

Part 2A of Form ADV: Firm Brochure

March 31, 2013

Hunt Investment Management, LLC

161 Washington Street, Suite 900

Conshohocken, PA 19428

Attention: Steven de Bara or Maryann Hermann

Telephone: (914) 701-4422 or (610) 729-0074

www.huntcompanies.com

Hunt Investment Management, LLC is an investment adviser that is registered with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

This Brochure provides information about the qualifications and business practices of Hunt Investment Management, LLC and Hunt Alternative Energy Investments, LLC. If you have any questions about the contents of this Brochure, please contact us at either (914) 701-4422 or (610) 729-0074. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Hunt Investment Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Hunt Investment Management, LLC last updated its Part 2A of Form ADV: Firm Brochure on January 23, 2013.

There have been no material amendments since January 23, 2013; however, we encourage everyone to read this current Brochure in its entirety. Additional information about Hunt Investment Management, LLC is also available via the Security & Exchange Commission's web site at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Hunt Investment Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Hunt Investment Management, LLC.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 - Advisory Business	4
Item 5 – Fees and Compensation	6
Item 6 – Performance-Based Fees and Side-By-Side Management	9
Item 7 – Types of Clients.....	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9 – Disciplinary Information	22
Item 10 – Other Financial Industry Activities and Affiliations	23
Item 11 – Code of Ethics	25
Item 12 – Brokerage Practices	27
Item 13 – Review of Accounts.....	28
Item 14 – Client Referrals and Other Compensation.....	29
Item 15 – Custody	30
Item 17 – Voting Client Securities.....	32
Item 18 – Financial Information.....	34

Item 4 - Advisory Business

- A. Hunt Investment Management, LLC, founded in 2008, is an investment advisory services firm specializing in investment management for private equity funds and separately managed accounts.

The principal owners of our company are Woody L. Hunt and WGH Dynasty Trust, via their indirect ownership of Hunt Investment Management Holdings, LLC, our direct parent. Mr. Hunt owns 52.03% and WGH Dynasty Trust owns 27.9% of Hunt Companies, Inc., a corporation organized and existing under the laws of the State of Delaware, which entity owns 100% of Hunt Company, LLC, a limited liability company organized and existing under the laws of the State of Nevada, which entity owns 99% of the limited partner interests in Hunt ELP, Ltd., a limited partnership organized and existing under the laws of the State of Texas, which entity owns 99% of the class A equity interests and 100% of the class B equity interests in Hunt Investment Management Holdings, LLC, a limited liability company organized and existing under the laws of the State of Delaware, which entity owns 100% of our company. Mr. Hunt also owns 95.73% of HB GP, LLC, a limited liability company organized and existing under the laws of the State of Nevada and the general partner of Hunt ELP, Ltd.

In addition, our company owns 80% of the common and preferred equity interests in Hunt Alternative Energy Investments, LLC, a Delaware limited liability company that acts as a sub-adviser to certain fund clients. The remaining 20% of the common equity interests are owned by Gullane Partners, LLC, a Missouri limited liability company, and the remaining 20% of the preferred equity interests are owned by DJB Chesapeake LP, a Virginia limited partnership. Mark S. Begeny owns 55% of Gullane Partners, LLC and 90% of DJB Chesapeake LP. Eric Perreca owns 45% of Gullane Partners, LLC.

Hunt Investment Management, LLC and Hunt Alternative Energy Investments, LLC are filing a single Form ADV in reliance on the positions expressed in the No-Action Letter – American Bar Association, Business Law Section, January 18, 2012. Hunt Investment Management, LLC and Hunt Alternative Energy Investment, LLC collectively conduct a single advisory business. In addition, Hunt Alternative Energy Investment, LLC, its employees, and the persons acting on its behalf are subject to the control and supervision of Hunt Investment Management, LLC. Accordingly, unless otherwise specified, references in this Brochure to “we,” “our,” and “our company” refer to both Hunt Investment Management, LLC and Hunt Alternative Energy Investment, LLC.

- B. We offer institutional investment advisory services to banks, private equity funds (our fund clients) and separate managed accounts in connection with real estate equity and renewable energy investments. The investment management services that we typically provide our clients include:

- the evaluation and selection of investments;
- the acquisition of real estate properties and solar renewable energy projects;
- the valuation of assets and energy efficiency sectors;
- ongoing asset management;
- the development of proactive strategies to resolve operational, financial and other performance issues;

- value creation and enhancement strategy consulting services on both a portfolio and property-level basis; and
- the sale of equity interests in commercial real estate properties located throughout the United States, the United Kingdom, and other European Union countries.

We generally specialize in commercial equity real estate and both public and private real estate related instruments. We also offer our clients direct access to project-level renewable energy infrastructure investments through Hunt Alternative Energy Investments, LLC, which will specifically target acquisitions of alternative energy projects under power purchase agreements and lease agreements with public sector customers such as federal government agencies, state and municipal governments and utilities.

- C. We tailor advisory services in accordance with each client's investment strategy (as disclosed in its offering documents or managed account agreement). We and our clients typically focus on both public and private real estate equity investments, as well as solar renewable energy projects with an emphasis on middle market projects. In addition, certain personnel of Hunt Investment Management, LLC participate on investment committees in order to formulate investment strategies and render specialized investment advice. Our advisors strictly adhere to the investment strategy and restrictions set forth in each client's private offering materials and managed account agreements.
- D. We do not participate in any wrap fee programs.
- E. As of December 31, 2012, we managed \$3,377,514,853 in discretionary assets and \$454,400,000 in non-discretionary assets.

Item 5 – Fees and Compensation

A. We or our affiliates may receive compensation from clients based on (i) the percentage of assets we manage, and (ii) performance achieved on behalf of a client's account. A summary of our fee structure is set forth below:

- Pooled Investment Vehicles/Fund Clients. With respect to our fund clients, Hunt Investment Management, LLC or one of our affiliates may receive (i) management fees ranging from 1% to 6% of net operating income, capital commitments or invested capital over a targeted rate of return, (ii) management fees ranging from 0.5% to 1% of net asset value or total project capitalization, (iii) carried interest distributions of 15 to 20% of sales proceeds in excess of a targeted internal rate of return, capital committed or net invested capital, and (iv) acquisition or success fees ranging from 1% to 3% as a percentage of the purchase price of an asset and an additional percentage of capital improvement funding on a project as they occur.
- Separate Managed Accounts. For separate managed accounts, Hunt Investment Management, LLC or one of our affiliates may receive (i) management fees ranging from 1% to 2% per annum of the average monthly investment balance outstanding or market value of such account, (ii) management fees ranging from 1.75% to 5.5% of net operating income, (iii) management fees ranging from 0.25% to 0.45% of net asset value, (iv) an incentive fee of 15% to 20% of earnings subject to a loss recovery amount from preceding years, and (v) acquisition or success fees ranging from 1% to 3% as a percentage of the purchase price of an asset and an additional percentage of capital improvement funding on a project as they occur.

