

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

SEER CAPITAL MANAGEMENT LP

December 6, 2013

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This brochure provides information about the qualifications and business practices of Seer Capital Management LP. If you have any questions about the contents of this brochure, please contact us at 212-850-9000 or info@seercap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Seer Capital Management LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

The December 6, 2013 update of Seer Capital Management LP's brochure contains the following material change to its prior brochure, filed on July 26, 2013:

- Item 1 – Seer Capital Management LP moved its principal office and place of business to 1177 Sixth Avenue, 34th Floor, New York, NY 10036.

Clients and prospective clients should review this entire brochure carefully.

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ADVISORY BUSINESS

Seer Capital Management LP (“Seer Capital”), a Delaware USA limited partnership, is an independent investment firm specializing in the securitized products sector of the fixed income markets. Seer Capital was founded in August 2008 by Philip Weingord and is owned by Philip Weingord, members of his family and trusts affiliated with him and members of his family. Seer Capital Holdings LLC, a Delaware limited liability company controlled by Philip Weingord, is the general partner of Seer Capital.

Seer Capital registered with the U.S. Securities and Exchange Commission in December 2009 as an Investment Advisor, as such term is defined in the Investment Advisors Act of 1940, as amended from time to time.

Seer Capital serves as the investment manager or investment advisor with discretionary trading authority for discretionary separate accounts generally for institutional clients and the following private investment vehicles: Seer Capital Partners Fund L.P., a Cayman Islands exempted limited partnership; Seer Capital Partners Offshore Fund Ltd., a Cayman Islands exempted company; Seer Capital Partners Dedicated Fund I Ltd., a Cayman Islands exempted company; Seer Capital Partners Shares Ltd., a Cayman Islands exempted company; Seer Capital Partners Master Fund L.P., a Cayman Islands exempted limited partnership; Seer Capital Opportunities Fund I LP, a Delaware limited partnership; Seer Capital Opportunities Fund I Trust I, a Cayman Islands trust; Seer Capital Opportunities Fund I Trust II, a Cayman Islands trust; Seer Capital Opportunities Fund I (Cayman) Intermediate Investment Vehicle Ltd., a Cayman Islands exempted company; Seer Capital Opportunities Fund I (Delaware) Intermediate Investment Vehicle LLC, a Delaware limited liability company; Seer Capital Opportunities Fund I Master Fund I LP, a Cayman Islands limited partnership; Seer Capital Opportunities Fund I Master Fund II LP, a Cayman Islands limited partnership;; and Seer Capital Special Situations Fund I LP, a Delaware limited partnership. In addition, Seer Capital serves as an investment advisor to Valin Funds Mittelstand Mezzanine 1, a subfund of Valin Funds S.C.A., SICAV-SIF, a Luxembourg investment company, but it has not been given discretionary trading authority for that vehicle.

As used herein, the term “client” generally refers to each such private investment vehicle and each beneficial owner of a separate account. The advice Seer Capital provides to its clients is tailored according to the investment objectives, guidelines and requirements set forth (i) with respect to each private investment vehicle, in its respective offering memorandum (each, a “Memorandum”) and (ii) with respect to each separate account, in each corresponding client’s investment management agreement, as well as any instructions provided by such client to Seer Capital. The specifications of Seer Capital’s investment authority and obligations in respect of each of its management and advisory assignments are set forth in the investment management agreement or investment advisory agreement related to each separate assignment. Certain clients may impose restrictions on certain types of investments or investment strategies.

Interests in a private investment vehicle managed or advised by Seer Capital that is domiciled within the United States are offered on a private placement basis pursuant to Section

3(c)(7) of the Investment Company Act of 1940 to persons who are “accredited investors” as defined under the Securities Act of 1933 and “qualified purchasers” under the Investment Company Act of 1940, subject to certain conditions set forth in the Memorandum for such private investment vehicle.

Shares or interests in a private investment vehicle managed or advised by Seer Capital that is not domiciled within the United States are also offered on a private placement basis pursuant to Section 3(c)(7) of the Investment Company Act of 1940. These shares or interests may be offered to U.S. persons who are “accredited investors” and “qualified purchasers,” subject to certain conditions set forth in the offering documents for such private investment vehicle. Shares or interests in such private investment vehicles may also be offered to persons who are not “U.S. Persons” as defined under Regulation S of the Securities Act of 1933 so long as they meet the conditions set forth in the offering documents for such private investment vehicle.

As of July 1, 2013, Seer Capital had approximately \$2 billion of client assets under management, all managed on a discretionary basis.

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FEES AND COMPENSATION

With respect to both its private investment vehicles and separate accounts, Seer Capital receives a management fee equal to a percentage of assets under management. The management fee varies by client and is generally calculated as a fixed percentage of the value of the client's net asset value or assets under management. Management fees are structured to be payable monthly, quarterly or on a different frequency with the calculation of management fees made in advance or in arrears depending on the structure agreed to with each client. For management fees paid in advance, a pro rata portion of the management fee will be repaid by Seer Capital to the relevant client based on the number of days remaining in any partial period should a redemption occur prior to the end of the period for which the fees were paid in advance. If such client is a private investment vehicle, the repaid amount will be distributed to the corresponding withdrawn investors.

Seer Capital also receives performance-based compensation (which may be in the form of an incentive fee or an incentive allocation), from certain clients which also varies by client, and is typically calculated as a percentage of the net capital appreciation of the client's account after accounting for management fees, expenses, other items and, in some cases, a performance hurdle rate. Net capital appreciation generally includes both realized and unrealized appreciation and depreciation of assets and liabilities held in a client's investment portfolio. For certain private investment vehicles, the portion of such private investment vehicle's portfolio that is invested in securities and instruments Seer Capital determines to maintain in an alternate withdrawal sub-account upon a request for a withdrawal by one of its investors is not subject to any performance-based compensation until a gain is realized. Generally, any net capital depreciation experienced by a client portfolio in a measurement period is carried forward so that no performance-based compensation is received by Seer Capital until the losses related to such previously incurred net capital depreciation have been recouped, subject to certain adjustments. Performance-based compensation received from the private investment vehicles is typically payable annually or upon redemption by each investor therefrom but may be payable more frequently as agreed with certain clients. In lieu of an incentive fee or incentive allocation, Seer Capital may receive performance-based compensation in the form of a carried interest, which is typically calculated as a set percentage of realized distributions from investments made after investors have received distributions equal to their initial investment and a preferred return. Seer Capital only charges performance-based fees in accordance with Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and Rule 205-3 thereunder.

Seer Capital deducts management fees and performance-based compensation payable by the private investment vehicles it manages from accounts held by such vehicles. Seer Capital bills clients directly for management fees and performance-based compensation payable in connection with its separate accounts.

The rates and structure of the management fee and performance-based compensation received by Seer Capital are set forth (i) with respect to each private investment vehicle, in its respective Memorandum and (ii) with respect to each separate account, in its respective investment management agreement. Certain clients may have more favorable terms than others.

