

## Item 1 – Cover Page



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March 31, 2013

This brochure provides information about the qualifications and business practices of Belvedere Asset Management, LLC ("BAM"). If you have any questions about the contents of this brochure, please contact BAM at (415) 435-3121. The information in this brochure has not been approved by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

BAM is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply any level of skill or training.

BAM is also registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator and is a member of the National Futures Association ("NFA"). Registration as a commodity pool operator or being a member of the NFA does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

BAM's most recent update to Part 2A was made in November 2012. Since the last update, BAM has become the adviser to two additional mutual funds, the Anfield Universal Fixed Income Fund and the Charioteer Mortgage Income Fund. Accordingly, certain additional information regarding conflicts of interest, risks related to certain methods of analysis and investment strategies and related policies and procedures has been provided. Clients and prospective clients are encouraged to review this brochure in its entirety.

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## Item 4 – Advisory Business

Belvedere Asset Management, LLC (“BAM”), a California limited liability company, is an investment adviser registered with the SEC, a commodity pool operator registered with the CFTC, and a member of the NFA. BAM was founded in 2010, and is wholly owned by Belvedere Tigers, LLC (“Tigers”). The principal owners of Tigers are Keith Pagan and Jan Gleisner.

BAM provides investment management or advisory services on a discretionary basis to: (i) client assets in separate accounts, which are primarily managed by third-party portfolio managers, offering wealth management, planning and other client services (each a “Separate Account,” and collectively, the “Separate Accounts”); (ii) pooled investment vehicles that are structured as limited partnerships, limited liability companies or corporations, and which comply with Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 (each a “Private Fund,” and collectively, the “Private Funds”); and (iii) registered investment companies under the Investment Company Act of 1940 (each a “Registered Fund,” and collectively, the “Registered Funds”). Hereinafter, the Private Funds and the Registered Funds will collectively be referred to as each a “Fund,” and collectively, the “Funds.”

BAM manages each Separate Account or Fund in accordance with one or more of the investment strategies described in Item 8 of this brochure. Subject to the investment objectives, restrictions and policies stated in the respective offering documents of each Separate Account or Fund, BAM is contracted as the investment manager responsible for determining which general investment strategies are to be employed in managing the portfolio of each Separate Account or Fund to achieve its intended investment objective.

Generally, a client may not impose restrictions on investing in certain securities or types of instruments except as negotiated on a case-by-case basis and reflected in the relevant agreement between BAM and the relevant client, or as reflected in the offering documents provided to Fund investors.

Persons reviewing this brochure should not construe it as an offering of any Fund or Separate Account described herein. Fund offerings will only be made pursuant to the delivery to prospective investors of offering documents, which will describe certain risk factors, conflicts of interest, investment objectives and other important information regarding a particular Fund.

BAM does not offer wrap fee programs. As of December 31, 2012, BAM had approximately \$47 million in discretionary assets and no non-discretionary assets under management.

## Item 5 – Fees and Compensation

### A. Fees

#### i. Separate Accounts

Separate Account clients, generally, pay a management fee calculated as a percentage of their invested assets in the account. BAM may invest these clients' assets in Registered Funds advised by BAM. This creates a conflict of interest to the extent that BAM receives a management fee on Registered Fund assets under management in addition to the Separate Account management fee. A Separate Account client could invest in a Registered Fund directly, without, BAM's services. In that case, the client would not receive the services provided by BAM that are designed, among other things, to assist the client in determining which mutual fund or funds, including the Registered Funds, are most appropriate for the client's financial objectives and circumstances. Accordingly, Separate Account clients should carefully review the total amount of fees paid, including any Registered Fund fees, and evaluate the management and advisory services being provided.

The management fee is generally calculated based on a percentage of assets as determined from the following schedule:

<u>Account Size</u>	<u>Annual Fee (%)</u>
Up to \$249,999	2.50%
\$250,000 to \$499,999	2.25%
\$500,000 to \$999,999	2.00%
\$1,000,000 to 1,999,999	1.75%
\$2,000,000 to 2,999,999	1.50%
On amounts over \$3,000,000	1.00%

Note: Our fees may be negotiable based on asset size and other factors.

#### ii. Private Funds

##### Management Fees

We receive both an asset-based management fee and a performance fee from each of the Private Funds. The management fees may differ among the Private Funds, specific fee information for each Private Fund may be found in its offering document. However, the management fee generally is in the range of 0.5-2.0% per annum. The management fee generally is not negotiable, although we reserve the right to reduce it for large investments or for other strategic reasons. For some Private Funds, breakpoints apply.

Our present management fee schedule for Private Funds is as follows:

	<u>Annualized Fee</u>
Belvedere Multi-Manager Fund, LP: Series A	1.00%
Belvedere Multi-Manager Fund, LP: Series B	1.00%
Belvedere Multi-Manager Fund, LP: Series C	2.00%
Belvedere Multi-Manager Fund, Ltd.: Series A	1.00%
Belvedere Multi-Manager Fund, Ltd.: Series B	1.00%
Belvedere Multi-Manager Fund, Ltd.: Series C	2.00%
Belvedere Liquid Strategies, LLC	
Belvedere Alternative Income Fund, LLC	2.50% <sup>*</sup>
Belvedere 2X Alternative Income Fund, LLC	2.50% <sup>*</sup>
Belvedere Volatility Arbitrage Fund, LLC	2.50% <sup>*</sup>
Belvedere Intra-Day Volatility Fund, LLC	2.00% <sup>#</sup>
Belvedere Statistical Arbitrage Fund, LLC	2.00% <sup>#</sup>
Anfield Total Asset Fund, LLC	1.00%
Anfield Total Credit Fund, LLC	0.75%
Anfield Total Yield Fund, LLC	0.50%
Anfield Total Equity Fund, LLC	1.00%

<sup>\*</sup>Break points apply at \$250,000, where the Annualized Fee drops to 2.00%.

<sup>#</sup>Break points apply at \$1,000,000, where the Annualized Fee drops to 1.00%.

In addition to management fees, based on a percentage of client assets invested, Private Fund clients, generally, also pay a performance fee. Performance fees are discussed in Item 6.

### iii. Registered Funds

BAM serves as an investment adviser to the following Registered Funds: the Belvedere Alternative Income Fund; the Anfield Universal Fixed Income Fund; and the Charioteer Mortgage Income Fund. The prospectus of each Registered Fund sets forth the applicable fees and expenses for investors. You should consult the applicable prospectus for complete information on each Registered Fund, including strategy, objectives and expenses.

