payments of interest or principal. Failure by any bond insurers to pay their obligations related to any municipal bond issuance due to bankruptcy of the insurer or for any other reason could have a material adverse effect on the value of any underlying municipal bonds that were insured by the defaulting insurer.

Interest Rate Risk. Municipal bonds are subject to interest rate risk. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with longer term maturities tending to be more volatile than those with short maturities.

Prepayment Risk. A municipal security may have redemption features that allow it to be prepaid (called) prior to its stated final maturity, and bears the risk that an issuer will exercise its right to pay principal on an obligation (such as an asset-based security) earlier than expected. This may happen

during periods of declining interest rates. Under these circumstances, an account may be unable to recoup all of its initial investment, or may receive a lower-than-expected yield from this investment and may be forced to reinvest in lower yielding securities.

Loss of Tax-Exemption Risk. Throughout their maturity, municipal obligations are in jeopardy of losing their “tax-exempt” status, either through actions of the issuer of the obligations, the borrower or another party. If the bonds lose their tax-exempt status, the interest on the bonds will become taxable and will have to be included in gross income of the holders of such bonds, potentially having serious tax ramifications on the bondholders.

High Yield Securities Risk. High yield securities, also known as “junk bonds,” are below investment grade quality, and may be considered speculative with respect to the issuer’s continuing ability to make principal and interest payments. Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. Although the strategy will purchase only investment grade securities, it may continue to hold securities that become non-investment grade or unrated securities.

Other Strategy Risks

Investment Techniques. In implementing the Municipal Opportunities Strategy, PJIM may utilize techniques such as borrowing to increase a portfolio’s equity exposure, and investing and trading in options, futures contracts, forward contracts, swaps and other derivative instruments. Although employing these techniques expands a portfolio’s opportunities for gain, it also substantially increases the risks of volatility and loss. As this strategy is presently offered solely in a limited partnership vehicle, additional important information is included in the Private Placement Memorandum.

Use of Leverage. PJIM intends to use leverage in its investment and trading program for the Municipal Opportunities Strategy, generally through borrowing to purchase financial instruments (e.g., traditional margin purchases) and purchasing inherently leveraged instruments such as financial futures contracts, options, forward contracts and swaps. The strategy expects to leverage exposure up to a maximum of five (5) times its actual equity, although PJIM may use less leverage as it determines is appropriate. To the extent an account purchases securities with borrowed funds, its net asset value will tend to increase or decrease at a greater rate than if borrowed funds were not used, and a relatively small price movement in a position could result in immediate and substantial losses.

Hedging. PJIM intends, on a regular basis, to hedge the strategy’s positions as a way to obtain protection against adverse price movements. However, hedging lowers the profit potential of the investment, just as it lowers the loss potential. For this reason, PJIM may choose to hedge only part of the portfolio and only for a limited period of time.

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 PJIM or the integrity of PJIM's management. PJIM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Piper Jaffray Companies (NYSE:PJC) is a leading, global middle market investment bank and asset management firm. Securities brokerage and investment banking services are offered in the United States through Piper Jaffray & Co., member SIPC and FINRA; in Europe through Piper Jaffray Ltd, authorised and regulated by the Financial Services Authority. Asset management products and services are offered through four separate investment advisory affiliates registered with the U.S. Securities and Exchange Commission: Advisory Research, Inc.; Fiduciary Asset Management, Inc., Piper Jaffray Investment Management LLC and PJC Capital Partners LLC.

PJ&Co. solicits clients for PJIM's, PJC Capital Partners and FAMCO's advisory services.

Item 11 – Code of Ethics

The PJIM Code of Ethics is based on the principle that the officers, directors, and employees (or persons having similar status or function) of PJIM have a fiduciary duty to place the interests of clients ahead of their own interests, and embodies the commitment of Piper Jaffray Companies and our subsidiaries, affiliated entities and representative offices to conduct our business in accordance with:

- our Guiding Principles
- the highest ethical standards; and
- all applicable laws, rules and regulations of the United States, the United Kingdom, Hong Kong, the People's Republic of China (the "PRC") and any other countries in which we operate.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at PJIM must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics has specific restrictions and disclosure requirements around initial public offerings, private placements and the prevention of the misuse of material, non-public information.

PJIM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer at PJIM, 800 Nicollet Mall, Suite 800, Minneapolis, MN 55402.