We may individually negotiate the fees discussed above with each of our clients.

B. We typically deduct all asset-based compensation automatically in accordance with each client's governing documents, but we may also bill clients directly for any fees incurred. Our clients typically pay these fees quarterly, in arrears; however, in certain instances, fees may be (i) calculated and billed monthly, and (ii) capped at a fixed percentage of assets under management.

The performance-based compensation (carried interest and incentive fees) we receive from our clients is generally based on sales proceeds in excess of a targeted internal rate of return, capital committed and/or net invested capital. Accordingly, we receive performance-based compensation from our clients when distributions are made to underlying investors. As a result, we do not receive carried interest on a regularly scheduled basis. We may also receive other types of fees such as acquisition and commitment fees.

From time to time, we may invest client assets in mutual fund shares. In these instances, our client may pay the additional management fee charged by the mutual fund.

With regard to certain fund clients, upon a vote of a majority of such fund client's members, partners or shareholders, our services may be terminated either (i) upon written notice for any reason or (ii) for cause upon written notice (subject to certain limitations). With regard to certain separate managed accounts, Hunt Investment Management, LLC and the beneficial owner(s) of such separate managed account may have the right to terminate services with notice. In many instances, if an agreement is terminated (other than at a previously specified period), fees will be prorated to

the termination of the agreement and we may be entitled to receive other fees and expenses incurred through the date of termination.

C. In connection with our advisory services, clients bear all of their own expenses (ordinary and extraordinary) including, without limitation:

- fees, costs and expenses directly related to the contracting, acquisition, holding, renovation, development, financing, refinancing and sale or other disposition of client investments, and the evaluation of potential investments regardless of whether the potential investments are made;
- any expenses related to making temporary investments and any interest expenses;
- expenses of any administrators, custodians, counsel and accountants (including the audit and certification fees and costs of printing and distributing reports to a fund client's investors);
- any insurance, indemnity or litigation expense;
- out-of-pocket expenses of a fund client's investor advisory committee;
- certain taxes;
- any fees or other governmental charges levied against a client; and
- expenses for transactions not completed, including amounts payable to third parties and all fees and expenses of lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated, and any deposits or draw-down payments that are forfeited in connection with unconsummated transactions.

Our clients, and consequently investors in our clients, also bear all of their investment-related expenses, such as:

- proxy expenses;
- topping fees;
- interest and commitment fees on loans and debit balances;
- custodial fees;
- break-up fees;
- brokerage commissions;
- travel expenses related to research;
- underwriting fees;
- research fees and materials (including online news and quotation services);

- syndication fees;
- costs of any outside appraisers, accountants, attorneys or other experts or consultants engaged in connection with specific transactions;
- bank charges; and
- other ordinary miscellaneous research expenses.

We try to allocate the expenses among the applicable clients and the applicable investments of each client in a fair and reasonable manner. Because we render advice to private equity funds and separate managed accounts, and make investments for these clients on a negotiated basis, opportunities for trade executions are rare. In these circumstances, our clients will pay brokerage fees. For more information on brokerage transactions and costs, please see Item 12 – Brokerage Practices.

- D. Except as otherwise disclosed in this Item 5, our clients typically pay fees quarterly in arrears. Accordingly, we do not need to provide fee refunds to investors before the end of a billing period because they will never pay a fee in excess of what they owe.
- E. There are compensation fee structures in some investment vehicles, such as a separate account for an individual client, which may provide for payment of a disposition fee as a result of a sale of an asset of the account. Such disposition fees are sometimes received in lieu of performance-based compensation or carried interest, which is customary in a fund structure. The customary range of the disposition fee is 0.25% to 1.0% of the sale price of an asset. However, any potential or perceived conflict is mitigated by the fact that a client will typically have discretionary control over whether or not assets are sold.

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

Our company or our affiliates receive performance-based compensation in the form of carried interest or incentive fees from many of our clients. Please see Item 5 for an explanation of how we receive performance-based compensation.

Distributions of performance-based profit allocations are referred to as the “carried interest.” These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (as amended, the “**Advisers Act**”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The existence of the carried interest and incentive fees may create an incentive for us to make riskier or more speculative investments on behalf of our clients than would be the case in the absence of these arrangements.

In general, investment decisions for each client are made with specific reference to the individual needs and objectives of each client. There is no requirement that we use the same procedures consistently with respect to all client accounts. Different strategies and client guidelines and restrictions may lead to the use of different methodologies for addressing potential conflicts of interest. In allocating investment opportunities, we will take into account various factors, including the various investment objectives, the targeted rates of return, available capital commitments and the composition of the various portfolios taken as a whole. In each case, we will seek to act in the best interest of each client and assure that, over the long term, all clients are treated as fairly and equitably as possible relative to each other.

Item 7 – Types of Clients

All of our clients are private equity funds or separate managed accounts. Our clients rely on certain exclusions from the definition of “investment company” in the Investment Company Act. Accordingly, none of our clients are registered as investment companies with the SEC. The underlying investors in our clients are may include:

- individuals;
- banks, thrift institutions, pension plans, trusts and estates; and
- corporations, partnerships or other business entities.

We determine, in our sole discretion, any requirements for entering into an investment advisory contract with a client or otherwise opening or maintaining an account, including whether a client is large enough to implement its desired investment program.

Occasionally, we may permit Canadian investors to invest in our client. Under these circumstances, any Canadian investors would need to qualify under certain Canadian securities laws.

This firm brochure is not an offer to invest in our clients.

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

- A. We may employ any and all types of investment analysis and strategies; however, in managing our clients, we employ methods of analysis and investment strategies suitable for each client's investment objective, including investing in commercial equity real estate and both public and private real estate-related instruments.

Our company, on behalf of our clients, invests in various classes of equity real estate and renewable energy projects. These investments may be made directly or through the use of limited partner or membership interests in joint venture entities. We vary the investment programs within the real estate sector according to our clients' needs. Among all of our clients we may engage in any combination of the following:

- investing in private real estate equity;
- investing in mezzanine debt;
- investing in corporate debt;
- investing in non-performing loans;
- investing in residential and commercial mortgages;
- investing in preferred equity;
- investing in real estate investment trust common and preferred stock;
- investing in asset-backed securities ("ABS"), commercial mortgage-backed securities ("CMBS"), residential mortgage-backed securities, and collateralized debt obligations;
- borrowing/leveraging, including short-term bridge loans (on an unsecured basis);
- investing in clean-energy projects;
- investing in large scale alternative assets;
- utilizing various hedging instruments, including credit default swaps, total rate of return swaps, and credit linked notes to mitigate capital market risks; and
- investing in or with other partnerships and entities.

These real estate related instruments may issued by foreign issuers and may be located in the United States, Canada, Mexico, the United Kingdom and other European Union countries such as Germany, the Netherlands and France.