### B. *Method of billing*

#### i. Separate Accounts

Separate Account clients pay a management fee, in advance, each quarter on the basis of a fixed percentage of assets in the account. There are a few instances a client will pay management fees in arrears as BAM may use a third-party money manager that charges in arrears, each quarter on the basis of a fixed percentage of assets in the account. Unless the client has made other arrangements, our management

fee is deducted from the account each quarter in accordance with the account custodian's usual and customary practices.

ii. Private Funds

Management fees are deducted from the assets of each Private Fund quarterly, in advance.

iii. Registered Funds

Registered Fund clients are billed in accordance with the terms of the applicable investment advisory agreement. You should review the applicable Registered Fund prospectus for detailed information regarding Registered Fund fees.

*C. Other Fees and Costs*

In addition to the investment management fees charged by BAM, clients will incur brokerage commissions, transaction fees, and other costs and expenses related to the investment activities of their account. For instance, clients may incur charges imposed by custodians, brokers, and other third parties, including custodial fees, wire transfer and electronic fund fees, transfer taxes and other fees, expenses and taxes. More detailed information about the types of fees and/or expenses that a particular client may pay in connection with the advisory services that BAM provides is contained in the relevant agreement between BAM and the relevant client, or in the offering documents provided to Fund investors. Please see Item 6 for additional information regarding BAM's fees. In addition, please see Item 12 for a further discussion of the brokerage and other transaction costs that clients pay. Lower fees for comparable services may be available from other firms.

*D. Return of Unearned Management Fees*

Management fees are prorated for capital added and withdrawn during each calendar quarter. Upon the termination of an investment management agreement (in the case of a Separate Account) or withdrawal of funds from a Fund, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

*E. Compensation from the Sale of Our Investment Products*

None of our employees accepts compensation for the sale of securities or other investment products.

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

In general, BAM's Private Fund clients pay both a management fee as described in Item 5 and a performance-based fee, which range from 10% to 20% of the net capital appreciation of such client's account at the end of the relevant fiscal period, or upon realization, and in certain cases subject to, or only in excess of, specified performance thresholds. BAM, in its sole discretion, may waive or reduce performance-based fees charged to clients.

Managing assets for different clients with different fee structures, including ones that may allow for the possibility of earning performance-based fees at the same time as others that do not, can create a conflict of interest for BAM because such an arrangement creates an incentive to favor accounts for which BAM has the ability to earn performance-based fees. Such situations give rise to potential conflicts of interest including: (1) the allocation of investment opportunities, and (2) transactions among clients (i.e., cross trades). As a result, BAM employs policies and procedures governing the identification, assessment and monitoring of conflicts of interest and potential conflicts of interest. Additional information regarding the allocation of investment opportunities and the manner in which BAM manages any related potential conflicts of interest is set forth in Items 11 and 12 of this brochure.

Performance fees are deducted from the assets of each Private Fund as of the end of each performance period, generally annually or quarterly, or upon the date of a withdrawal, in accordance with the terms of each Private Fund's constitutional documents.

## **Item 7 – Types of Clients**

BAM offers its services primarily to Funds and Separate Accounts as described in Item 4. Any minimum investment in relation to Separate Account will be set by the applicable agreement between BAM and the Separate Account client. The offering documents for each Fund set minimum amounts for investment by prospective investors. Private Fund investors generally must meet the definitions of "accredited investor" under the Securities Act of 1933 and "qualified client" in Rule 205-3 of the Investment Advisers Act of 1940. BAM requires Private Fund investors to make representations concerning their sophistication as investors and their ability to bear the risks of loss of their entire investment. BAM reserves the right to modify or waive minimum investment commitments required to invest in a Fund.

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

Investing in securities, whether directly or through our Funds, involves risk of loss that you should be prepared to bear. Please see the risk summary discussion at the end of this Item 8 for a more detailed discussion of the risks associated with methods of analysis and investment strategies discussed below.



Separate Accounts are managed in accordance with each client's investment mandate. Our Funds are managed as follows:

A. *Methods of Analysis and Investment Strategies*

i. Belvedere Multi-Manager Fund, LP

Belvedere Multi-Manager Fund, LP (the "Feeder Fund" or "Multi-Manager Fund") invests all of its assets in limited partnership interests of a master fund, the Belvedere Multi-Manager Master Fund, LP (the "Master Fund"). The Master Fund is a fund of hedge funds. As its general partner, BAM invests the Master Fund's assets primarily in other hedge funds and/or managed accounts that BAM selects and monitors. The underlying hedge funds and/or managed accounts ("Underlying Investments") in which it invests are generally managed by third-party portfolio managers; however, in some cases, Underlying Investments may be managed by BAM. Through such Underlying Investments, the Multi-Manager Fund seeks to preserve capital and achieve absolute market returns in all market conditions.

The Multi-Manager Fund offers three series of limited partnership interests, each having the same rights and privileges and sharing a common investment objective. The series differ with respect to minimum required investment size and in the amount of fees charged by BAM, not by the amount of leverage (see more below) each employs.

Series A and Series B are the "institutional series." They require higher minimum investments but charge lower management fees (reflecting economies of scale).

The difference between the Multi-Manager Fund's Series A and Series B interests is the fee structure, which is detailed in Item 5.

The Multi-Manager Fund's Series C interests are structured for qualified individuals, as defined in the applicable offering document. The Series C interests permit a smaller investment minimum but charge a higher management fee.

Multi-Manager Fund employs leverage. Under normal market conditions, the fund will generally borrow 250% of the value of the combined investment made by all of the holders of Series A, B & C interests, thereby creating a 3.5 to 1 gross leverage ratio. This will be invested in strategies such that the combined strategies, as a whole, maintain maximum underlying long positions of \$3.50 and maximum underlying short position of \$3.50 for every \$1.00 invested by the holders of Series A, B & C interests.

Our investment approach is a process laden with assumptions, and will be only as strong and successful as the validity of the assumptions. The investment objective described above is our current intention. Notwithstanding our present intentions, or the investment objectives, strategies and guidelines, except as explicitly set forth in our disclosure and operating documents imposes no limits on the types of securities or other instruments in which the Multi-Manager Fund may take positions, the

type of positions it may take, the extent of its short positions or use of leverage, or the concentration of its investments. In summary, we have broad discretion to employ a wide range of securities trading and investment techniques, whether or not comprehended by or consistent with the investment policies, strategies and criteria described above.

It should be noted that the use of leverage enhances the possibility of gain in the value of an investment portfolio. However, leverage also increases the possibility of loss and presents other risks. Gains realized (if any) with borrowed funds may cause an investment's value to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the investment's value could decrease faster than if there had been no borrowings.