Clients should anticipate that, from time to time, PJIM and its affiliates will buy or sell the same securities and other financial instruments for their personal accounts that are identical to those recommended to clients or that the clients own. The portfolio managers of PJIM will also manage a proprietary account invested in the Municipal Opportunities Strategy for an affiliated broker-dealer, and it similarly may buy or sell the same securities and other financial instruments that are identical to those recommended to clients or that the clients own. At no time will PJIM or its affiliates put personal interests before that of its clients, or intentionally disadvantage clients when executing trades. PJIM and its affiliates may participate in buy and sell transactions alongside clients as part of bunched orders. In these cases, PJIM will allocate fills of such orders on a pro-rata basis or in an otherwise fair and equitable manner to all participants in the bunched order.

PJ&Co., in its capacity as a securities broker-dealer and investment banker affiliated with PJIM, is routinely engaged in various securities transactions and trading activities for various clients and customers (in addition to the client), which could create conflicts of interest among its duties to the client and its duties to other clients and customers.

As a full service broker-dealer, on an ongoing basis and as permitted by applicable law, PJ&Co. may when appropriate:

- Act as a principal, buy securities from, or sell securities to other clients
- Act as broker or agent, effect securities transactions for compensation for other clients,
- Act as a broker or agent for any person other than a client, or effect transactions in which client securities are sold to or bought from a brokerage client,
- Recommend to clients that they buy or sell securities or investment products in which PJ&Co. or a related person has some financial interest, or
- Buy or sell for itself securities that it also recommends to clients.

PJIM may conduct internal cross transactions if the transactions are consistent with the investment objectives of, and in the best interest of, the clients involved.

Item 12 – Brokerage Practices

Broker-Dealer Transactions

In selecting a broker-dealer through which to purchase or sell securities, PJIM will look for the most favorable combination of transaction cost and transaction ability. In connection with transactions, price and commissions, execution ability, clearance procedures, and the nature and quality of research and other brokerage services provided by the broker-dealer are considered in using a specific broker.

- (a) PJIM may, but is not required to, place trades for the Municipal Opportunities Strategy with Piper Jaffray & Co., an affiliated broker dealer, or other affiliated entities. In such cases, PJIM

will not consider factors that benefit PJIM such as the referral of prospective clients and investors and agreement to pay certain expenses of PJIM (sometimes referred to as “soft dollars”) when selecting broker-dealers to place trades for the accounts in this strategy.

- (b) In no event will PJIM be obligated to effect any transaction for a client account that PJIM believes would be in violation of any applicable federal or state law, rule or regulation, or of the rules or regulations of any regulatory or self-regulatory body.

No assurance has been or can be given to the client that the client will achieve his or her investment objectives by providing discretionary investment management authority to PJIM.

Potential Conflicts of Interest

As stated in the previous Item 11, Piper Jaffray & Co., in its capacity as a securities broker-dealer and investment banker affiliated with PJIM, is routinely engaged in various securities transactions and trading activities for various clients and customers (in addition to the client) that could create conflicts of interest among its duties to the client and its duties to other clients and customers.

As a full service broker-dealer, on an ongoing basis and as permitted by applicable law, PJ&Co. may when appropriate:

- Act as a principal, buy securities from, or sell securities to other clients,
- Act as broker or agent, effect securities transactions for compensation for other clients,
- Act as a broker or agent for any person other than a client or effect transactions in which client securities are sold to or bought from a client,
- Recommend to clients that they buy or sell securities or investment products in which PJ&Co. or a related person has some financial interest, or
- Buy or sell for itself securities that it also recommends to clients.

PJIM may conduct internal cross transactions if the transactions are consistent with the investment objectives of, and in the best interest of, the clients involved. See each private placement memorandum of the funds for additional information on conflicts.

PJIM may give advice and take action in performing their duties to the client that differ from advice given, or the timing and nature of action taken, with respect to the Municipal Opportunities Strategy. In the course of its activities or otherwise, PJIM may from time to time acquire material non-public or other information about corporations or other entities. PJIM is not obligated and may not be permitted to divulge any such information to or for the benefit of clients, or otherwise act on the basis of any such information in providing services to clients. PJIM may trade for their own accounts securities that are recommended to clients.