The management fees, performance-based compensation and expenses applicable to a client may under limited circumstances be negotiated based on various factors relating to the client and the specific nature of the services it receives from Seer Capital. Certain clients and investors in private investment vehicles may have more favorable terms than others. Similarly, the management fees and performance-based compensation borne by investors in private investment vehicles, including, without limitation, Seer Capital, its affiliates, its personnel and/or friends and family of its personnel, may be, and, in certain circumstances, have been, waived or modified. In addition, each private investment vehicle reserves the right to subject future investors to different compensation arrangements.

In certain circumstances, investors in the Opportunities Funds will be subject to an interest charge at the then-prevailing prime rate plus 2% per annum, as determined by Seer Capital. This interest charge will only apply when investors add capital to the Opportunities Funds after the respective Opportunities Fund's initial closing for capital commitments. This interest charge may be waived or reduced at the discretion of Seer Capital.

Clients may be subject to expenses which may include, without limitation, investment-related expenses whether relating to investments that are consummated or unconsummated (e.g., loan and security acquisition and disposition expenses, brokerage commissions, due diligence costs, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, interest expense and investment-related travel and lodging expenses); research-related expenses, including, without limitation, news and quotation equipment and services; subscription and license fees for analytical systems and software; legal expenses; professional fees (including, without limitation, expenses of consultants and experts); fees (if any) and reimbursable expenses to the general partner and the board of directors, as applicable; the costs of organizing and maintaining any financing subsidiaries and trading subsidiaries; the costs and expenses incurred in connection with the borrowing arrangements and other indebtedness, including, without limitation, the costs of establishing the borrowing arrangements and such other indebtedness; costs relating to swaps (and similar agreements) entered into by the client; auditing and tax preparation expenses; accounting expenses; costs of portfolio management and accounting system software, and implementation, data management and data recovery services and related development costs; costs of any third-party administrators; costs of printing and mailing reports and notices; organizational expenses; liability insurance and related insurance; internal management fees charged by managers of mutual funds or exchange traded funds in which the clients invest; indemnification expenses; withholding and transfer fees; entity-level taxes; other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of client assets (directly or through trading subsidiaries); fees and expenses of certain service providers; loan administration costs; and extraordinary expenses and other similar expenses related to the client.

Please refer to Item 12 of this brochure, Brokerage Practices, for a further description of, *inter alia*, the fees and expenses which may be incurred as a result of Seer Capital's use of securities brokers. Please also refer to the appropriate offering document, private placement memorandum, limited partnership agreement, investment management agreement or other constitutive documents for a complete list of the fees and expenses that apply to the applicable client.

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PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The level of performance-based compensation varies across clients and certain performance-based compensation is also subject to performance hurdle rates. Differences in performance-based fees across clients may create an incentive for Seer Capital to invest assets in a manner that would favor certain clients over other clients. To address this issue, Seer Capital adheres to an allocation policy that is designed to ensure fair and equitable allocation of investment opportunities among those clients that are eligible for such investment opportunities. Please refer to Item 12 of this brochure, Brokerage Practices, for a further description of, *inter alia*, the fees and expenses which may be incurred as a result of Seer Capital's use of securities brokers.

ITEM 7

TYPES OF CLIENTS

Seer Capital serves as the investment manager or investment advisor with discretionary trading authority for offshore and US-based private investment vehicles and discretionary separate accounts. Investors in private investment vehicles may include individuals, banks, trusts, charitable organizations, pension plans, corporations, endowments, foundations, fund of funds and other institutions. Separate account clients are generally institutional.

As described in more detail in each private investment vehicle's respective Memorandum, investors in private investment vehicles managed or advised by Seer Capital are generally required to make minimum initial investments of at least \$1,000,000. Such minimum investment, however, may be waived or modified by the general partner or board of directors of the respective private investment vehicle, in their sole discretion, subject to applicable regulatory constraints.

Seer Capital does not maintain written minimum initial investment criteria for its separate accounts. However, such services are directed towards institutional investors and high net worth individuals who are able to commit substantial sums of capital for longer durations, typically in excess of \$50-100 million per separate account.

Seer Capital is under no obligation to accept any client and may decline acceptance of a client in its sole discretion.

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METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

Overview. Seer Capital specializes in the securitized products sector of the fixed income markets. The securitized products sector encompasses numerous types of investments including asset-backed securities (ABS), non-agency residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralized debt obligations (CDO) and other forms of securitized credit. Seer Capital also employs various forms of derivatives and futures instruments to hedge market, credit, interest rate, currency and other risks or to take outright investment positions.

Seer Capital actively manages client portfolios in order to generate attractive, diverse and uncorrelated risk-adjusted returns. Seer Capital seeks to identify, purchase and manage assets with a rigorous approach to research, asset sourcing, deal analysis, trading, risk management and financial engineering. Seer Capital seeks to deliver a sustainable investment advantage in the securitized product markets regardless of the market environment at any particular time, by establishing a process that should allow returns to be generated in a repeatable and stable fashion.

The common theme for Seer Capital's strategies is to identify opportunities whose pricing diverges from their underlying risk and that offer an asymmetric risk profile with limited downside. For undervalued opportunities, credit enhancement and stable underlying cashflows should generate compelling yields even under severely pessimistic scenarios, and for overvalued opportunities, the risk of credit losses should be greater than the cost of establishing short positions. Seer Capital intends to profit from opportunities available in securities in the secondary, more liquid primary, index, and synthetic marketplaces. Seer Capital seeks to identify valuation dislocations due to product complexity, fundamental analysis, correlation trends and technical flows, among other reasons, in order to enter into outright long and short positions or relative value paired trades. Seer Capital's strategy is designed to profit from the complexity and structural premium available to investors which have detailed expertise and experience in sourcing, analyzing, performing due diligence on, trading and monitoring these complex asset types.

Seer Capital employs a team-based investment process involving trading, sourcing and structuring, financial engineering and research. Investment decisions are based upon a granular understanding of the underlying assets, merging quantitative analysis based upon financial models and deal evaluation with qualitative analysis. Seer Capital anticipates that disciplined active management should allow replacement of underperforming trades with more compelling opportunities.

Fundamental Research. Seer Capital utilizes a "top-down" research approach and a "bottom up" approach to individual deal analysis. For fundamental analysis, a macro-level view, incorporating housing, unemployment, political and other factors, is combined with a micro-level analysis based on field research and model analysis, to create an overall picture of current market

conditions and economic variables. The due diligence process includes discussions with industry management and on-site visits. Loan level surveillance is used to drive specific investment decisions at the time of purchase and of hold versus sale decisions, and to inform Seer Capital's macro view.

Portfolio Construction. Seer Capital determines portfolio targets based on the actual opportunities available in each segment of the market, and the risk reward profiles offered. Sector analysis is performed, as well as fundamental research by asset class, in order to develop a lens through which to evaluate opportunities by sector. Hedging and shorting strategies are overlaid to balance the portfolio as appropriate.