While Multi-Manager Fund has recently been diversified across at least 23 Underlying Investments, this has not always been the case and this is not required. The number of Underlying Investments has been very low (less than 10 in 2010), resulting in concentrated positions. The current number of positions is approximately 28. Further, the number of investment instruments held by each of the Underlying Investments may also be very low (and continue to be low), possibly involving concentrated positions that exceed 10% of equity.

The Multi-Manager Fund's investment activities involve a high degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of, nor predictable by, BAM or the managers of the Underlying Investments. These factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies.

Finally, investors should recall that the Multi-Manager Fund is a fund of hedge funds. Funds of hedge funds typically charge a fee for managing assets, including a performance fee based on profits; Multi-Manager Fund's such fees are disclosed above in Item 5. These fees are charged in addition to any fees paid to the Underlying Investments, which fees are generally two times the level of such fees charged by the Multi-Manager Fund structure. By investing in a portfolio of hedge funds and/or separate accounts through a fund of hedge funds, an investor will pay two layers of fees, the fees of the fund of hedge funds and the fees charged by the hedge funds and/or separate accounts.

ii. Belvedere Liquid Strategies, LLC

Belvedere Liquid Strategies, LLC is a limited liability company organized in a multi-series structure ("Liquid Strategies") in which the multiple series of Liquid Strategies operate separately from one another as if each series were its own limited liability company. Its assets are exclusively invested in managed accounts, but may in the future also be invested in liquid hedge funds (collectively, "Investments") either managed by, and/or selected and monitored by BAM. Through such Investments, Liquid Strategies seeks to preserve capital and achieve absolute market returns in all market conditions, while offering investors the ability to withdraw from the Fund weekly in most cases.

Each Investment will be managed by “Sub-Managers,” which may be either BAM, an affiliate, or a third-party. Each Investment will generally be represented by a different series. However, one series may differ from another in aspects other than strategy and Sub-Manager (e.g., leverage, fees and/or minimum investment amounts). In the future, the Liquid Strategies expects to offer additional series, at our discretion.

There are currently ten series offered by Liquid Strategies. They are listed in Item 5. Each series has the same rights and privileges, except that each series will generally vary in any or all of the following: Sub-Manager, investment strategy, leverage applied, minimum investment and/or fees. They may differ in other ways as well.

There is no minimum or maximum aggregate dollar amount of series interests to be sold in the offering. BAM may terminate the Liquid Strategies offering of any or all series at any time.

A key difference among series can be leverage. The use of leverage in certain series can reach an initial maximum gross long exposure of 400% as a percentage of net equity. It should be noted that the use of leverage enhances the possibility of gain in the value of an investment portfolio. However, leverage also increases the possibility of loss and presents other risks. Gains realized (if any) with borrowed funds may cause an Investment’s value to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the Investment’s value could decrease faster than if there had been no borrowings.

It is not the intent of BAM that Liquid Strategies or any series thereof be diversified. The number of Underlying Investments will be very low, resulting in very concentrated positions. Further, the number of investment instruments held by each Investment will also be very low, potentially involving very concentrated positions. Finally, for any one specific series, Liquid Strategies will not be diversified across Investments; to the contrary it is intended that there be only one Investment per series; and, within any Investment, there may be very little diversification as well, with each holding only a concentrated handful of investment instruments.

The investment activities of Liquid Strategies involve a high degree of risk. The performance of any investment is subject to numerous factors that are neither within the control of, nor predictable by, BAM or the Sub-Managers of the Investments. These factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies.

Finally, investors should recall that Liquid Strategies may function as a fund of hedge funds. Funds of hedge funds typically charge a fee for managing assets, including a performance fee based on profits; such fees for each series are disclosed above in Item 5. These fees may be charged in addition to any fees paid to the Investments, which fees are generally higher than the level of such fees charged by each

series. By investing in a portfolio of hedge funds and/or separate accounts through a fund of hedge funds, an investor will pay two layers of fees, the fees of the fund of hedge funds and the fees charged by the hedge funds and/or separate accounts. Note, however, that this is not the case for many series, where there is only one layer of fees.

Some of the Sub-Managers trade securities actively. Portfolio turnover in some of the series may result in significant brokerage, custody and other transaction costs and expenses. These and other expenses of operating Liquid Strategies are paid out of its capital, allocated to the appropriate series. Frequent trading, even if it is profitable, may reduce overall returns.

The Anfield Series invest in less liquid instruments; thus, Investors are able to exit quarterly.

However, because the Investments of all other series are exchange-traded and held in separately managed accounts that offer daily liquidity, BAM is able to afford Investors in these Belvedere Series the ability to exit every Friday, subject to a notice period of seven days.

### iii. Registered Funds

Investors in Registered Funds managed by BAM should consult the prospectus of a particular Registered Fund for information regarding methods of analysis, investment strategies and risk of loss.

### B. *Certain Risks Related to Investment Strategies and Instruments Traded*

***There can be no assurance that the objectives associated with any strategies described above will be met. At any time, BAM or a sub-adviser, as applicable, may add, remove, or modify any of the strategies it employs and this includes any of the strategies discussed above. These methods, strategies, and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.***

Some of the risks associated with BAM's investment strategies, and the securities and other assets utilized to implement those strategies include, include but are not limited to those listed below. Some risks only apply to certain products. Please consult a particular product's offering memorandum or prospectus for a description of risk factors specific to that product.

*Absence of Regulatory Oversight for Private Funds.* While Private Funds may be considered similar to Registered Funds in certain respects, Private Funds are not required, and generally do not intend, to register as such under the laws of any jurisdiction. For example, the provisions of the Investment Company Act of 1940, as amended, which may provide certain regulatory safeguards to investors, are not applicable to the Private Funds.

*Active Trading Risk.* A higher portfolio turnover may result in higher transactional and brokerage costs associated with the turnover which may reduce the

return of a Fund or other client account, unless the securities traded can be bought and sold without corresponding commission costs. Active trading of securities may also increase realized capital gains or losses for a Fund or other client account, which may affect the taxes you pay.

*Bank Loan Risk.* Investments in secured and unsecured participations in bank loans and assignments of such loans may create substantial risk. In making investments in such loans, which are made by banks or other financial intermediaries to borrowers, the adviser or sub-adviser will depend primarily upon the creditworthiness of the borrower for payment of principal and interest. If a Fund or other client account does not receive scheduled interest or principal payments on such indebtedness, the value of the Fund or other client account could be adversely affected. A Fund or other client account may invest in loan participations that are rated by a NRSRO or are unrated, and may invest in loan participations of any credit quality, including “distressed” companies with respect to which there is a substantial risk of losing the entire amount invested. In addition, certain bank loans in which a Fund or other client account may invest may be illiquid and, therefore, difficult to value and/or sell at a price that is beneficial to a Fund or other client account.