From time to time, we may need to make short-term investments on behalf of clients for cash management purposes that may include cash, short-term obligations of the United States of America, or fully guaranteed as to interest and principal by the United States of America, interest bearing accounts and/or certificates of deposit, repurchase agreements and commercial paper.

With respect to each of our clients, we use our extensive industry expertise and relationships with key players in the industry to thoroughly evaluate and investigate the fundamentals of our investment prospects. We evaluate the national economic outlook relative to the various real estate debt and equity products that will be offered to our clients. We evaluate economic growth trends, employment trends, real estate supply/demand, movements in interest rates and other factors to determine which real estate investment strategies are appropriate relative to each of our client's objectives. Macroeconomic trends are increased with proprietary information generated by our affiliates through a nationwide mortgage banking network and loan servicing operation, by national, regional and local real estate professionals, as well as from relationships with real estate brokers, leasing agents and developers.

In addition, we analyze market and sub-market data on a macro level, including, among other things, rent and tenant allowance trends, sale comparables, capitalization rates, new construction activity, vacancy and absorption trends, tenant and industry concentrations.

Our company evaluates individual real estate equity and debt investment opportunities, taking into account the above information as well as an assessment of the investment's overall competitive stature in the market and sub-market, project leases, project cost of operation, third-party reports including environmental and structural analysis, pre-and post-acquisition appraisals, sponsorship and our site inspections.

We also analyze and monitor real estate capital markets to determine financing strategies, as well as to continually assess the possibility of different investment exit strategies. The main sources of information that we use include the following:

- financial newspapers and magazines;
- inspections of corporate activities;
- research materials and surveillance reports prepared by affiliates or third parties;
- corporate ratings services; and
- annual reports, prospectuses, press releases and other filings with the SEC.

B. Despite our thorough research and analysis, investing in any security involves a risk of loss that any clients and investors in our clients must be prepared to bear. Certain risks associated with an investment in our clients include:

- Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive private equity investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. Our clients compete for investments with other private equity investors, as well as companies, public equity markets, individuals, financial institutions and other investors. Furthermore, over the past several years, private equity funds have an unprecedented amount of capital available for private equity investment. Additional funds with similar objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, and reduce the number of investment opportunities available to our clients and adversely affect the terms upon which investments

can be made. There is no assurance that we will be able to locate, consummate and exit investments that satisfy our clients' rate of return objectives or realize upon their values, or that our clients will be able to invest fully their committed capital.

- Financial Markets and Regulatory Change. The instability in global financial markets has heightened the risks associated with the investment activities and operations of investment funds, including those resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital being allocated to investment funds and other alternative investment vehicles have led to increased scrutiny and regulation over the investment fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to our clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to our clients' interests.
- Risk of Limited Number of Investments. We anticipate that our clients may participate in a limited number of investments. As a consequence, the aggregate return of our clients may be substantially adversely affected by the unfavorable performance of even a single investment.
- Investments Longer than Term. We, on behalf of a client, may make investments that may not be advantageously disposed of prior to the date the client will be dissolved, either by expiration of our client's term or otherwise.
- Uncertainty of Financial Projections. Our company or our affiliates will generally evaluate potential investments on the basis of financial projections for these investments. Projections are only estimates of future results which rely on assumptions made at the time of the projections. There can be no assurance that we can attain these projected results, and actual results may vary significantly from the projections. In addition, general economic conditions, which are not predictable, can have a material adverse impact on the reliability of the projections.

C. The following is a description of some important risks associated with the investment strategies that we employ. The following explanation of certain risks is not exhaustive, but rather highlights the significant risks involved in our investment strategies. We do not use every strategy listed below when managing each client's assets, but rather we use various combinations of strategies that depend on each client's circumstances and investment goals.

- Controlling Person Liability. Our clients may hold controlling interests in some of their investments in real estate companies. The exercise of control over an entity can create additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristics of business ownership may be ignored. If these liabilities were to arise, our clients might suffer significant losses.
- Real Estate Investment. The risks generally incidental to ownership and operation of income-producing real estate may affect our clients' investments, including:
 - the illiquidity of real estate;

- the possibility that cash generated from operations of a property will not be sufficient to meet fixed obligations;
 - the presence of undetected physical and other defects;
 - changes in economic conditions affecting real estate ownership directly or the demand for real estate;
 - the need for unanticipated expenditures in connection with environmental matters;
 - unavailability of certain types of insurance, and increases in insurance costs;
 - changes in tax rates and other operating expenses;
 - adverse changes in laws, governmental rules and fiscal policies; and
 - terrorism, acts of God, including earthquakes and fire (which may result in uninsured losses), environmental and waste hazards and other factors that are beyond our control.
- Non-Controlled Investments. We invest a substantial portion of our clients' assets in joint ventures formed for the purpose of investing in real estate. Our clients may have shared or limited control of some or all of these investments, which may involve risks not present in other types of investments, such as the possibility that the other party may become bankrupt or have economic or business interests or goals inconsistent with our clients' interests or goals. Actions taken by these other parties may subject the investment to liabilities greater or different than those contemplated by the clients. It may also be more difficult for the clients to sell their interest in those investments. If one of our clients shares control over an investment with another party, deadlocks could result that could adversely affect the investment's returns or value. In particular, if the client has co-investment relationships with an operating partner, which may relate to multiple properties, that operating partner may have significant influence over the client's operations and business.
 - Non-U.S. Investments. Our company, on behalf of our clients, may invest in real estate or real estate related instruments located or issued principally outside of the United States. Non-U.S. investments involve certain factors not typically associated with investing in U.S. securities, including risks relating to:
 - currency exchange matters, such as fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which a client's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another;
 - differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets;
 - the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation;
 - certain economic and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, nationalization of business