Opportunity Sourcing. The sourcing of assets and "first look" opportunities is a crucial component of Seer Capital's investment strategy. The senior members of Seer Capital have long-established relationships with securitized products market constituents such as originators, servicers, appraisers, due diligence firms, both senior management and proprietary trading desks at hedge funds and sell-side firms, private equity investors, attorneys, rating agencies, accountants, and others, as well as successful experience at building new investing businesses in the securitized products space. Seer Capital seeks to source substantial opportunities from these contacts, as well as actively utilize Seer Capital's market position to establish new relationships.

Quantitative Modeling. Seer Capital utilizes a "bottom-up" approach to investing, driven by individual deal modeling and a strong surveillance infrastructure. Stress scenarios applied at the collateral-level include defaults, prepayments, loss severity and underwriting quality and, at the bond-level, cashflow runs and structural risks. Scenarios are developed using econometric and statistical analysis of economic factors that may impact transaction performance.

Deal Analysis. In addition to quantitative analysis, Seer Capital performs qualitative analysis of the transaction structure. Structural features considered for individual structured credit transactions, depending on asset type, include credit enhancement, cash flow waterfalls, cash flow lockout and diversion triggers, event of default provisions, call provisions and reinvestment criteria. Third party risks and their impact on transactions considered include originator, servicer, guarantor and underwriter. Legal, tax, and regulatory frameworks and future risks are evaluated and monitored.

Investment Decision. After Seer Capital determines a transaction to be a satisfactory risk from a quantitative and structural perspective, relative value, appropriate leverage, portfolio fit, diversification, current and potential future liquidity and hedging strategy are modeled, evaluated and considered before a final investment decision is made. Various factors are taken into account by Seer Capital's investment committee in making the final decision.

Risk Management. Seer Capital utilizes an integrated risk management functionality across research, data compilation, analytics, modeling, security selection and portfolio construction. Seer Capital's investment committee holds regularly scheduled meetings to review market events, current positions, evaluate and determine fund strategy, and review watch-list securities. The surveillance infrastructure tracks a variety of collateral characteristics along with performance across asset classes and modeled projections into a single, distributed platform across thousands of bonds. Fundamental market view and return targets drive overall portfolio

allocation. The characteristics tracked include actual versus predicted performance, stresses for prepayments, interest rates, credit spreads, and similar attributes, hedging, and others, with performance of all tracked and analyzed at both a portfolio and position level.

Financial Engineering. Systems and analytics are a major barrier to entry for competent structured credit investing. Securitized products require computationally intensive analyses for investment decision making, investment surveillance, portfolio construction and risk management, along with strong back office operations and infrastructure. Seer Capital has a deep understanding of the requisite analytics and systems required to facilitate the investment process and risk management functions. Seer Capital utilizes in house systems and third party vendors, among them data providers. Loan-level analytics where appropriate to the asset class are utilized by Seer Capital.

The investment strategies pursued by Seer Capital involve risk of loss to clients that clients should be prepared to bear. Seer Capital believes that its investment strategies and research techniques moderate this risk through a careful selection of investment opportunities, the use of short positions and other financial instruments. However, no guarantee or representation is made that the investment strategies pursued by Seer Capital will be successful. Seer Capital may utilize such investment techniques as option transactions, margin transactions, short sales, limited diversification, leverage and forward contracts, which can, in certain circumstances, increase the adverse impact to which clients' portfolios may be subject.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in a private investment vehicle or separate account advised by Seer Capital. Investors should ultimately refer to the applicable Memorandum or investment management agreement, as the case may be, for detailed risk disclosures. Below is a summary of potentially material risks for each significant Seer Capital investment strategy used, the methods of analysis used, and/or the particular types of securities that a private investment vehicle or separate account may invest in. Please note that the use of the term "investor" in this section may refer to either investors in a private investment vehicle or the beneficial owners of a separate account. Material, significant, or unusual risks relating to investment strategies pursued by Seer Capital on behalf of its clients include, but are not limited to:

Non-Diversification. For certain clients, Seer Capital is not required to maintain any specific level of diversification among types of investments, geographic areas and issuers. Accordingly, such clients' portfolios may be subject to more rapid changes in value than would be the case if Seer Capital were required to maintain a wider diversification among types of investments, geographic areas and issuers.

Limited Liquidity. Seer Capital invests all or a portion of its clients' assets in financial instruments that are not publicly traded and may not be able to readily dispose of such non-publicly traded financial instruments and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time.

Liquidity of Markets. At times, the fixed income markets have experienced significant falloffs in liquidity. While such events may sometimes be attributable to changes in interest rates or other factors, the cause is not always apparent. During such periods of market illiquidity, investors may not be able to sell assets or may only be able to do so at unfavorable prices. Such “liquidity risk” could adversely impact the value of a client’s portfolio, and may be difficult or impossible to hedge against.

General Economic and Market Conditions. The success of Seer Capital’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of investments), trade barriers, currency exchange controls or redenomination, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of prices and the liquidity of client portfolio investments. Volatility or illiquidity could impair profitability or result in losses.

Developments in the Credit Market. Beginning in 2007, declines in the market value of asset-backed securities, especially securities backed by subprime mortgages, and increased credit and valuation problems in the subprime mortgage market generated extreme volatility and illiquidity in the markets for securities directly or indirectly exposed to mortgage loans. This volatility and illiquidity extended to the global credit and equity markets generally, exacerbated by, among other things, uncertainty regarding the extent of the problems in the mortgage industry, decreased risk tolerance by investors and significantly tightened availability of credit. While global credit and equity markets have recovered from the depths of the credit crisis, market conditions cannot be predicted, nor is it known whether or to what degree such recovery will continue or whether conditions may worsen. Market uncertainty or deterioration could result in declines in the market values of client investments or declines in the market values of potential investments. Such declines could lead to diminished investment opportunities for Seer Capital, prevent Seer Capital from successfully executing its investment strategies or require Seer Capital to dispose of investments at a loss while such adverse market conditions prevail.

Counterparty Insolvency. Client assets may be held or transacted with one or more accounts maintained for the client by counterparties, including derivatives counterparties, custodians and prime brokers. There is a risk that any of such counterparties could become insolvent potentially causing loss to client portfolios.

Price Volatility. The prices of financial instruments in which clients may invest can be volatile.

Leverage and Financing Risk. Seer Capital may engage clients in leverage transactions because Seer Capital believes that the use of leverage may enable clients to achieve a higher rate of return. Accordingly, Seer Capital may pledge a client’s securities in order to borrow additional funds for investment purposes. Seer Capital may also leverage a client’s investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings and other forms of leverage which the client may have outstanding at any time may be substantial in relation to its capital. While leverage presents opportunities for increasing the client’s total return, it has the effect of potentially increasing losses as well. Accordingly,

any event which adversely affects the value of an investment by the client would be magnified to the extent the client is leveraged. The cumulative effect of the use of leverage by the client in a market that moves adversely to the client's investments could result in a substantial loss to the client which would be greater than if the client was not leveraged. In general, the use of short-term borrowings results in certain additional risks to the client. For example, should the securities pledged to brokers to secure the client's margin accounts decline in value, the client could be subject to a "margin call," pursuant to which the client must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the client's assets, the client might not be able to liquidate assets quickly enough to satisfy its margin requirements.