*Credit Risk.* The risk that issuers or guarantors of a fixed income security or the counterparties to a derivatives contract cannot or will not make payments on the securities and other investments held by a Fund or other client account, resulting in losses to a Fund or other client account. In addition, the credit quality of securities held by a Fund or other client account may be lowered if an issuer’s financial condition changes, which may lower their value and may affect their liquidity.

*Commodities Investments Generally.* The prices of commodities and derivative instruments tied to commodities, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the assets of a Fund or other client account are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

*Commodity Futures Contracts.* Trading in commodity interests may involve substantial risks. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and a Fund or other client account may be required to maintain a position until exercise or expiration, which could result in losses.

Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single

day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Fund or other client account from promptly liquidating unfavorable positions and subject a Fund or other client account to substantial losses. In addition, a Fund or other client account may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Also, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause temporary price distortions. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks.

*Convertible Securities.* Convertible securities are generally not investment grade, that is, they are generally not rated within the four highest categories by Moody’s Investors Service and/or Standard & Poor’s Corporation. To the extent convertible securities acquired by a Fund or other client account are rated lower than investment grade or are not rated, there is a greater risk as to the repayment of the principal of, and payment of interest or dividends on, such securities.

*Counterparty Risk.* Some of the markets in which a Fund or other client account may effect its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are Investors of “exchange-based” markets. This exposes a Fund or other client account to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Fund or other client account to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund or other client account has concentrated its transactions with a single or small group of counterparties. A Fund or other client account is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, a Fund or other client account has no internal credit function that evaluates the creditworthiness of their counterparties. The ability of a Fund or other client account to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Fund or other client account.

*Currency Risk.* The risk that foreign currencies will decline in value relative to the U.S. dollar and adversely affect the value of investments by a Fund or

other client account in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies. Currency risk may be particularly high to the extent that a Fund or other client account invests in foreign (non-U.S.) currencies or engages in foreign currency transactions that are economically tied to emerging market countries.

*Derivatives Risk.* A Fund or other client account may invest in derivatives, which are financial instruments whose value is typically based on the value of a security, index or other instrument. These instruments include futures, options, credit default swaps, total return swaps, repurchase agreements and other similar instruments. Derivatives may also include customized baskets or options (which may incorporate other securities directly and also various derivatives including common stock, options, and futures) structured as agreed upon by a counterparty, as well as specially structured types of mortgage- and asset-backed securities whose value is often linked to commercial and residential mortgage portfolios. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other more traditional investments, and certain derivatives may create a risk of loss greater than the amount invested.

Investing for hedging purposes or to increase returns may result in certain additional transaction costs that may reduce the performance of a Fund or other client account. When used for hedging purposes, no assurance can be given that each derivative position will achieve a perfect correlation with the investment against which it is being hedged. Because the markets for certain derivative instruments are relatively new, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes and there can be no assurance that a particular derivative position will be available when sought by the adviser or sub-adviser or that such techniques will be utilized by the adviser or sub-adviser.

The market value of derivative instruments and securities may be more volatile than that of other instruments, and each type of derivative instrument may have its own special risks, including the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates, and indices. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund or other client account. The value of derivatives may not correlate perfectly, or at all, with the value of the assets, reference rates or indices they are designed to closely track.

Derivatives are subject to a number of other risks, including liquidity risk (the possibility that the derivative may be difficult to purchase or sell and the adviser may be unable to initiate a transaction or liquidate a position at an advantageous time or price), leverage risk (the possibility that adverse changes in the value or level of the underlying asset, reference rate or index can result in loss of an amount substantially greater than the amount invested in the derivative), interest rate risk (some derivatives are more sensitive to interest rate changes and market price fluctuations), and counterparty risk (the risk that a counterparty may be unable to perform according to a contract, and that any deterioration in a counterparty's creditworthiness could adversely affect the

instrument). In addition, because derivative products are highly specialized, investment techniques and risk analyses employed with respect to investments in derivatives are different from those associated with stocks and bonds. Finally, the use of derivatives by a Fund or other client account may cause a Fund or other client account to realize higher amounts of short-term capital gains (generally taxed at ordinary income tax rates) than if a Fund or other client account had not used such instruments. Derivative instruments are also subject to the risk that the market value of an instrument will change to the detriment of a Fund or other client account. If the adviser or sub-adviser inaccurately forecast the values of securities, currencies or interest rates or other economic factors in using derivatives, a Fund or other client account might have been in a better position if it had not entered into the transaction at all. Some strategies involving derivative instruments can reduce the risk of loss, but they can also reduce the opportunity for gain or result in losses by offsetting favorable price movements in other investments held by a Fund or other client account. A Fund or other client account may also have to buy or sell a security at a disadvantageous time or price because regulations require Funds to maintain offsetting positions or asset coverage in connection with certain derivatives transactions.

*Emerging Markets Risk.* To the extent a Fund or other client account invests in emerging market securities, the risks associated with foreign (non-U.S.) investment risk may be particularly high. These risks include a greater likelihood of economic, political or social instability, less liquid and more volatile stock markets, foreign exchange controls, a lack of government regulation and different legal systems, and immature economic structures.

*Enhanced Scrutiny and Potential Regulation of Private Funds.* There has been enhanced governmental scrutiny and/or increased regulation of the Private Funds and financial services industries in general. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), among other things, requires registration with the SEC of advisors to private investment funds whose assets under management exceed \$150 million (with certain limited exceptions) and imposes new reporting and recordkeeping obligations with respect to the private investment funds they advise.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private investment fund industry generally and/or on a Fund or other client account, specifically. In addition, regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private investment fund industry, or other changes that could adversely affect private investment firms and the pooled investments they sponsor.

*Fixed Income Securities.* Fixed income securities held by a Fund or other client account are subject to interest rate risk, call risk, prepayment and extension risk, credit risk, and liquidity risk, which are more fully described below.

o *Call Risk.* During periods of declining interest rates, a bond issuer may “call,” or repay, its high yielding bonds before their maturity dates. A Fund or other



client account would then be forced to invest the unanticipated proceeds at lower interest rates, resulting in a decline in its income.