- enterprises, the risks of political, economic or social instability, the possibility of substantial rates of inflation and the possibility of expropriation or confiscatory taxation;
- the possible imposition of non-U.S. taxes on income and gains recognized with respect to these securities; and
 - less developed laws regarding corporate governance, fiduciary duties and the protection of investors, and other differences in applicable legal systems, including the possibility that our clients may experience difficulty in asserting legal claims or obtaining legal remedies in non-U.S. jurisdictions.
- Leverage. Our clients may employ leverage in connection with their investments and operations. The percentage of leverage used by each client will vary depending on the estimated stability of the cash flow of the properties it invests in, as well as on market conditions. To the extent that changes in market conditions cause the cost of financing to increase versus the income that can be received from investments, we may reduce the amount of leverage for our clients. While the use of leverage may enhance returns and increase the number of investments that we can make on behalf of any one client, it will also increase the risk of loss. As a client incurs indebtedness, it will become subject to the risks associated with debt financing, including the risks that available funds will be insufficient to meet required payments and that existing indebtedness will not be able to be refinanced or that the terms of that refinancing will not be as favorable as the terms of existing indebtedness. To the extent that a client or a joint venture is unable to meet required debt service payments, the client risks the loss of some or all of its assets.
 - Credit Facilities. A client may enter into a credit facility to fund investments or to pay expenses through borrowing instead of capital contributions from underlying investors. These investors may be required to confirm the terms of their commitments, to provide financial information, to execute financing statements and pledge agreements and to provide or execute other documents that be required by lenders.
 - Risks in Effecting Operating Improvements. In some cases, the success of our clients' investment strategy will depend, in part, on the ability of our company to restructure and effect improvements in the operations of an investment. The activity of identifying and implementing restructuring programs and operating improvements at real estate properties entails a high degree of uncertainty. We cannot give any assurance that we will be able to successfully identify and implement these restructuring programs and improvements.
 - Casualty Losses; Uninsurable Losses. We may require, prior to making an investment in a given real estate project on behalf of a client, that the owner or property manager obtain suitable comprehensive liability, fire and extended coverage insurance for the property of the types and in the amounts customarily obtained for similar properties. Some losses (for example, terrorism), however, may be either uninsurable or not economically insurable. Should an uninsured loss occur, a client could lose its investment in a property as well as the anticipated income from that property.
 - Investment in Distressed Assets. We may make investments in under-performing or other distressed assets on behalf of our clients, utilizing leveraged capital structures. By their nature, these investments will involve a high degree of financial risk, and there can be no assurance that

our clients' rate of return goals will be met or that there will be a return of capital. In addition, investments in properties operating in workout modes or under Chapter 11 of the United States Bankruptcy Code may be subject to additional potential liabilities that may exceed the value of a client's original investment. Under certain circumstances, payments to one of our client's and distributions by the client to its underlying investors may be reclaimed if a court later determines the payments or distributions to have been fraudulent conveyances or preferential payments.

- Environmental Risks. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of hazardous substances released on or in its property. Those laws often determine liability without considering whether the owner or operator knew of, or was responsible for, the release of those hazardous substances. The costs of removal or remediation may equal or exceed the value of the property, and the presence of those substances, or the failure to properly clean-up those substances may adversely affect the owner's ability to sell that real estate or to borrow using that real estate as collateral. An owner or operator of a facility may also be required to comply with various laws, ordinances and regulations regarding the handling, production, storage, use, discharge or disposal of regulated materials. Prior to purchasing an interest in any property on behalf of a client, we will review a Phase I environmental assessment prepared by an independent environmental consultant. A Phase I assessment typically includes an inspection of the property and a review of public records but no sampling of soil, surface water, groundwater or other media. If the Phase I assessment reveals cause for concern, we may conduct further investigation of environmental risks associated with the property, including sampling. No assurance can be given, however, that either a Phase I assessment or subsequent investigation will reveal all potential environmental liabilities.
- Investing in Clean Energy Products. Clean energy projects and developers are subject to various risks, including but not limited to: (i) adverse changes in national and international economic and geopolitical conditions; (ii) local market conditions; (iii) regional weather and climate conditions, changes in local, state, and federal policy incentives; (iv) increases in the availability of supply of energy relative to demand; (v) changes in availability of financing; (vi) increases in interest rates, risks due to dependence on cash flow; (vi) acts of God; and (vii) uninsurable losses and other factors that are beyond our control.
- Liabilities on Sale. In connection with the disposition of an investment on behalf of our clients, we may be required to make representations about the business and financial affairs of the investment typical of those made in connection with the sale of a business. We may also be required to indemnify the buyers of the investment for any inaccurate representations. These arrangements may result in contingent liabilities for which we may establish reserves or escrows. For that purpose, underlying investors in our clients may be required to return amounts distributed to them to pay for obligations, including indemnity obligations.
- Regulatory Risk (Clean Energy). Much of the value of clean energy operating assets depends on state and federal policy mechanisms to provide financial incentives in the form of tax credits, accounting benefits, and other incentives. Appetite for clean energy projects from term financiers – who serve as the primary take-out for our clients' investments – is a function of these incentives. The performance of our clients' investments is, therefore,

subject to policy risk where the removal or material changing of policy mechanisms may adversely impact the profitability of clean energy projects.

- Use of Valuations. Unlike exchange-listed and other readily tradable securities, clean energy assets generally cannot be marked to an established market. Instead, an appraisal or a valuation is only an estimate of value and is not a precise measure of realizable value. Clean energy asset valuations are subject to numerous assumptions and limitations. Ultimate realization of the market value of a clean energy asset depends to a great extent on economic and other conditions beyond our control. Further, appraised or otherwise determined values do not necessarily represent the price at which a clean energy project investment would sell since market prices of clean energy investments can only be determined by negotiation between a willing buyer and seller. Generally, appraisals will consider the financial aspects of a project, market transactions and the relative yield for an asset measured against alternative investments. Valuations will generally be based on the discounted cash flows of our clients' assets.
- REIT Securities and Real Estate Securities. Our clients may invest in real estate investment trusts (REITs) and the securities of other companies primarily engaged in real estate activities, such as real estate development and management. Investment in REITs can have very similar risks to those described above relating to other real estate investments. Investments in REITs are also subject to special risks, such as restrictions on ownership and tax risks. In addition, many REITs have small-to-medium sized market capitalizations, which may be more volatile than prices of large-capitalization securities and thus an investment in such securities may be less liquid.
- Investing in Loans Generally. When investing in any type of loan, there is always the risk that a borrower made a material misrepresentation or omission in the process of obtaining the loan. This inaccuracy or incompleteness can adversely affect the valuation of the collateral underlying the loan and/or can adversely affect our clients' ability to perfect or effectuate a lien on the collateral securing the loan.
- Distressed Mortgage Loans. Our clients may purchase mortgage loans on which the borrowers are or were having trouble making payments. These mortgage loans may be in default or may have a greater than normal risk of future defaults, delinquencies, bankruptcies or losses due to fraud. Returns on investments in mortgage loans depend on a borrower's ability to make required payments and, if a borrower defaults, the ability of the loan's servicer to foreclose and liquidate the mortgage loan.
- Mezzanine Loans. Our clients may invest in mezzanine loans from time to time. Mezzanine loans are an option a company might utilize when its real estate is already being used to secure a primary loan, but the company has a need for a secondary loan. This type of loan is secured not by the real estate, but by the stock belonging to the company that owns the property. Companies generally use mezzanine loans when they have to raise a large amount of money for expansions or for other types of large expenditures.