Valuation. Securities which Seer Capital believes are fundamentally undervalued or overvalued may not ultimately be valued in the capital markets at prices and/or within the time frame Seer Capital anticipates. In particular, purchasing securities at prices which Seer Capital believes to be distressed or below fair value is no guarantee that the price of such securities will not decline even further.

Uncertain Exit Strategies. Due to the illiquid nature of many of the positions which Seer Capital acquires for clients, Seer Capital is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

C. Risks Associated With Particular Types of Securities.

Risks associated with the particular types of securities or instruments relating to investment strategies pursued by Seer Capital on behalf of its clients include, but are not limited to:

Asset-Backed Securities. Seer Capital may invest client capital in various types of asset-backed securities backed by pools of a variety of assets, including, for example, auto loans, equipment leases and servicer advances, which represent the obligations of a number of different parties and use credit enhancement techniques such as subordination, guarantees or preference rights. 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 of any credit enhancement. Asset-backed securities present certain risks. There is limited credit enhancement supporting asset-backed securities. Higher than expected defaults on the underlying assets may result in losses on the asset backed securities. Asset-backed securities may not have the benefit of a security interest in the underlying loans. Even if an asset-backed security is secured by the underlying loans, upon the occurrence of an event of default, the holders of the asset-backed security may be unable to liquidate the underlying loans for an amount sufficient to pay all amounts due on the asset-backed security. In addition, the underlying loans may not be secured by collateral. Even if an underlying loan is secured by collateral, the value of such collateral may depreciate more quickly than the amortization of the

underlying loan. Therefore, if a borrower defaults on an underlying loan, there is a risk that recoveries on repossessed collateral may not be sufficient to pay the underlying loan in full. In such case, the related asset-backed securities may suffer losses, such risk being mitigated or increased depending upon the ranking in the issuer's capital structure of such asset-backed securities. Therefore, the risk of investing in asset-backed securities is ultimately dependent upon payment of the underlying consumer loans or other receivables by the debtors, and investors in asset-backed securities are less likely to benefit from recoveries on any collateral if the consumer defaults on the loan.

In general, "premium" asset-backed securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" asset-backed securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. The adverse effects of prepayments may adversely affect a client's portfolio. The portfolio may underperform relative to hedges that Seer Capital may have constructed for these investments, resulting in a loss to the client's overall portfolio. In particular, prepayments (at par) may limit the potential upside of many asset-backed securities to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Structural and legal risks of asset-backed securities include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), a court having jurisdiction over the proceeding could determine that, because of the degree to which cash flows on the assets of the issuing entity may have been commingled with cash flows on the originator's other assets (or similar reasons), (i) the assets of the issuing vehicle could be treated as never having been truly sold by the originator to the issuing vehicle and could be substantively consolidated with those of the originator, or (ii) the transfer of such assets to the issuer could be voided as a fraudulent transfer. The time and expense related to a challenge of such determinations also could result in losses and/or delayed cash flows. These risks are also present in residential mortgage-backed securities. Asset-backed securities are also subject to the same considerations as residential mortgage-backed securities with regard to the Servicemembers' Civil Relief Act of 2003 and violations of consumer protection laws, as discussed below.

Residential Mortgage-Backed Securities. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. Such loans generally may be prepaid at any time without penalty. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by the government or any other entity. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the related mortgaged property is located, the terms of the loan, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process and may involve significant expenses, which expenses will reduce the amounts recoverable by the holders of the RMBS. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

At any one time, a portfolio of RMBS may be backed by residential mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the residential mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas, than would be the case for a pool of mortgage loans having more diverse property locations. In addition, the residential mortgage loans backing RMBS often are “jumbo” mortgage loans, having original principal balances that are higher than the Fannie Mae and Freddie Mac loan balance limitations. As a result, such RMBS may experience increased losses.

Prepayments on the underlying residential mortgage loans in an issue of RMBS will be influenced by the prepayment provisions of the related mortgage notes and may also be affected by a variety of economic, geographic and other factors, including the difference between the interest rates on the underlying residential mortgage loans (giving consideration to the cost of refinancing) and prevailing mortgage rates and the availability of refinancing. In general, if prevailing interest rates fall significantly below the interest rates on the related residential mortgage loans, the rate of prepayment on the underlying residential mortgage loans would be expected to increase. Conversely, if prevailing interest rates rise to a level significantly above the interest rates on the related mortgages, the rate of prepayment would be expected to decrease. Prepayments could reduce the yield received on the related issue of RMBS. RMBS are particularly susceptible to prepayment risks, as mortgage loans generally do not contain prepayment penalties, and a reduction in interest rates will increase the prepayments on the RMBS, resulting in a reduction in yield to maturity for holders of such securities.

Non-Agency Residential Mortgage-Backed Securities. Non-agency RMBS typically are backed by non-conforming mortgage loans, which are mortgage loans that do not qualify for purchase by government-sponsored agencies, such as Fannie Mae and Freddie Mac, because of credit characteristics and size that do not satisfy Fannie Mae and Freddie Mac guidelines, including loans to mortgagors whose creditworthiness and repayment ability do not satisfy Fannie Mae and Freddie Mac underwriting guidelines and loans to mortgagors who may have a record of credit write-offs, outstanding judgments, prior bankruptcies and other negative credit items. Accordingly, non-conforming mortgage loans are likely to experience rates of delinquency, foreclosure and loss that are higher, and that may be substantially higher, than mortgage loans originated in accordance with Fannie Mae or Freddie Mac underwriting guidelines. The majority of mortgage loans made in the United States qualify for purchase by government-sponsored agencies. The principal differences between conforming mortgage loans and non-conforming mortgage loans include the applicable loan-to-value ratios, the credit and income histories of the related mortgagors, the documentation required for approval of the related mortgage loans, the types of properties securing the mortgage loans, the loan sizes and the mortgagors’ occupancy status with respect to the mortgaged properties, and such differences generally lead to higher delinquency, foreclosure and losses on non-conforming mortgage loans as compared to conforming mortgage loans.

The mortgage loans underlying certain of the RMBS may include adjustable rate mortgage loans. Borrowers with adjustable rate mortgage loans may be exposed to increased monthly payments when the related mortgage interest rate adjusts from the initial fixed rate, or in

certain cases, a low introductory rate. Borrowers with adjustable rate mortgage loans seeking to avoid increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. Furthermore, borrowers who intend to sell their homes on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates on adjustable rate mortgage loans and, as a result, adversely affect the performance and market value of RMBS.

The mortgage loans underlying certain of the RMBS may include a significant number of mortgage loans that, at the time of origination were “interest-only” mortgage loans, which provide for payment of interest at the related mortgage rate, but no payment of principal, for a stated period of time following origination as specified in the related mortgage note. Following the interest-only period, the monthly payment with respect to each of these mortgage loans will be increased to an amount sufficient to amortize the principal balance of such mortgage loans over the remaining term and to pay interest at the mortgage rate. This adjustment may result in a significant increase in monthly debt service payments and, as a result, could cause defaults on these mortgage loans to increase substantially.