- o *Credit Risk.* Fixed income securities are generally subject to the risk that the issuer may be unable to make principal and interest payments when they are due. There is also the risk that the securities could lose value because of a loss of confidence in the ability of the borrower to pay back debt. Lower rated fixed income securities involve greater credit risk, including the possibility of default or bankruptcy.

- o *Interest Rate Risk.* Fixed income securities are subject to the risk that the securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Fixed income securities with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than fixed income securities with shorter maturities.

- o *Liquidity Risk.* Trading opportunities are more limited for fixed income securities that have not received any credit ratings, have received ratings below investment grade or are not widely held. These features make it more difficult to sell or buy a security at a favorable price or time. Consequently, a Fund or other client account may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on its performance. Infrequent trading of securities may also lead to an increase in their price volatility. Liquidity risk also refers to the possibility that a Fund or other client account may not be able to sell a security or close out an investment contract when it wants to. If this happens, a Fund or other client account will be required to hold the security or keep the position open, and it could incur losses.

- o *Prepayment and Extension Risk.* Many types of fixed income securities are subject to prepayment risk. Prepayment occurs when the issuer of a fixed income security can repay principal prior to the security's maturity. Fixed income securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a fixed income security can be difficult to predict and result in greater volatility. On the other hand, rising interest rates could cause prepayments of the obligations to decrease, extending the life of mortgage- and asset-backed securities with lower payment rates. This is known as extension risk and may increase the sensitivity of a Fund or other client account to rising rates and its potential for price declines.

- o *Variable and Floating Rate Securities.* Variable and floating rate securities generally are less sensitive to interest changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Floating rate securities will not generally increase in value if interest rates decline.

*Foreign (Non-U.S.) Investment Risk.* Foreign (non-U.S.) securities present greater investment risks than investing in the securities of U.S. issuers and may experience more rapid and extreme changes in value than the securities of U.S. companies, due to less information about foreign companies in the form of reports and

ratings than about U.S. issuers; different accounting, auditing and financial reporting requirements; smaller markets; nationalization; expropriation or confiscatory taxation; currency blockage; or political changes or diplomatic developments. To the extent that a Fund or other client account invests a significant portion of its assets in a specific geographic region, a Fund or other client account will generally have more exposure to regional economic risks associated with foreign investments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.

*Futures Contract Risk.* Futures contracts are subject to the same risks as the underlying investments that they represent, but also may involve risks different from, and possibly greater than, the risks associated with investing directly in the underlying investments. Investments in futures contracts involve additional costs, may be more volatile than other investments and may involve a small initial investment relative to the risk assumed. If the adviser or sub-adviser incorrectly forecasts the value of investments in using a futures contract, a Fund or other client account might have been in a better position if a Fund or other client account had not entered into the contract. Because the futures utilized by a Fund or other client account are standardized and exchange traded, where the exchange serves as the ultimate counterparty for all contracts, the primary credit risk on futures contracts is the creditworthiness of the exchange itself. Futures are also subject to market risk, interest rate risk (in the case of futures contracts relating to income producing securities) and index tracking risk (in the case of stock index futures). A Fund or other client account could be unable to recover assets held at the futures clearing broker, even assets directly traceable to a Fund or other client account from the futures clearing broker in the event of a bankruptcy of the broker. A futures clearing broker is required to segregate customer funds pursuant to the Commodities Exchange Act and the regulations of the. However, in the unlikely event of the broker's bankruptcy, there is no equivalent of the Securities Investors Protection Corporation insurance as is applicable in the case of securities broker dealers' bankruptcies.

*High Yield Risk.* Investment in or exposure to high yield (lower rated) debt instruments (also known as "junk bonds") may involve greater levels of interest rate, credit, liquidity and valuation risk than for higher rated instruments. High yield debt instruments are considered predominantly speculative with respect to the issuer's continuing ability to make principal and interest payments and, therefore, such instruments generally involve greater risk of default or price changes than higher rated debt instruments. An economic downturn or period of rising interest rates could adversely affect the liquidity and value of these securities. If the issuer of a security is in default with respect to interest or principal payments, a Fund or other client account could lose its entire investment.

*Hedging Transactions.* The adviser or sub-adviser is generally not required to attempt to hedge portfolio positions in the Fund and, for various reasons, may determine not to do so. Furthermore, the adviser or sub-adviser may not anticipate a particular risk so as to hedge against it. A Fund or other client account may utilize financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the investment portfolio of a Fund or other client account resulting from fluctuations in the securities

markets and changes in interest rates; (ii) protect a Fund or other client account's unrealized gains in the value of the investment portfolio of a Fund or other client account; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the portfolio of a Fund or other client account; (v) hedge the interest rate or currency exchange rate on any of the liabilities or assets of a Fund or other client account; (vi) protect against any increase in the price of any securities a Fund or other client account anticipate purchasing at a later date; or (vii) for any other reason that the adviser or sub-adviser deems appropriate. The success of any hedging strategy is subject to the adviser or sub-adviser's ability of the adviser or sub-adviser to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Because the characteristics of many securities change as markets change or time passes, the success of the hedging strategy of a Fund or other client account is also subject to the ability of the adviser or sub-adviser to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While a Fund or other client account may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Fund or other client account than if it had not engaged in any such hedging transactions. For a variety of reasons, the adviser or sub-adviser may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Fund or other client account from achieving the intended hedge or expose a Fund or other client account to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings of a Fund or other client account.

*Highly Volatile Markets.* The prices of financial instruments in which a Fund or other client account may invest can be highly volatile. Price movements of forward and other derivative contracts in which the assets of a Fund or other client account may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. A Fund or other client account is subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

*Illiquid Investments.* Certain Funds or other clients account may invest a significant percentage of assets in securities and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and a Fund or other client account may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. A Fund or other client account may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in a Fund or other

client account that invest a significant portion of its portfolio in illiquid instruments is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

*Index Risk.* If a derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If the index changes, a Fund or other client account could receive lower interest payments or experience a reduction in the value of the derivative to below what a Fund or other client account paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), may create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.

*Issuer-Specific Risk.* The value of a specific security or option can be more volatile than the market as a whole and may perform worse than the market as a whole. The value of large cap securities, as represented by the S&P 500 Index, can be more volatile than smaller cap securities due to differing market reactions to adverse issuer, political, regulatory, market, or economic developments.

*Leveraging Risk.* The use of leverage, such as that embedded in options, will magnify the gains or losses of a Fund or other client account. The use of leverage may cause a Fund or other client account to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations.