There are certain risks associated with investing in mezzanine loans. First, it is likely that our clients' mezzanine investments will be subordinate to the borrower's more senior debt, and if the borrower defaults under the more senior loan, the lenders of the more senior loan will have preferential claims over those of our clients. In this case, the borrower's assets would first be used to repay the senior lender, so there is the risk that all or substantially all of the borrower's

assets will be unavailable to repay our clients and other subordinate lenders. In addition, if our clients attempt to enforce a borrower's obligations, our clients could be subject to a borrower's claims of breach of contract or other unfair lending claims. If a borrower goes bankrupt, our clients also run the risk of being included in bankruptcy proceedings, which can be costly and lengthy. Lastly, there can be no assurance that a borrower will repay its mezzanine loans or that our clients will ultimately be able to collect on any of the collateral pledged for the loans.

- Commercial Mortgage-Backed Securities. Commercial mortgage-backed securities are interests in packages of mortgage loans that are backed by commercial property, such as apartments and retail shops. Typically, mortgage loans on commercial properties are structured so that a substantial portion of the loan principal is payable at maturity (rather than during the course of the loan term). Thus, repayment of the loan principal often depends on the future availability of real estate financing and/or the current value and salability of the real estate. If real estate financing is unavailable at that time or borrowers are unwilling to refinance or dispose of encumbered property to pay off the loans, the loans may default.

Most commercial mortgage loans underlying mortgage-backed securities are nonrecourse obligations, which means that there is no recourse against the borrower's assets other than confiscating and selling the property (foreclosure). Foreclosure can be costly and delayed by litigation or bankruptcy. When considering factors such as the property's location, the legal status of title to the property, the property's physical condition and financial performance, environmental risks and governmental disclosure requirements of the property's condition, a third party may be unwilling to purchase the property at a foreclosure sale or pay a price sufficient to satisfy all of the borrower's obligations. In addition, the borrower may always retain any revenues from the underlying property or use the revenues to pay others, maintain insurance, pay taxes or pay maintenance costs. Such diverted revenue generally cannot be recovered without a court-appointed receiver to control cash flow related to the property.

- Residential Mortgage-Backed Securities. Residential mortgage-backed securities are interests in packages of mortgage loans backed by residential property. Residential mortgage-backed securities yield higher returns compared to other bonds and are rather liquid, as there is a large secondary market for them. On the other hand, holders of residential mortgage-backed securities bear various risks, including credit, market, interest rate, structural and legal risks. Residential mortgage loans are the borrowers' obligation only and are not typically insured or guaranteed by any other person or entity. The rate of defaults and losses on residential mortgage loans is affected by a number of factors, namely general economic conditions and economic conditions in the area in which the property is located, the borrower's equity in the mortgaged property and the borrower's financial circumstances. If a residential mortgage loan defaults, foreclosure may be a lengthy, difficult and expensive process. In addition, the market for defaulted residential mortgage loans or foreclosed properties may be quite limited.

At any one time, a portfolio of residential mortgage-backed securities may be backed by loans with disproportionately large principal amounts secured by properties in only a few states or regions. As a result, these loans may be more susceptible to geographic risks, such as adverse economic conditions, adverse events affecting local industries and natural hazards, than would be the case for a package of mortgage loans having more diverse property locations. In addition, residential mortgage loans may include "jumbo" mortgage loans, having original

principal balances that are higher than is generally the case for residential mortgage loans. Consequently, this type of portfolio may experience increased losses.

Each underlying residential mortgage loan may have a balloon payment on its maturity date. A balloon payment mortgage is a mortgage which does not fully amortize over the term of the loan, and leaves a large balance due at maturity. Balloon mortgage loans involve a greater risk to a lender than fully-amortizing loans because the borrower's ability to pay the balloon payment often depends on its ability to obtain refinancing or sell the mortgaged property at a price sufficient to allow the borrower to make the balloon payment. If the borrower is unable to make its balloon payment, the related residential mortgage-backed security may experience losses.

- Asset-Backed Securities. Asset-backed securities are securities backed by assets other than mortgages or other mortgage-related assets. Credit card receivables, automobile, boat and recreational vehicle installment sales contracts, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, corporate debt securities and various types of accounts receivable commonly support asset-backed securities. Asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, asset-backed securities do not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and credit card debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give debtors the right to set off certain amounts owed on the credit cards, reducing their balance due. The risk of investing in asset-backed securities is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting asset-backed securities is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. The value of an asset-backed security is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

- Collateralized Debt Obligations. Collateralized debt obligations are securitized interests in pools of generally non-mortgage assets. Collateralized debt obligation pools are split into different risk classes, or tranches, with "senior" tranches being the least risky. Interest and principal payments are made in order of seniority, so that junior tranches cost less and get paid more to compensate for additional risk. Holders of collateralized debt obligations only receive payment when the underlying borrowers make payments, otherwise the holders have no other recourse against the pool.

From time to time, the market for collateralized debt obligations has been adversely affected when there is not enough financing available to bundle into a pool, partly in response to regulatory pressures on financing providers to reduce or eliminate their exposure to collateralized debt obligations transactions.

Collateralized debt obligations often consist of concentrated portfolios of assets. The concentration of an underlying pool in any one borrower would subject the collateralized debt obligation to a great degree of risk should the borrower default. Similarly, the concentration of

a pool in any one industry would subject the collateralized debt obligation to a great degree of risk should the industry experience an economic downturn.

The value of collateralized debt obligations generally fluctuates with, among other things, the financial condition of the borrowers of the underlying assets, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in interest rates.

Finally, the underlying obligations that form collateral debt obligations are often given poor ratings by credit rating agencies. The lower ratings, as previously explained, reflect a greater possibility that adverse changes in an obligor's financial condition and/or in general economic conditions could affect the obligor's ability to make payments of principal or interest.

- Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that can be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. The holder of a convertible security typically receives interest or a dividend until the security matures or is converted or exchanged. Convertible securities are unique in that they generally: (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying security due to their fixed-income characteristics; and (iii) provide potential for capital appreciation if the market price of the underlying security increases.

The value of a convertible security is a function of its "investment value" and its "conversion" value. A convertible security's investment value is determined by its yield in comparison to yields of other securities of comparable maturity and quality that do not have a conversion privilege. Changes in interest rates influence a convertible security's investment value, as investment value declines as interest rates increase and vice versa. The issuer's credit standing and other factors may also affect the convertible security's investment value. A convertible security's conversion value is determined by the market price of the underlying security. If the conversion value is low relative to the investment value, then the investment value principally governs the price of the convertible security. As the market price of the underlying security approaches or exceeds the conversion price, the conversion value will increasingly influence the price of the convertible security.

A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying security while holding a fixed-income security. Typically, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the issuer's option. If one of our clients holds a convertible security that its issuer redeems, this could adversely affect our client's ability to achieve its investment objective.

- Total Return Swaps. A total return swap is a contract between two parties under which one party makes payments based on a set rate, while the other party makes payments based on an underlying asset's return. The underlying asset is usually an index or a loan or bond. Total return swaps allow the party receiving the return to benefit from an asset without actually having to own it. Risks associated with total return swaps include the risk that the obligor of the

underlying asset will default on its obligations and any risks associated with owning the underlying asset.