The mortgage loans underlying certain of the RMBS may include mortgage loans originated with stated/reduced or no documentation of borrower income and/or assets. Borrowers under such mortgage loans may not actually have sufficient income or assets, or may have overstated their income or assets and, as a consequence, may be unable to make their monthly mortgage loan payments. As a result, mortgage loans originated pursuant to underlying guidelines that permit reduced or no documentation of borrower income and/or assets may experience more delinquencies, foreclosures, bankruptcies and losses than mortgage loans originated pursuant to full documentation underwriting.

The mortgage loans underlying certain of the RMBS may include mortgage loans originated in connection with the purchase of investment properties or second homes, which are generally considered to be subject to a greater risk of delinquency and/or default than primary residences.

The mortgage loans underlying certain of the RMBS may be structured with negative amortization features. Negative amortization arises when the mortgage payment in respect of a loan is smaller than the interest due on such loan. On any such mortgage loans, if the monthly payments are not enough to cover both the interest and principal payments on the loan, the shortfall is added to the principal balance, causing the loan balance to increase rather than decrease over time. During periods in which the outstanding principal balance of any such mortgage loan is increasing due to the addition of deferred interest, the increasing principal balance of such mortgage loan may approach or exceed the value of the related mortgage property, thus increasing the likelihood of defaults, as well as the amount of any loss experienced with respect to any such mortgage loan that is required to be liquidated. Furthermore, each such mortgage loan generally provides for the payment of any remaining unamortized principal balance (due to the addition of deferred interest, if any, to the principal balance of such mortgage

loan) in a single payment at the maturity of the loan. Because the related mortgagors may be required to make a larger single payment upon maturity, it is possible that the default risk associated with such mortgage loans could be greater than that associated with fully amortizing mortgage loans. If the pool of mortgage loans underlying any RMBS were to contain loans with negative amortization features, the yield on such RMBS could be adversely affected.

The mortgage loans underlying certain of the RMBS may include mortgage loans with a “balloon” payment due on its maturity date. Balloon residential mortgage loans involve a greater risk to a lender than fully-amortizing loans because the ability of a borrower to pay such amount will normally depend on its ability to obtain refinancing of the related mortgage loan or sell the related mortgaged property at a price sufficient to permit the borrower to make the balloon payment, which will depend on a number of factors prevailing at the time such refinancing or sale is required, including, without limitation, the strength of the residential real estate markets, tax laws, the financial situation of the underlying borrower, interest rates, conditions in credit markets and general economic conditions. If the borrower is unable to make such balloon payment, the related issue of RMBS may experience losses.

Structural features of RMBS may contribute to the impact of increased delinquencies and defaults and lower recoveries on the underlying mortgage pool. In particular, there may be a decline in the interest rate payable under RMBS because the interest rate on RMBS typically is limited by the weighted average net coupon of the underlying mortgage loans themselves, often referred to as an “available funds cap.” Mortgage loans bearing interest at a higher rate will have a greater tendency to default than those with lower mortgage rates. Such defaults will reduce the weighted average coupon of the underlying mortgage loans and accordingly the interest rate payable to investors in the related RMBS. RMBS may include interest-only securities, principal-only securities, inverse floaters and accrual securities. The yields on these securities may be particularly sensitive to prepayments of the underlying mortgage loans or to fluctuations in interest rate indices.

Other factors, such as the use of interest rate derivatives, may also affect adversely the returns on RMBS. The Servicemembers’ Civil Relief Act of 2003, as amended (the “Relief Act”), provides relief to mortgagors who enter into active military service or who were on reserve status but are called to active duty after the origination of their mortgage loans. Under the Relief Act, during the period of a mortgagor’s active duty, the rate of interest that may be charged on such mortgagor’s loan will be capped at a rate of 6% per annum, which may be below the interest rate that would otherwise have been applicable to such mortgage loan. In light of current United States military activity, a number of mortgage loans in the mortgage pools underlying RMBS are or may become subject to the Relief Act. As a result, the weighted average interest rate on RMBS may be reduced.

Violations of consumer protection laws may result in losses on RMBS. Applicable state laws generally regulate interest rates and other charges, require licensing of originators and require specific disclosures. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of the loans backing RMBS. Depending on the provisions of the applicable law and the specific facts and circumstances

involved, violations of these laws, policies and principles may limit the ability of the issuer of a RMBS to collect all or part of the principal of or interest on the underlying loans, may entitle a borrower to a refund of amounts previously paid and, in addition, could subject the owner of a mortgage loan to damages and administrative enforcement.

In addition, numerous U.S. federal and state statutory provisions, including the U.S. federal bankruptcy laws, the Relief Act and state debtor relief laws, also may adversely affect the ability of an issuer of RMBS to collect the principal of or interest on the loans, and holders of the affected RMBS may suffer a loss if the applicable laws result in these loans becoming uncollectible.

A number of legislative proposals have been introduced at both the U.S. federal, state and municipal level that are designed to discourage predatory lending practices or to provide relief to mortgage borrowers by reducing the interest rate on or principal amount of their mortgage loans or preventing foreclosures. Some states have enacted, or may enact, laws or regulations that prohibit inclusion of some provisions in mortgage loans that have mortgage rates or origination costs in excess of prescribed levels and require that borrowers be given certain disclosures prior to the consummation of such mortgage loans. An originator's failure to comply with these laws could subject the issuer of RMBS to monetary penalties and could result in the borrowers rescinding the loans underlying such RMBS. Lawsuits have been brought in various states making claims against assignees of mortgage loans for violations of state law. Named defendants in these cases include numerous participants within the secondary mortgage market, including some securitization trusts.

Delinquencies, defaults and losses on residential mortgage loans may increase, which may affect the performance of RMBS. In particular, RMBS that are backed by subprime and midprime mortgage loans, as well as "Alt-A" and "Alt-B" mortgage loans and second lien mortgage loans, may continue to see high default rates. Subprime and midprime mortgage loans are generally made to borrowers with lower credit scores and having higher loan-to-value ratios. Alt-A and Alt-B loans may also have some of the characteristics of subprime and midprime mortgage loans. Accordingly, these types of mortgage loans are more sensitive to economic factors that could affect the ability of borrowers to pay their obligations under the mortgage loans backing these securities.

While the housing market has recovered, and in some areas considerably, from its lowest point during the credit crisis, property values are still generally below peak values, and the unpaid principal balance of many mortgage loans is greater than the value of the related mortgaged property. In prior years, borrowers had been required to contribute less equity to obtain financing for the purchase of property than had traditionally been the case. Additionally, at the time of origination of many mortgage loans, certain borrowers may have financed their equity contributions with "piggy-back" second-lien loans, resulting in little to no equity in their homes at the time of purchase of the related mortgaged property. Borrowers with insufficient equity in their homes may be unable to refinance their mortgage loans, which may result in increased delinquencies and defaults. Borrowers who are "underwater" may be more likely to default on their mortgage loans, and this may result in lower recoveries on foreclosure and an

increase in net losses above those that would have been realized had property values remained at the level prevailing at the time the related mortgages were originated.