*Limited Diversification.* Certain Funds or other client accounts may not limit the amount of capital that may be committed to any single investment, industry or sector. At any given time, it is therefore possible that the adviser or sub-adviser of such a Fund or other client account may select investments that are concentrated in a limited number or types of investments. This limited diversity could expose a Fund or other client account to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

*Liquidity Risk.* Each Fund or other client account is subject to certain liquidity risks. Liquidity risk exists when particular investments of a Fund or other client account would be difficult to purchase or sell, possibly preventing a Fund or other client account from selling such illiquid securities at an advantageous time or price, or possibly requiring a Fund or other client account to dispose of other investments at unfavorable times or prices in order to satisfy its obligations. A Fund or other client account with a principal investment strategy that involve securities of companies with smaller market capitalizations, non-U.S. securities, Rule 144A securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

*Management Risk.* The net asset value of a Fund or other client account changes daily based on the performance of the securities and derivatives in which it invests. The judgments by the adviser or sub-adviser about the attractiveness, value and potential appreciation of particular securities and derivatives in which a Fund or other client account invests may prove to be incorrect and may not produce the desired results. Additionally, the adviser or sub-adviser may have conflicts of interest that could interfere with its management of the portfolio of a Fund or other client account. For example, the

a Fund or other client account or its affiliates may manage other investment funds or have other clients that may be similar to, or overlap with, the investment objective and strategy of a Fund or other client account, creating potential conflicts of interest when making decisions regarding which investments may be appropriate for a Fund or other client account and other clients.

*Market Risk.* Overall equity market risk, including volatility, may affect the value of individual instruments in which a Fund or other client account invests. Factors such as domestic and foreign economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the investments of a Fund or other client account go down, your investment in that Fund or other client account decreases in value and you could lose money.

*Mortgage-Backed and Asset-Backed Securities Risk.* Prepayment Risk is a risk associated with mortgage-backed and asset-backed securities. If interest rates fall, the underlying debt may be repaid early, reducing the value of investments made by a Fund or other client account. On the other hand, if interest rates rise, the duration of the securities may be extended, making them more sensitive to changes in interest rates. Furthermore, fewer prepayments may be made, which would cause the average bond maturity to rise, increasing the potential for a Fund or other client account to lose money. The value of mortgage-backed and asset-backed securities may be considerably affected by changes in interest rates, the market's perception of issuers, declines in the value of collateral, and the creditworthiness of the parties involved. The ability of a Fund or other client account to successfully utilize these instruments may depend on the ability of adviser or sub-adviser to forecast interest rates and other economic factors correctly.

*Potential Inadequacy of Due Diligence Information.* Generally, the adviser or sub-adviser seeks to avoid risks of fraudulent misrepresentation and other similar risks by enforcing prudent due diligence and third-party verification wherever possible but may prove unable to obtain accurate information under circumstances in which the adviser or sub-adviser has limited access to such information or receives inaccurate information.

*Regulatory Risk.* Changes in the laws or regulations of the United States or other countries, including any changes to applicable tax laws and regulations, could impair the ability of a Fund or other client account to achieve its investment objective and could increase the operating expenses of mutual funds trading certain derivative instruments to regulation by the CFTC, including additional disclosure and operational obligations. The SEC or its staff may also issue regulations that, upon effectiveness, subject activities of mutual funds trading certain derivative instruments to additional regulation, which could increase the operating expenses of a Fund or other client account and impair its ability to achieve its investment objective.

*Securities Lending.* Certain Funds or other client accounts may lend securities from its respective portfolio to brokers, dealers and other financial institutions that need to borrow securities to complete certain transactions as a means of earning additional income. Such Funds or other client accounts are entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned

securities, which affords such a Fund or other client accounts an opportunity to earn interest on the amount of the loan and current income on the loaned securities themselves. A Fund or other client account that lends securities might experience a loss if any institution with which such a Fund or other client account has engaged in a portfolio loan transaction breaches its agreement with such a Fund or other client account. If the borrower becomes insolvent or bankrupt, such a Fund or other client account could experience delays and costs in recovering loaned securities. To the extent that, in the meantime, the value of the loaned securities decline, such a Fund or other client account could experience further losses.

*Short Sales Risk.* A Fund or other client account may attempt to limit its exposure to a possible market decline in the value of its portfolio securities through short sales of securities that its portfolio manager believes possess volatility characteristics similar to those being hedged. A Fund or other client account may also use short sales for non-hedging purposes to pursue its investment objectives if, in the portfolio manager's view, the security is over-valued. Short selling is speculative in nature and, in certain circumstances, can substantially increase the effect of adverse price movements on the portfolio of a Fund or other client account. A short sale of a security involves the risk of an unlimited increase in the market price of the security that can in turn result in an inability to cover the short position and a theoretically unlimited loss. No assurance can be given that securities necessary to cover a short position entered into by a Fund or other client account will be available for purchase. The SEC and other U.S. and non-U.S. regulatory authorities have imposed, and may impose in the future, restrictions on short selling, either on a temporary or permanent basis. Such restrictions may include placing limitations on specific companies and/or industries with respect to which a Fund or other client account may enter into short positions, and may hinder a Fund or other client account in, or prevent it from, implementing its investment strategies, and may negatively affect performance.

*Small to Medium Cap Stocks.* At any given time, a Fund or other client account may have investments in smaller-to-medium sized companies with market capitalizations of less than \$1 billion. These securities often involve greater risks than the securities of larger, better-known companies. Among the factors that may increase these risks are the lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In addition, in many instances, the frequency and volume of trading for these types of securities is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between bid and asked prices of the securities of these companies in the U.S. over-the-counter market typically are larger than the spreads for more actively traded securities. As a result, a Fund or other client account could incur a loss if it were to sell such a security a short time after its acquisition.

*U.S. Government Securities Risk.* Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government. No

assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so. In addition, the value of U.S. Government securities may be affected by changes in the credit rating of the U.S. Government.

## **Item 9 – Disciplinary Information**

Not applicable.

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

BAM is not registered as a broker-dealer, however, Keith Pagan and Jan Gleisner are each registered as broker-dealer principals with Mercury Securities, LLC.

BAM is registered a commodity pool operator with the CFTC and is a member of NFA. Additionally, BAM and Newport Private Capital, LLC (“Newport”), a registered commodity pool operator and a registered commodity trading advisor with the CFTC and member of the NFA, share certain management persons. Item 11 of this brochure and the statement of additional information for the Belvedere Alternative Income Fund discuss how this conflict of interest is addressed.