- Interest Rate Swaps. An interest rate swap is a contract between two parties under which parties exchange interest rates on a principal amount. The principal amount is never exchanged but is used to calculate each party's interest payments. For example, A pays B a fixed rate of interest on the principal and B pays A a variable rate of interest on the principal. There is always the risk that interest rates will go in an unanticipated direction, which would negatively affect our clients' earnings. There is also the risk that the other party will default and be unable to complete the contract, which may result in losses to our clients.
- Currency and Exchange Rate Risks. A portion of our clients' investments, and the income received by our clients with respect to these investments, may be denominated primarily in foreign currencies. However, the books of our clients will be maintained, and contributions to and distributions from our clients generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of investments and the amounts of distributions, if any, to be made by our clients. In addition, our clients will incur costs in converting investment proceeds from one currency to another.
- Hedging Policies. In connection with certain investments, our company, on behalf of a client, or a client's portfolio companies may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, capital markets and currency exchange. While these transactions may reduce certain risks, the transactions themselves may entail certain other risks. Thus, while a client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, capital markets or currency exchange rates may result in a poorer overall performance for a client than if there had not been any hedging transactions.
- Public Company Holdings. Our clients' investment portfolio may contain securities issued by publicly held companies or their affiliates. These investments may subject a client to risks that differ in type and degree from those involved with investments in privately held companies or equity real estate. These risks include, without limitation:
 - greater volatility in the valuation of these companies;
 - increased obligations to disclose information regarding these companies;
 - limitations on the ability of a client to dispose of these securities at certain times;
 - delays in our clients' sale of securities to complete the SEC's registration process;
 - increased likelihood of shareholder litigation against these companies' board members or significant shareholders; and
 - increased costs associated with each of the above-listed risks.

We encourage our investors to consider all of the risk factors we have explained. Any investors in our client risk the loss of their entire investment.

Item 9 – Disciplinary Information

- A. Neither our company, nor any of our subsidiary companies, directors, officers or principals has been involved in any criminal or civil actions in a domestic, foreign or military court.
- B. Neither our company, nor any of our subsidiary companies, directors, officers or principals has been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.
- C. Neither our company, nor any of our subsidiary companies, directors, officers or principals has been involved in any self-regulatory organization proceedings.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither our company, nor any of our subsidiary companies, directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither our company nor any of our subsidiary companies, directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.
- C. Our company owns 80% of the common and preferred equity interests in Hunt Alternative Energy Investment, LLC, a Delaware limited liability company that acts as a sub-adviser to certain fund clients. The remaining 20% of the common equity interests are owned by Gullane Partners, LLC, a Missouri limited liability company, and the remaining 20% of the preferred equity interests are owned by DJB Chesapeake LP, a Virginia limited partnership. Mark S. Begeny owns 55% of Gullane Partners, LLC and 90% of DJB Chesapeake LP. Eric Perreca owns 45% of Gullane Partners, LLC.

Hunt Investment Management, LLC and Hunt Alternative Energy Investment, LLC collectively conduct a single advisory business. In addition, Hunt Alternative Energy Investment, LLC, its employees, and the persons acting on its behalf are subject to the control and supervision of Hunt Investment Management, LLC.

The following entities act as general partners to certain clients, and our company directly or indirectly manages or controls each entity:

- Commercial Realty Advisors, LP, a limited partnership organized and existing in the State of Delaware;
- Commercial Realty Advisors II, LP, a limited partnership organized and existing in the State of Delaware;
- Commercial Realty Advisors III, LP, a limited partnership organized and existing in the State of Delaware; and
- UK Investors GP, LLC, a limited partnership organized and existing in the State of Delaware.

We seek to address any potential conflicts of interest by (i) fully disclosing the relationship among the above-listed entities and our company in our client's offering documents, and (ii) having the general partner make a direct investment in each fund client. Although our company's control of our client's general partner may give us heightened control and discretion over our clients, we generally manage any potential conflicts of interest by strictly adhering to the investment strategy and business philosophy discussed in our clients' offering materials.

As previously stated in Item 4, our company is an indirect subsidiary of Hunt Companies, Inc. ("HCI"), a privately held diversified real estate company whose core businesses include real estate development, design-build, construction management and asset/property management services. HCI and its affiliated companies focus on public-private ventures, military housing, mixed-use, multi-family housing, master-planned communities, office and retail development projects. In addition to our company, HCI's affiliates include, among others, Hunt Building Company, Ltd., Hunt Development Group, LLC, Hunt Construction Managers, LLC, Hunt Land Unlimited, LLC, and Hunt

Company Business Services, LLC. We have developed a protocol to mitigate any potential conflicts of interest that may arise in connection with joint real estate investments. Under our allocation policy, which is an attachment to our Compliance Manual, investment and allocation decisions will be based on the investments characteristics and take into consideration the following (unless otherwise noted): (i) the suitability of an investment to a client's investment criteria; (ii) the discretionary vs. non-discretionary requirements of the client; (iii) the ability of a client to meet the timing and capital needs of a respective transaction; and (iv) whether an investment is complementary to the existing investments of a client after taking into account concentration and diversity factors. If an investment opportunity is equally suited for more than one client, the investment will be allocated based upon a pro-rata or rotation system. We have adopted policies and procedures that all principle transactions (i.e. transactions between related parties) will be conducted at arm's length, and will obtain consents from the applicable clients, advisory board or designated independent representative.

We may use the services of HCI or its affiliates in connection with rendering advisory services to our clients. Depending on the types of services, the fees for those services may be paid by our clients or covered by our company. We continuously seek to ensure that any fees paid to our affiliates by our clients do not exceed an amount that would generally be charged by unrelated third parties performing similar services. Arrangements such as these may create potential conflicts of interest in that our company could be viewed as placing our interests and the interests of our affiliates ahead of our clients' best interests. To the extent required by the Advisers Act, we will notify our clients of potential conflicts of interest and obtain their consent prior to transactions with affiliates.

Hunt Companies Business Services, LLC, an administrative services firm and an indirect subsidiary of HCI, provides our company with access to resources that supplement our back office functions and personnel, including, but not limited to, services such as IT, corporate accounting, tax, insurance, human resources/payroll, and legal.

Certain employees of Hunt Investment Management, LLC hold equity ownership interests in Silvermine Partners LLC and Silvermine Partners II LLC, the administrative members of two respective clients. Pursuant to the operating agreements of Silvermine Partners LLC and Silvermine Partners II LLC, in certain circumstances, such employees will be entitled to receive performance-related and disposition-related fees from such clients.

- D. We do not recommend or select unaffiliated investment advisers for our clients, receive compensation directly or indirectly from unaffiliated investment advisers that create a material conflict of interest, or have other business relationships with unaffiliated investment advisers that create a material conflict of interest.