PJIM and the portfolio managers may have an incentive to favor one or more of its other clients, including Piper Jaffray-owned funds, over client accounts (for example, with regard to the selection of particular investments) because those clients might pay PJIM or the portfolio managers more for its services than certain other clients. PJIM and its related persons will act in a fair and reasonable

manner in allocating suitable investment opportunities among their client and proprietary accounts. No assurance can be given, however, that (i) client accounts will participate in all investment opportunities in which other clients or Piper Jaffray-owned funds participate, (ii) particular investment opportunities allocated to client or Piper Jaffray-owned funds will not out perform investment opportunities allocated to other client or Piper Jaffray-owned funds, or (iii) equality of treatment between client and Piper Jaffray-owned funds will otherwise be assured.

PJIM has adopted and enforces internal policies and procedures, including, but not limited to, the Allocation Policy and Procedure contained herein, with respect to conflicts of interest between it and its clients. Pursuant to these policies and procedures, PJIM, when engaging in the enumerated above, treats clients fairly.

In addition to money market funds, Account assets may from time to time be invested in shares of other, unaffiliated open-end investment companies (mutual funds), provided that no front-end or deferred sales charge is payable in connection therewith. Such mutual funds may, however, provide for the payment of certain Rule 12b-1 and other asset-based charges. These payments may, where permitted under applicable regulatory requirements, be made to and retained by PJIM and its Piper Jaffray Representatives. If, and to the extent, that fund assets are invested in mutual funds, the client may indirectly pay duplicate advisory and other fees in connection with such investments.

Allocation Policy and Procedure

Portfolios for which PJIM acts as an advisor are governed by the principle of fair allocation of investment opportunities, the substance of which is documented herein. The investment trade allocation policy (“Allocation Policy”) is reviewed and updated on a periodic basis.

In order to ensure fairness in the allocation of investment opportunities among the funds it manages, PJIM will allocate investment opportunities with consideration to the prime determinants of market exposure, cash availability and sector exposure and with regard to the suitability of such investments to each fund. In determining the suitability of each investment opportunity to a fund, consideration will be given to a number of factors, the most important being the funds’ investment objectives and strategies, existing portfolio composition and cash levels.

Where an investment opportunity is suitable for two or more investor funds, PJIM will allocate such investment opportunity equitably in order to ensure that funds have equal access to the same quality and quantity of investment opportunities.

Where an investment opportunity is suitable for two or more funds, including any Piper Jaffray-owned fund and wherein aggregated orders include one or more Piper Jaffray-owned funds, investor funds will always receive preferential allocations over any Piper Jaffray-owned fund. In this regard, any partial fills will first be allocated to the investor fund(s), and only if there are remaining executed quantities after first filling the investor fund allocation will the Piper Jaffray-owned fund(s) receive an allocation.

Selecting Brokers and Use of Soft Dollars.

PJIM does not generally receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

Selecting Brokers & Referral Arrangements

PJIM may select as a broker-dealer for client transactions, broker-dealers that have affiliated entities who have referred or may refer clients to PJIM. In such cases, PJIM may have an incentive to select or recommend a broker-dealer based on its interest in receiving referrals, rather than on the clients' interest in receiving more favorable execution. Notwithstanding, PJIM will only choose such broker-dealers when the execution complies with the principles of best execution. PJIM has no formal relationships or agreements with any broker-dealer or associated person thereof that require PJIM to direct, or that compensate PJIM for directing, any specified level of brokerage/commissions to any broker-dealer.

Client-Directed Brokerage

With respect to PJIM's management services, clients will generally be required to give PJIM discretion and authority to manage their assets under PJIM's supervision. Consequently, PJIM will determine which securities to buy or sell, the broker or dealer through which the securities will be bought or sold, and the commission rates at which transactions are affected. Any limitations or restrictions, with respect to the exercise of this investment discretion, will be those established by the client, in writing, at the commencement of the advisory relationship or thereafter.

PJIM will review client instructions for designated broker-dealers to assess whether they are inconsistent with PJIM's duty of best execution for the client. It should be noted that a client's direction to use a particular broker may limit or eliminate PJIM's ability to (i) negotiate commissions on the client's behalf, (ii) obtain best price and execution, (iii) include the client's orders in bunched orders, (iv) obtain certain securities or participate in certain transactions on behalf of the client, or (v) place orders for client transactions in as timely a manner as orders are placed for PJIM's other clients.