BAM also shares management persons or common ownership with Jeffrey H Klein, CPA, Inc. and Belvedere Insurance Agency, Inc. BAM does not believe that these relationships create material conflicts of interest with BAM clients. However, to the extent that any relationships, listed above or otherwise, may create material conflicts of interest, BAM has adopted a Code of Ethics discussed in Item 11 and brokerage practices discussed in Item 12, in order to protect the best interests of clients.

Further, to the extent that BAM or any of its principals recommends an affiliated advisory, brokerage or other financial industry service to a client, BAM or its principals will disclose any economic benefit received by BAM, a principal or any affiliated person to the client in writing. Where BAM has investment discretion for a Separate Account, it will not invest a client’s assets in a Fund or any affiliated investment vehicle unless it determines that the investment is suitable for the client, provides the client with applicable disclosure documents and obtains written consent from the client.

## Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

### A. *Code of Ethics*

BAM has adopted a Code of Ethics (the "Code") pursuant to Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Investment Advisers Act of 1940. The Code incorporates substantially all of the recommendations of the Investment Company Institute's "Report of the Advisory Group on Personal Investing." A copy of the Code is available to clients and prospective clients upon request.

Personal securities transactions by employees of BAM are subject to the restrictions and procedures described in the Code. The Code encourages employees to manage their personal investments in such a manner that does not distract the employee from his or her professional responsibilities or create the appearance of a conflict of interest. The Code requires BAM employees to pre-clear all transactions in securities, unless specifically exempted. Subject to certain exceptions, the Code also prohibits employees from engaging in short-term trading at a gain without pre-approval. Employees may invest in securities held by client accounts managed by BAM to the extent that they comply with the Code. Such transactions may be different from or be inconsistent with BAM's recommendations to clients. BAM's Chief Compliance Officer regularly reviews reports of personal securities transactions to determine compliance under the Code.

The Code also contains BAM's "Insider Trading, Material Non-Public Information and Market Manipulation Policies," which were adopted in accordance with Section 204A of the Investment Advisers Act of 1940. These policies and procedures are designed to prevent the misuse of material nonpublic information by BAM and its employees. From time to time, BAM and its employees may come into possession of material nonpublic and other confidential information that, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, BAM and its directors, officers, and employees are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client of BAM. Accordingly, should BAM or any of its employees come into possession of material nonpublic or other confidential information with respect to any company, they will be prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and BAM and its employees will have no responsibility or liability for failing to disclose such information to, or use such information for the benefit of, their respective clients as a result of following their policies and procedures designed to comply with applicable law.



From time to time, BAM employees may receive gifts and/or entertainment in connection with their employment at or work with BAM. To reduce the potential for conflict between an employee's personal interests and the interests of BAM clients, BAM has adopted a gifts and entertainment policy in its Code based on the principle that employees should not accept or solicit anything of value that is intended or designed to cause, or would be reasonably judged to have the likely effect of causing, such employee to act in a manner that is inconsistent with the best interest of BAM clients.

Under the policy, any employee who receives a gift of material value in connection with the employee's employment at or work with BAM is not permitted to retain the gift. The policy also prohibits an employee from accepting any lavish or extensive business entertainment from any broker/dealer, consultant, bank, corporation, or supplier of goods or services to BAM or client accounts. From time to time, employees are offered complimentary tickets to sporting and other events. Complimentary tickets that do not constitute "lavish or extensive" business entertainment may be accepted with appropriate notice to BAM's chief compliance officer.

*B. Recommendation of Affiliated Funds*

In some cases BAM may deem it appropriate to invest a portion of a client's Separate Account assets into its Funds. This may occur when, for example, the Fund provides a more efficient and cost-effective way to diversify an account or when we offer a particular strategy only through a certain Fund. Where BAM has investment discretion for a Separate Account, it will not invest a client's assets in a Fund or any affiliated investment vehicle unless it determines that the investment is suitable for the client, provides the client with applicable disclosure documents and obtains written consent from the client.

*C. Personal Trading*

BAM employees may invest in the same securities that BAM recommends to clients to the extent permitted under the Code. The Code requires pre-clearance of personal securities transactions, subject to limited exceptions, and avoids or minimizes conflicts of interest by restricting the type and timing of employee trades.

*D. Potential Conflicts*

In general, whenever any BAM personnel has responsibility for managing more than one account, potential conflicts of interest may arise. Those conflicts could include preferential treatment of one account over others in terms of allocation of resources or of investment opportunities. BAM has adopted certain procedures that prohibit preferential treatment of any accounts that are designed to treat all client accounts in a fair and equitable manner. A copy of the Code is available to clients and prospective clients upon request.

## Item 12 – Brokerage Practices

### A. *Brokerage Selection*

We generally allocate portfolio transactions for client accounts to securities brokers and seek the most favorable execution terms reasonably available. In making this determination, we may consider such factors as the ability to effect the transactions, the broker's facilities, reliability and financial responsibility, securities pricing and transaction expenses, execution capability, confidentiality, capital commitment, and order and processing responsiveness, among other things. Selection of brokers may also take into consideration a broker's effectiveness in providing market or industry information, arranging for access to issuer's management, investment vehicles or knowledgeable industry sources. We need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost, though we will seek "best execution" for transactions executed on behalf of our client accounts.

### B. *Soft Dollar Arrangements*

BAM currently does not have "soft dollar" arrangements; all costs related to research and fund administration are borne by the Funds.

The term "soft-dollars" refers generally to the practice by investment advisers of paying for research and brokerage services using brokerage commissions generated by the execution of trades for their clients' or sponsored funds' accounts.

If BAM were to utilize soft dollars for brokerage and research services, it has adopted policies and procedures that any such arrangements must: (i) be reviewed and approved by BAM's chief compliance officer, and (ii) fall within the parameters of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

Section 28(e) establishes a safe harbor that protects an investment adviser from liability for a breach of fiduciary duty solely on the basis that the investment adviser used client commissions ("soft dollars") to pay a broker-dealer more than the lowest available commission rate in order to receive a bundle of "brokerage and research services" provided by the broker-dealer (anything more than "pure execution"), if the investment adviser determines in good faith that the amount of the commission was reasonable in relation to the value of the brokerage and research services received.

BAM may, currently receive certain bundled products and services from TD AMERITRADE that could be deemed to be research or brokerage services, within the meaning of Section 28(e), in exchange for executing trades for BAM's clients. The products and services provided by TD AMERITRADE in addition to execution services do not have an identifiable value and are provided based on BAM's total client trading activity and/or by BAM simply opening an account. BAM does not view such services and research as soft-dollar arrangements. Nevertheless, the nature of the products and services and potential conflicts that they raise are described below.

i. TD AMERITRADE Institutional Program

We participate in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. (“TD AMERITRADE”), member FINRA/SIPC. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. BAM receives some benefits from TD AMERITRADE through its participation in the program that are typically not available to TD AMERITRADE’s retail clients.