Item 11 – Code of Ethics

- A. Our company has established a code of ethics that sets forth standards of ethical conduct for our employees and the employees of our subsidiary companies. In addition, we have established policies and procedures that address, among other things, potential conflicts of interest that may arise in the management of the clients that we sponsor.

The code of ethics includes specific practices and policies to ensure that our employees and the employees of our subsidiary companies fulfill their fiduciary responsibilities of honesty, good faith and fair dealing, and place our clients' interests over the interests of our company and our employees. All employees are expected to strictly adhere to the practices and policies set forth in the code of ethics, as well as the procedures for approval and reporting requirements established therein. The code of ethics includes specific procedures and policies relating to the required approval and reporting of personal securities and real estate transactions for all access persons, required securities holding reports, insider training education and prohibitions and annual training certification filings to assure compliance with the code of ethics on an ongoing basis. All required reports are submitted and reviewed by our company's compliance officer.

In addition, the code of ethics contains specific policies regarding employee gifts, prohibitions on insider trading, and the handling of confidential or non-public information that our company, our subsidiaries, our employees, or the employees of our subsidiaries may receive in the course of providing services to our clients. All employees must also obtain pre-clearance from our company's compliance officer for any political contributions. The code of ethics also provides for a range of sanctions, as deemed appropriate by our company's senior management, should anyone violate the provisions set forth therein. These sanctions include, but are not limited to, a warning, fines, disgorgement, suspension, or termination of employment.

Hunt Investment Management, LLC and Hunt Alternative Energy Investments, LLC operate under a single code of ethics adopted in accordance with Rule 204A-1 of the Adviser's Act, and a single set of written policies and procedures adopted and implemented in accordance with Rule 206(4)-(7) of the Adviser's Act, all of which are administered by our company's chief compliance officer. We will provide a copy of our code of ethics to any prospective client, any client, or any investor in our clients upon request.

- B. Under certain circumstances, we may recommend to clients, or buy or sell for clients, securities in which we or our affiliates have a material financial interest. Because our affiliates act as the general partners of our fund clients, we have a material interest that could create conflicts that must be managed. In addition, we or our affiliates serve as the general partner and/or the investment manager to certain clients in which other clients invest (pursuant to their investment strategies). In order to minimize any conflict of interest, if a managed account client invests in a fund client, we waive the management fees and performance-based compensation charged at the fund client level to ensure that we do not receive double fees on these investments.

Additionally, we or one of our affiliates may sell or purchase equity real estate, CMBS, ABS, or interests in real estate loans to or from a client. This could potentially create a conflict of interest between our company and a client because we have an incentive to negotiate more favorable terms for us or our affiliates at the expense of our client. In this instance, we will seek to (i) ensure that these transactions are conducted at an arm's length basis, and (ii) obtain client consent prior to the consummation of any such transactions. To the extent that any fees are assessed to one of our

clients in a principal transaction involving our company or one of our affiliates, we will seek to ensure that the fees do not exceed amounts that would be paid to unrelated third parties performing similar services.

We may also originate for a fee from borrowers and/or clients both debt and equity investment opportunities for clients. Our company or one of our affiliates may receive origination and/or disposition fees for the acquisition and/or sale of real estate and mortgage investments.

In light of these potential conflicts of interest, we have an allocation policy to allot investment opportunities based upon each of our clients' stated investment objectives and mandates. However, for real estate debt related investments, including certain types of preferred equity, we may give a priority to a particular client. Following this priority allocation, if the investment opportunities are suitable for one or more client, transactions will be allocated on a rotational or a pro rata basis.

For private real estate equity investments (excluding certain type of preferred equity), if an investment opportunity is suitable for one or more clients, that investment will be allocated on a rotational or pro rata basis. For certain clients' assets subject to the Employee Retirement Income Security Act of 1974 (as amended, "**ERISA**"), we have adopted policies and procedures to meet the law's requirements. Specifically, we have adopted policies to prohibit: (i) exercising control over ERISA plan assets in our own interest or for our own account; (ii) representing any other party in a transaction with ERISA plan assets whose interests are adverse to the interests of the plan; and (iii) receiving compensation from a third party in connection with a transaction involving ERISA plan assets.

- C. Our company, as well as our affiliates and employees, may co-invest with clients and may invest in directly in fund clients that we or our affiliates manage. Additionally, certain portfolio managers may receive a portion of the carried interest from fund clients received by an affiliate of our company. In order to prevent any conflicts of interest, affiliations of this nature are disclosed to clients and investors in our clients, and our company has adopted a pre-clearance policy for all personal trades.
- D. Under certain circumstances, we may recommend to clients, or buy or sell for clients, securities in which we or our affiliates have a material financial interest at or about the same time that we or our affiliates sell the same securities. This could potentially create a conflict of interest between our company and a client. In order to prevent any conflicts of interest, we will seek to obtain client consent prior to the consummation of any such transactions, and disclose relevant affiliations to clients and investors in our clients.

Item 12 – Brokerage Practices

- A. Because we render advice to private equity funds, and investments are made on a negotiated basis, opportunities for trade executions are rare. On those rare occasions that we execute trades on behalf of our clients, our employees must demonstrate compliance with broker selection, recordkeeping, and other requirements related to trading, including “best execution,” as well as the managed account agreements or offering materials for each client, which sets forth investment objectives and guidelines in connection with managing such client’s account.

To the extent we have complete investment and brokerage discretion over our clients’ accounts, we will select broker-dealers for our clients’ securities transactions and determine the reasonableness of their compensation based on a number of factors, including the following:

- the financial strength, integrity and stability of the broker-dealer;
- the ability to effect prompt and reliable executions at favorable prices (including the applicable broker-dealer spread or commission, if any);
- the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- the broker-dealer’s risk in positioning a block of securities; and
- the competitiveness of commission rates in comparison with other broker-dealers satisfying our other selection criteria.

Our company and the broker-dealer will determine the amount of commission to be paid to a broker-dealer; provided, however, that in the event that we enter into arrangements with an affiliated broker-dealer, we will only pay commissions to the affiliated broker-dealer that do not exceed the amount generally charged by third-party broker-dealers for comparable services.

Research and Soft-Dollar Benefits. We do not use client commissions to acquire brokerage and research services pursuant to soft dollar transactions.

Brokerage for Client Referrals. We do not receive referrals for clients from any broker-dealers. In limited circumstances, we may use a broker where a division or affiliate of the broker may have referred or may refer investors to our clients. We may be deemed to have a potential conflict of interest in receiving referrals in that we may have an incentive to select those brokers. In order to mitigate such a conflict, we focus on the criteria set forth above when selecting brokers.

Directed Brokerage. In limited cases, our clients may direct us to effect transactions through specific brokers. We will use those brokers when the best price and execution are not sacrificed; however, a client’s insistence on the use of one or more particular brokers can have a materially adverse effect on the quality of execution that is available to such client. Among other things, clients that direct our use of brokers may pay higher transaction costs, be excluded from aggregated orders, and trade after our other clients have traded.