In recent years, many mortgage loan originators have implemented more conservative underwriting criteria for mortgage loans. This has resulted in reduced availability of financing alternatives for mortgagors seeking to refinance their mortgage loans. The reduced availability of refinancing options for a mortgagor has resulted in higher rates of delinquencies, defaults and losses on the related mortgage loans, particularly in the case of, but not limited to, mortgagors with adjustable rate mortgage loans or interest-only mortgage loans that experience significant increases in their monthly payments following the adjustment date or the end of the interest-only period, respectively.

A number of originators and servicers of residential mortgage loans, including some of the largest originators and servicers in the residential mortgage loan market, have experienced serious financial difficulties in recent years, and some have sought insolvency protection or have been forced into bankruptcy under U.S. federal insolvency proceedings. These financial difficulties resulted from many factors, including general conditions in the credit markets, increased competition among originators for borrowers, decreased originations by such originators of mortgage loans and increased delinquencies and defaults on such mortgage loans, as well as from increases in claims for repurchases of mortgage loans previously sold by these originators. Delinquencies and losses on, and, in some cases, claims for repurchase by the originator of, mortgage loans originated by some mortgage lenders increased as a result of inadequate underwriting procedures, including inadequate due diligence, failure to comply with predatory and other lending laws, and inadequate verification of income and employment history, as well as fraudulent acts such as misstatements of income and overstatements of the appraised property value. A servicer experiencing financial difficulties may be unable to adequately pursue collections on mortgage loans, especially delinquent and defaulted mortgage loans, and to maximize recoveries on sale of underlying properties following foreclosure. In addition, RMBS often provide that the servicer is required to make advances in respect of delinquent mortgage loans. Servicers experiencing financial difficulties may not be able to perform these advancing obligations and servicers who have sought bankruptcy protection may, due to application of the provisions of bankruptcy law, not be required to make such advances. An originator experiencing financial difficulties may be unable to repurchase mortgage loans in the event of loan representation breaches by that originator. Additionally, in the event an originator has become subject to insolvency proceedings, no party may have succeeded to the obligations of that originator to repurchase mortgage loans in the event of loan representation breaches by such originator. If originators and servicers are unable to fulfill their obligations to RMBS issuers, the performance of the RMBS with which such originators and servicers are associated will be adversely affected. The financial difficulties of originators and servicers may continue and even increase in the future.

A number of servicers have entered into agreements with federal and state government agencies committing the servicers to modify underlying mortgage loans in order to reduce interest rates on the loans, forgive delinquent interest (and in some cases principal) and to take other actions that are intended to delay or prevent foreclosure on the mortgaged property. For example, the Home Affordable Modification Program, or "HAMP," administered by the U.S.

Department of Treasury, provides incentives to servicers to modify mortgage loans by writing down principal, to offer permanent modifications and to provide homeowners with more alternatives to foreclosure. HAMP also requires servicers, in certain circumstances, to allow a 30-day response period after notice that a mortgagor has not been approved for HAMP before conducting a foreclosure sale, and prohibits servicers from referring a mortgagor to foreclosure until the mortgagor has been determined to be ineligible for HAMP or reasonable solicitation efforts have failed. Servicers may make modifications to mortgages backing RMBS in accordance with HAMP notwithstanding restrictions on modifications of mortgage loans in the servicing agreement relating to the RMBS. In addition, amendments to the U.S. Bankruptcy Code have also been proposed that would enable a bankruptcy court to reduce the principal amount of a mortgage loan without the consent of the owner of the mortgage loan.

These adverse changes in market conditions and in laws and regulations may reduce the cashflow which a client receives from RMBS held by it and decrease the market value of such RMBS.

Agency Mortgage Backed Securities. "Agency MBS" are mortgage backed securities issued or guaranteed by agencies of the United States (such as the Government National Mortgage Association, or "Ginnie Mae") or government-sponsored corporations and enterprises (such as the Federal Home Loan Mortgage Corporation, or "Freddie Mac", and the Federal National Mortgage Association, or "Fannie Mae"). Interest and principal payments on Agency MBS are usually made on a monthly basis, and principal usually may be paid prior to maturity because the underlying mortgages generally may be prepaid at any time. As a result, if Agency MBS is purchased at a premium, a prepayment rate that is faster than expected will reduce yield to maturity. However, a prepayment rate that is slower than expected will have the opposite effect of increasing yield to maturity. Alternatively, if the Agency MBS is purchased at a discount, faster than expected prepayments will increase, while slower than expected prepayments will reduce, yield to maturity and price.

Prepayments on the underlying residential mortgage loans in an issue of Agency MBS will be influenced by the prepayment provisions, if any, of the related mortgage notes and may also be affected by a variety of economic, geographic and other factors, including the difference between the interest rates on the underlying residential mortgage loans (giving consideration to the cost of refinancing) and prevailing mortgage rates and the availability of refinancing (which may be affected by the amount of borrower's equity in the mortgaged property). In general, if prevailing interest rates fall significantly below the interest rates on the related residential mortgage loans, the rate of prepayment on the underlying residential mortgage loans would be expected to increase. Conversely, if prevailing interest rates rise to a level significantly above the interest rates on the related mortgages, the rate of prepayment would be expected to decrease.

In a normal yield curve environment, an investment in Agency MBS will generally decline in value if long-term interest rates increase. A significant risk associated with Agency MBS is the risk that both long-term and short-term interest rates will increase significantly. If long-term rates increased significantly, the market value of these investments would decline, and the duration and weighted average life of the investments would increase. At the same time, an

increase in short-term interest rates would increase the amount of interest owed under any repurchase agreements used to finance investments in Agency MBS.

Because a government agency (such as Ginnie Mae) or a federally-chartered corporation (such as Freddie Mac or Fannie Mae) guarantees the Agency MBS, Agency MBS are not directly exposed to the credit risk of the trusts or issuers that issue such Agency MBS (and, accordingly, to the credit risk of borrowers on the mortgages in the underlying mortgage pool) unless the financial condition of the applicable agency or corporation that guarantees the obligations of the issuer prevents such agency or corporation from making payments pursuant to the underlying guarantee. The obligations of Fannie Mae and Freddie Mac to make payments of principal and interest on Agency MBS are not guaranteed by the United States government and do not constitute a debt or obligation of the United States; however, the full faith and credit of the United States backs the guarantee by Ginnie Mae.

Under certain circumstances the guarantor of an Agency MBS may be required, or may have the option, to purchase loans from the pool of mortgages underlying the Agency MBS, which may result in prepayments of such Agency MBS. In the recent past, Fannie Mae and Freddie Mac, significantly increased their purchases of loans that were delinquent by 120 days or longer from their Agency MBS pools. Such repurchases were substantial and resulted in increased prepayments on the affected Agency MBS pools, and resulted in lower yields to maturity for Agency MBS purchased at a premium that were backed by such repurchased loans. In the event that Fannie Mae or Freddie Mac engages in similar repurchases or other unforeseen actions in the future, yields to investors in such Agency MBS may be adversely affected.