Some of the products and services made available by TD AMERITRADE through the program may benefit BAM but may not benefit its client accounts. These products or services may assist BAM in managing and further developing its business enterprise. The benefits received by BAM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, BAM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by BAM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence BAM’s choice of TD AMERITRADE for custody and brokerage services.

## Item 13 – Review of Accounts

### A. Separate Accounts

BAM reviews client accounts on a regular basis. Whenever an account is reviewed, BAM considers the objectives and investment guidelines of the client; the current structure of the portfolio; if appropriate, the tax consequences of any transactions; and the effect on the portfolio of any known additions or withdrawals from the account in the future.

We provide quarterly reports to each client which include a performance report and a consolidated inventory of the investments upon which we exercise investment discretion. Monthly or quarterly statements from the account custodian(s) are sent to each client directly from the corresponding brokers, banks, mutual funds, etc., which hold client investments. These statements disclose the assets in the custodian's custody.

**We strongly encourage our clients to review the monthly or quarterly account statements that each client receives from the custodian.**

### B. Private Funds

BAM reviews Private Fund transactions on a regular and ongoing basis. BAM provides each limited partner a periodic report that generally includes unaudited financial statements and information concerning valuations, profits, gains and losses. In addition, BAM provides audited financial reports and tax-related information on an annual basis.

### C. Registered Funds

Investors in Registered Funds managed by BAM should consult the Registered Fund's prospectus for information regarding management of the Registered Fund's portfolio.

## **Item 14 – Client Referrals and Other Compensation**

### **A. *Economic Benefits from Non-Clients***

As discussed in Item 12, BAM may receive certain products and services that could be deemed to be research and brokerage services, within the meaning of Section 28(e) of the Securities Exchange Act, from certain broker-dealers that execute trades for BAMS's Clients. BAM does not view such services and research as soft-dollar arrangements. However, these arrangements may create an incentive for BAM to select or recommend broker-dealers based on its interest in receiving certain products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates, potentially resulting in higher transaction costs than could otherwise be obtained by BAM on behalf of its Clients. Please see Item 12 for further information on BAM's soft-dollar practices, including our policies and procedures for addressing conflicts of interest that arise from such practices.

### **B. *Compensation to Non-Supervised Persons for Client Referrals***

The use of solicitors is strictly regulated under applicable federal and state law. Where permitted by applicable law, BAM may pay third parties cash compensation for investor referrals from BAM's own funds in amounts based upon a portion of the advisory or performance fees earned with respect to investors introduced by the third party. Such arrangements will be disclosed to clients in writing in accordance with Rule 206(4)-3 under the Advisers Act. The fact that BAM may share with third parties a portion of the compensation BAM receives for its investment advisory services will not result in any client being charged investment advisory fees at a rate in excess of the rate or level or advisory fee customarily charged by BAM to its investment advisory clients for similar services to comparable accounts, nor will BAM charge any client any other amount for the purpose of offsetting its cost of obtaining an account through a third party referral.

## **Item 15 – Custody**

BAM does not maintain physical custody of client assets. Independent qualified custodians maintain physical custody of assets in client accounts. As described in Item 5 and Item 6 of this brochure, BAM may directly debit management and performance fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from the client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Clients should carefully review the account statements they receive from their custodian, and compare those statements to account information provided by BAM. Clients should contact BAM and their custodian directly if they believe that there may be an error in any statement provided by BAM or their custodian.

## **Item 16 – Investment Discretion**

Subject to limitations in the various agreements BAM has with particular clients, BAM has full discretion and authority to make all investment decisions with respect to the types or amounts of securities to be bought or sold for its clients, broker-dealers to be used and the commission rates paid. The specific details of BAM's discretionary authority are set forth in relevant Fund offering materials and/or the agreement between BAM and a particular client.

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

To the extent that BAM has authority to vote proxies for its clients, with respect to the Funds and Separate Accounts, established by its investment advisory agreements or similar documents, BAM has established proxy voting policies and procedures overseen by its chief compliance officer. With respect to certain Funds or other client accounts, BAM delegates the authority to vote proxies to a sub-adviser. BAM's proxy voting procedures are designed to ensure that proxies are voted in the best interests of clients.

If BAM's Chief Compliance Officer ("CCO") determines BAM has a conflict of interest in relation to a particular proxy vote, the CCO may resolve such conflicts in a variety of ways, including directing BAM to vote proxies in accordance with the recommendation of an independent fiduciary appointed for that purpose; pursuant to client direction by seeking instructions from a Registered Fund's board of trustees; or pursuant to a "mirror voting" arrangement under which shares are voted in the same manner and proportion as shares over which the BAM does not have voting discretion. The method selected by the CCO may vary depending upon the facts and circumstances of each situation.

When it votes proxies, BAM generally expects to cast proxy votes in favor of proposals that BAM, in its sole discretion, deems likely to increase shareholder value and generally expects to cast proxy votes against proposals BAM deems likely to have the opposite effect. You may obtain a copy of our complete proxy voting policies and procedures and/or information concerning how client proxies were voted upon request.

## **Item 18 – Financial Information**

BAM has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, and BAM has not been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

Not applicable.

## Privacy Notice

Belvedere Asset Management, LLC

### PRIVACY NOTICE

Your privacy is very important to us. This Privacy Notice sets forth the policies of Belvedere Asset Management, LLC (the “Firm”) with respect to non-public, personal information of its clients, prospective clients and former clients. These policies apply to individuals only and may be changed at any time, provided a notice of such change is given to you.

You provide us with personal information, such as your address, social security number, assets and/or income information.

We do not disclose any of this personal information about our clients, prospective clients or former clients to anyone, other than to our affiliates, and except as permitted by law, such as to our attorneys, auditors, brokers, regulators and certain service providers, in such case, only as necessary to facilitate the acceptance and management of your funds.

We will also release information about you if you direct us to do so, if compelled to do so by law, or in connection with any government or self-regulatory organization request or investigation.

We may also disclose information you provide to us to companies that perform marketing services on our behalf. If such a disclosure is made, the Firm will require such third parties to treat your private information with confidentiality.

We seek to safeguard your private information and, to that end, restrict access to non-public, personal information about you to those employees and other persons who need to know the information to enable us to provide services to you. We maintain physical, electronic and procedural safeguards to protect your non-public, personal information.

*End of Brochure*