- B. Because we render advice to private equity funds, and investments are made on a negotiated basis, opportunities for trade aggregation do not exist.

Item 13 – Review of Accounts

- A. We maintain comprehensive review procedures for the ongoing monitoring of our clients' accounts and financial plans. The employees of our company and our affiliates serve on the investment committees for the private investment funds for which we act as adviser, and they routinely monitor the portfolio investments. Their reviews focus on changes in economic, political or market conditions. We review each of our clients' portfolios quarterly, or more frequently in the event of a material event affecting a portfolio.
- B. We frequently monitor portfolio investments for events that have a material impact on our original investment thesis. Any change to an investment thesis necessitates a review by the managers of the merits of the investment.
- C. Investors in our clients may receive quarterly unaudited financial statements and investor reports along with annual audited financial statements. In addition, a portfolio management's discussion letter regarding the results of operations, management, market environment, investment performance and other matters of a fund client will also be sent to investors in our fund clients. Additional reports are available upon request.

Item 14 – Client Referrals and Other Compensation

- A. We currently participate in a revenue sharing arrangement with State Street Corporation (“SSC”) and other affiliated companies for client referrals received. SSC has various internal referral programs for employees who introduce clients. These programs may be extended to SSC employees who introduce clients for Hunt Investment Management, LLC. Referral awards are typically based on first year fees. Awards will only be granted for referrals that meet program and regulatory requirements.
- B. Pursuant to the requirements of the Advisers Act, we may utilize the services of unaffiliated SEC registered investment advisers to refer clients for our products. We compensate such firms for client referrals that result in the provision of investment advisory services by Hunt Investment Management, LLC. This compensation may be paid directly or indirectly by a client through an offset to the management fees otherwise payable by such client. Compensation under these solicitation arrangements is determined by means of an asset-based fee. Such fees do not result in additional costs to the investors. From time to time, we may enter into additional solicitation arrangements and may compensate persons for client referrals. All such payments will comply with Rule 206(4)-3 of the Advisers Act.

Item 15 – Custody

While it is our company's practice not to accept or maintain physical possession of our client's assets, we are deemed to have custody of its assets under Rule 206(4)-2 of the Adviser's Act because we have the authority to access our client's funds and deduct fees and expenses from its accounts.

We may utilize the services of a bank or other qualified custodian (as defined under Rule 206(4)-2) to hold certain assets. We also seek to ensure that the qualified custodian maintains these funds in accounts that contain only clients' funds and securities, under our name as agent or trustee for the clients.

We may also maintain custody of un-certificated securities acquired directly from the issuers in private placements and deposits other funds and securities with its qualified custodian. In such instances, we give our clients written notice of the name and address of the qualified custodian(s) used and the manner in which the assets are maintained, promptly upon the opening of the account and after any change in the information.

While Rule 206(4)-2 generally requires an investment adviser to ensure that a qualified custodian sends account statements to clients at least quarterly, we are not subject to this requirement for our fund clients because all private equity funds we manage are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. In these cases, we distribute audited financial statements to all limited partners of our fund clients within 120 days of the end of the fiscal year of the fund client.

Item 16 – Investment Discretion

We accept discretionary authority to manage our clients' accounts. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in our clients' offering materials and managed account agreements. These documents cover matters such as the types and amounts of assets of which a client's portfolio will consist, portfolio allocation limitations and the degree of risk assumed by a client's portfolio. Before accepting the discretionary authority inherent in managing our clients accounts, we carefully review the investment strategies and investment programs set out in our clients' offering materials and managed account agreements.

Before accepting subscriptions for interests in a fund client, we provide all potential investors with an offering document that sets forth, in detail, our investment strategy and program for such fund client. By completing our subscription documents to acquire an interest in one of our fund clients, investors give us complete authority to manage their investments in accordance with the offering document they each received.

Prior to providing investment advice to our managed account clients, we require each managed account client to appoint us as agent and attorney-in-fact of its portfolio. This gives us complete discretionary authority to buy and sell any investment that we determine, subject to any limitations that may be imposed in such client's managed account agreement.

Item 17 – Voting Client Securities

- A. We generally invest our clients' assets in companies that issue non-voting securities; therefore, we do not often receive proxies and are not called upon to vote proxies. However, if a company in which we invest our clients' assets solicits proxies from its investors, we will vote its proxies according to our proxy voting policy. Our primary consideration in voting portfolio proxies would be the financial interests of our specific client.

One of the primary factors we consider when determining the desirability of investing in the securities issued by a particular company is the quality and depth of its management. Accordingly, we believe that the recommendation of management on any issue should be given substantial weight in determining how proxy issues are resolved. As a matter of practice, we will vote on most issues presented in a proxy statement in accordance with the position of the company's management, unless we determine that voting in accordance with management's recommendation would adversely affect the investment merits of owning the stock. However, we will consider each issue on its own merits, and will not support the position of the company's management in any situation where, in our judgment, it would not be in the best interests of our client to do so.

In reviewing proxy statements, we will seek to identify any potential conflict of interests with the issuing company. Conflicts of interest may be presented in certain situations, for example, where we maintain a significant business relationship with the company, or where our company and/or our personnel have significant personal or family ties to the company. Once identified, we will determine on a case-by-case basis if the conflict is material. If material, we will determine, in light of all the facts then currently available, the manner by which to proceed in the best interest of our client. This may, or may not, include abstention from voting the proxy. We will document our decision making process with respect to resolving material conflicts of interest. In addition to the foregoing, if any conflict of interest arises in connection with voting our clients' securities, we observe the following guidelines:

- We normally vote to maintain or create a majority of independent directors on a board of directors as a whole as well as on its audit, compensation and nominating committees.
 - We normally vote to limit an auditor's engagement solely to the provision of tax and audit work.
 - We vote to limit the total compensation of management to a level that is appropriate with its performance.
 - We normally vote against poison pills, different classes of stock and other methods designed to insulate management from the desires of their shareholders. (A poison pill is a strategy that corporations use to discourage hostile takeovers by making their stock appear less attractive to potential acquirers.)
 - We normally vote in accordance with actions taken to maximize the company's long-term value without regard to "social responsibility" issues, except to the extent that those issues may affect the long-term value of the business.
- B. There may be limited situations in which we do not have the authority to vote client proxies in a certain manner. Upon request, our clients' investors can obtain (i) a copy of our proxy voting

policies and procedures, and (ii) information concerning proxy votes on our clients' behalf. We maintain the following records relating to proxy voting in our office:

- Copies of our proxy voting policies and procedures and any amendments.
- Proxy statements received for client securities.
- Records of proxy votes cast on behalf of our clients.

Item 18 – Financial Information

- A. We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our client.
- C. Hunt Investment Management, LLC, and Hunt Alternative Energy Investments, LLC have never been the subject of a bankruptcy petition.