Agency MBS are exposed to the credit risk of the entities guaranteeing Agency MBS. Due to increased market concerns about Fannie Mae and Freddie Mac's ability to withstand future credit losses associated with securities held in their investment portfolios and securities on which they provide guarantees, the U.S. Congress established the Federal Housing Finance Agency (the "FHFA"), which has broad regulatory powers over Fannie Mae and Freddie Mac. On September 6, 2008, the FHFA placed Fannie Mae and Freddie Mac into conservatorship. As the conservator of Fannie Mae and Freddie Mac, the FHFA controls and directs the operations of Fannie Mae and Freddie Mac. Although the U.S. Treasury has committed capital to Fannie Mae and Freddie Mac, there can be no assurance that these actions will be adequate for their needs. If these actions are inadequate, Fannie Mae and Freddie Mac could continue to suffer losses and could fail to honor their obligations which could ultimately cause losses on Agency MBS investments.

The future role of the U.S. government in the residential mortgage market is uncertain. Proposals include limiting the government's involvement to low-income housing programs such as the Federal Housing Administration; having the government serve only as a backstop guarantor during times when private capital is scarce; or having the government act only as a catastrophic reinsurer for private mortgage insurers. Even if Fannie Mae and Freddie Mac continue to exist in their current forms, their operations could be significantly reduced and the nature of their guarantees could be considerably diminished. Any changes to the nature of the guarantees provided by Fannie Mae and Freddie Mac could cause losses on Agency MBS.

Mortgage loan modification and refinancing programs may adversely affect the value of, and returns on, Agency MBS. The U.S. government has implemented a number of federal programs designed to assist homeowners, which may involve, among other things, the modification of mortgage loans to reduce the principal amount of the loans (through forbearance and/or forgiveness) and/or the rate of interest payable on the mortgages, or the extension of payment terms of the mortgages or the refinancing of mortgages of homeowners who owe more on their mortgages than their homes are worth. The Home Affordable Refinance Program ("HARP") enables borrowers with mortgages owned or guaranteed by Freddie Mac or Fannie Mae with high loan-to-value ratios to refinance their mortgages. A significant number of loan modifications or refinancings with respect to a given Agency MBS, including, but not limited to, those related to principal forgiveness and coupon reduction, resulting in increased prepayment rates, could negatively impact the realized yields and cash flows on such security. These loan modification programs, HARP, future legislative or regulatory actions (including possible amendments to the bankruptcy laws) which result in the modification of outstanding residential mortgage loans, as well as changes in the requirements necessary to qualify for refinancing of mortgage loans with Fannie Mae, Freddie Mac, or Ginnie Mae, may adversely affect the value of, and the returns on, Agency MBS.

Variable rate Agency MBS, including ARMs, are backed by mortgages with variable rates. The rate of interest payable under variable rate Agency MBS varies with a designated rate or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with prepayment risks.

Stripped securities markets were developed to separate the interest ("IO") and principal ("PO") components of Agency MBS. IO and PO securities experience greater yield and return variability relative to changes in prepayments. IO and PO securities are only entitled to payments of interest and principal, respectively, from the related Agency MBS and are extremely sensitive to the rate of principal prepayments on the underlying mortgage loans. Higher than anticipated rates of prepayment will reduce the amount of interest paid on the underlying mortgage loans and may subsequently lower yields on IO securities. Conversely, lower than anticipated rates of prepayment will extend the amount of time principal on the underlying mortgage loans remains outstanding and may subsequently lower yields on PO securities.

Inverse interest only Agency MBS entitle the holder to interest only payments based on a notional principal balance, which is typically equal to a fixed rate of interest on the notional principal balance less a floating rate of interest on the notional principal balance that adjusts according to an index subject to set minimum and maximum rates. The value of inverse interest only Agency MBS will generally decrease when its related index rate increases and increase when its related index rate decreases.

Excess MSR. Excess MSRs are interests in mortgage servicing rights ("MSRs"), representing investments in monthly interest payments, net of a base fee paid to the mortgage servicer for the Agency MBS, generated by the MSRs. Fannie Mae and Freddie Mac generally require mortgage

servicers to be paid a minimum servicing fee that significantly exceeds the amount a servicer would charge in an arm's-length transaction. The portion of the fee in excess of what would be charged in an arm's-length transaction is commonly referred to as the excess mortgage servicing fee. Like other IO securities, the values of Excess MSR are highly sensitive to changes in interest rates. Furthermore, an increase in prepayment speeds could reduce the ultimate cash flows received from Excess MSR. If delinquencies are significantly greater than expected, the estimated fair value of the Excess MSR could be diminished. MSR are subject to numerous federal, state and local laws and regulations and the requirements of Fannie Mae and Freddie Mac. The servicer's failure to comply with applicable laws, rules or regulations, could adversely affect the value of such MSR. Excess MSR are highly illiquid and subject to numerous restrictions on transfers. Investments in Excess MSR are a new type of transaction, and there have been very few investment products that pursue a similar investment strategy. Accordingly, the risks associated with the transaction and structure are not fully known to buyers or sellers.

Collateralized Mortgage Obligations. Collateralized mortgage obligations ("CMOs") are securities structured from Agency MBS. CMOs divide the cash flows which come from the Agency MBS into different classes of securities. CMOs can have different maturities and different weighted average lives than the underlying Agency MBS. Monthly payments of principal, including prepayments, are generally first returned to investors holding the shortest maturity class; investors holding the longer maturity classes receive principal only after the first class has been retired. Payments on CMOs are not guaranteed by any government agency or government-sponsored enterprise.

When-Issued and Forward Commitment Securities. The purchase of securities on a "when-issued" basis involves a commitment to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery. When-issued securities may be sold prior to the settlement date. If the right to acquire a when-issued security is disposed of prior to its acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered which may cause a loss. One type of security which can be acquired on a "when-issued" basis is a forward-settling Agency MBS where the pool is "to-be-announced", known as a "TBA". Pursuant to these TBAs, the investor agrees to purchase, for future delivery, Agency MBS with certain principal and interest terms and certain types of underlying collateral, but where the particular Agency MBS to be delivered will not be identified until shortly before the TBA settlement date. In the case of TBAs there is an additional risk that, when the actual terms of the underlying mortgage pool become known, the investor may be exposed to greater risk than it had anticipated.

Commercial Mortgage-Backed Securities. The collateral underlying CMBS generally consists of mortgage loans secured by income-producing property, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, rental apartments, nursing homes, senior living centers and self storage properties. Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or

value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

Successful management and operation of the related business (including property management decisions, such as pricing, maintenance and capital improvements) will have a significant impact on performance of commercial mortgage loans. Issues such as tenant mix, success of tenant business, property location and condition, competition, increases in interest rates, real estate taxes and other operational expenses, general or local economic conditions and/or specific industry segments, declines in real estate values, declines in rental or occupancy rates and civil disturbances, changes in governmental rules, regulations and fiscal policies, acts of God, social unrest and insurance coverage are among the factors that may impact both performance and market value. The value of commercial real estate is also subject to limitations on remedies imposed by bankruptcy laws and state laws regarding foreclosures and rights of redemption.