Bunched Orders

PJIM's decisions to execute trades must include a decision on position size consistent with the investment objectives, guidelines and restrictions of its clients. PJIM is not required to combine the orders of any client or proprietary account; however from time to time, it may be appropriate for more than one client account to trade in the same securities at the same time in a "bunched order." In the case of bunched orders, allocations to multiple clients are based on fair and equitable treatment of all clients, taking the following factors into consideration, among others:

- Investment objectives and requirements.
- Risk-management requirements.

- Adherence to any limits as defined in the applicable client's investment guidelines.
- Capital availability in each client account for trade of type under consideration.
- Liquidity/availability of securities.
- Current sector and/or security diversification in each client's account.

Bunched orders are generally allocated on a fair and equitable basis.

Item 13 – Review of Accounts

PJIM is responsible for supervising its employees and agents in the performance of their job responsibilities, to provide effective advisory services to its clients and to ensure, to the extent reasonably possible, that those services are provided in accordance with applicable legal requirements and firm policies. The PJIM Risk & Compliance Committee periodically reviews the overall investment objectives of the funds to ensure that they are consistent with the fashion in which the funds are to be managed. This responsibility requires, among other things, that investments will be made consistent with the private placement memorandum of each fund.

Client Reports and Communications

On a periodic basis, PJIM may provide the client with a performance evaluation of the account. The report may include the performance of the client's account in terms of time-weighted rate of return and may compare the account's performance to that of selected benchmarks. Such performance reports merely provide historical information regarding the account and may not be relied upon as predictive of future performance.

PJIM will generally contact the client at least annually, and is available for consultation with the client to discuss the client's account.

Item 14 – Client Referrals and Other Compensation

Other than the compensation described in Item 5, PJIM does not receive an economic benefit from anyone other than its clients.

PJIM may compensate a limited number of U.S. or non-U.S. third party referral sources who, on a fully disclosed basis (in compliance with Rule 206(4)-3), receive a small portion of PJIM's standard advisory fees, which are paid by the client to PJIM.

From time to time, PJIM may receive referrals from particular brokers who provide research and other related services through soft dollar arrangements with PJIM. As disclosed previously, PJIM will only choose such broker-dealers when the execution complies with the principles of best execution. PJIM has no formal relationships or agreements with any broker-dealer or associated person thereof that

require PJIM to direct, or which compensate PJIM for directing, any specified level of brokerage/commissions to any broker-dealer.

PJIM has relationships with other parties, which may include service providers, accountants, lawyers and data providers, whose compensation is solely for the services for which they are engaged, and may from time to time refer clients to PJIM.

Item 15 – Custody

Separate accounts of clients in the Municipal Opportunities Strategy will be held with banks or registered broker-dealers that are “qualified custodians.” In such cases clients should receive at least quarterly statements from the qualified custodian that holds and maintains client’s investment assets. PJIM urges you to carefully review such statements and compare such official custodial records to the reports that may be provided by PJIM. PJIM reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies with respect to certain securities.

For investors in a PJIM limited partnership, PJIM has engaged an independent public accountant to conduct an annual audit of the limited partnership, and the audited financial statements shall be distributed to its investors on an annual basis.

Item 16 – Investment Discretion

The Municipal Opportunities Strategy is currently only available in a limited partnership vehicle to sophisticated investors meeting specific criteria. Please refer to the Private Placement Memorandum for additional information regarding these limitations and criteria. PJIM may also provide separate account management in this strategy following further discussions with each individual client.

PJIM will usually receive discretionary authority from the client at the outset of an advisory relationship or through the execution of a subscription agreement to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and making investment decisions for its Municipal Opportunities Strategy, PJIM observes the investment policies, limitations and restrictions set forth in the private placement memorandum. In separate accounts, PJIM will seek to provide advisory services that are tailored to the individual needs of each client. Investment guidelines and restrictions must be provided to PJIM by any separate account clients in writing.

Item 17 – Voting Client Securities

This item is not generally applicable to the Municipal Opportunities Strategy, and PJIM does not generally vote proxies on behalf of accounts unless the client requests in writing that it shall vote proxies.

Item 18 – Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. PJIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Piper Jaffray Companies files quarterly and annual financial statements with the SEC. These are available through the SEC and on PJC's web site at the following location: <http://www.piperjaffray.com>.