Property-specific issues with respect to the underlying mortgaged property, such as significant government regulation of a particular industry, reliance on franchise, management or operating agreements, transferability on purchase or foreclosure of related valuable assets such as liquor and other licenses and ease of conversion of a commercial property to an alternative use will impact both risk of loss and loss severity with respect to the underlying mortgage loan pool and the CMBS.

At any one time, a portfolio of CMBS may be backed by commercial mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the commercial mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas, than would be the case for a pool of mortgage loans having more diverse property locations.

Certain of the commercial mortgage loans underlying CMBS may bear interest at adjustable rates based on LIBOR for one-month dollar deposits or other established interest indices. Accordingly, debt service for any such commercial mortgage loan will increase as interest rates rise. In contrast, rental and other income on the related mortgaged properties is not expected to rise significantly as interest rates rise. Accordingly, debt service coverage ratios of the underlying floating rate commercial mortgage loans generally will be adversely affected by rising interest rates, and a borrower's ability to make all payments due on such floating rate commercial mortgage loans may be adversely affected.

Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity, and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered

property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related CMBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of CMBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related CMBS. Revenues from the assets underlying such CMBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

Collateralized Debt Obligations. CDO Securities in which clients may invest are backed by certain fixed income securities, such as asset-backed securities, other CDO Securities, corporate leveraged loans, credit default swaps and other derivatives. CDO Securities are instruments representing interests in pools, the underlying asset classes of which include bonds, debentures, syndicated loans, and private placement debt and are limited-recourse obligations of the issuer thereof payable solely from the underlying securities in the portfolio of such issuer. CDO Securities are subject to various risks including credit, liquidity, interest rate, limited diversification, leverage and other risks.

Credit Default Swaps. A credit default swap is a contract which transfers credit risk in respect of a company or security. In essence, an institution which owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with a bank, broker-dealer or financial intermediary. Upon an event of default on the underlying obligation, the swap generally may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. The first way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single bond or a portfolio of bonds. Credit default swaps can be used to implement Seer Capital's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, Seer Capital may sell on behalf of a client credit default protection, in which case its client will receive one or more payments to take on the credit risk. In such an instance, the obligation of the client to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. Seer Capital may also, on behalf of a client, purchase credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of Seer Capital, there is a high likelihood of credit deterioration.

Credit default swaps may now be traded bilaterally or through clearing houses, which is a relatively new development in the credit default swap market. In 2010, the Dodd–Frank Wall Street Reform and Consumer Protection Act provided the CFTC and the SEC with the power to require that certain credit derivatives trade through one or more clearing houses rather than over the counter on a bilateral basis, which had previously been the only way those products were traded. In 2013, the CFTC promulgated rules mandating that certain credit derivatives trade through clearing houses, and it is expected that the CFTC and SEC will require additional credit derivatives (among other products) to trade through clearing houses in the future. The impact of these changes to the credit default swap market on Seer Capital's ability to implement its credit derivatives trading strategy remains unclear. As certain credit default swaps transition to clearing houses, the products will become more standardized, which may have good and bad consequences for Seer Capital and its clients. It is possible that implementation of these measures will increase liquidity as swap execution facilities and derivative contract markets display their trades publicly in real time, which may reduce Seer Capital's cost of executing credit default swaps. The publication of this information may also present opportunities for Seer Capital as more information about transactions in the market place may make it easier to identify trading opportunities. However, it is also possible that the new costs may adversely affect credit default swap liquidity. It may also become prohibitively expensive for Seer Capital to obtain tailored derivative products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of the new regulations. Trading costs associated with clearing houses, such as limited cross-margining of different products that trade through the same clearing house, and other new fees that do not exist in the over-the-counter market may also increase Seer Capital's costs of obtaining credit default swap protection. The credit default swap market is rapidly evolving, and it may be some time before the impact of the costs and expenses associated with the new rules on derivatives trading are understood.

Non-Performing Nature of Debt. Certain debt instruments purchased by Seer Capital for clients are non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the debt instruments.

ITEM 9
DISCIPLINARY INFORMATION

To the best of our knowledge, there are no legal or disciplinary events that are material to our clients' evaluation of Seer Capital's advisory business or the integrity of Seer Capital's management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Seer Capital Partners GP LLC and Seer Capital Opportunities GP LLC, both Delaware USA limited liability companies, serve as the general partner for certain of the offshore and US-based private investment vehicles managed by Seer Capital. Both Seer Capital Partners GP LLC and Seer Capital Opportunities GP LLC are controlled by Philip Weingord and are entitled to receive the incentive allocation or carried interest applicable to the vehicle for which it serves as general partner.

Michael Lamont and Philip Weingord, both employees of Seer Capital, also serve on the boards of our private investment vehicles.

Seer Capital and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Seer Capital and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Seer Capital, Seer Capital Partners GP LLC, and Seer Capital Opportunities GP LLC may each decide to register with the Commodity Futures Trading Commission as a commodity pool operator in the future, at each party's discretion or as required by applicable regulation.

ITEM 11

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics. As an investment adviser, Seer Capital stands in a position of trust and confidence with respect to its clients. Accordingly Seer Capital has a fiduciary duty to place the interests of its clients before the interests of the firm and its employees. In order to assist the firm and its employees in meeting its obligations as a fiduciary, the firm has adopted a Code of Ethics (the “Code”). The Code incorporates the following general principles which all employees are expected to uphold:

- Seer Capital and its employees must at all times place the interests of its clients first.
- All personal securities transactions must be conducted in a manner consistent with the Code and avoid any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility.
- Employees must not take any inappropriate advantage of their positions at the firm.
- Information concerning the identity and financial circumstances of clients and their investors must be kept confidential.
- Independence in the investment decision-making process must be maintained at all times.

Seer Capital believes that these general principles not only help it fulfill its fiduciary obligations, but also protect the firm’s reputation and instill in its employees the firm’s commitment to honesty, integrity and professionalism. A copy of the Code will be made available to any client or prospective client upon request directed to the address or telephone number listed on the cover page of this brochure.

Cross Trades. Seer Capital may determine that it would be in the best interests of its clients to transfer a security from one client to another for tax purposes, liquidity purposes or to reduce transaction costs that may arise in an open market transaction. If Seer Capital decides to engage in such a cross trade, Seer Capital will determine that the trade is in the best interests of both of the clients involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

A cross transaction generally occurs with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur simply by having Seer Capital instruct the custodian for the funds to book the transaction at the price determined by Seer Capital’s valuation procedures (i.e., an “internal cross”). If Seer Capital effects an internal cross, Seer Capital is not permitted to receive any fee in connection with the completion of the transaction.

Principal Transactions. To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by Seer Capital or its personnel, Seer Capital will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by the Compliance Officer. The Compliance Officer, in consultation with outside

counsel, will determine whether or not the trade would constitute a principal transaction and, if so, determine how to ensure that all required notice and consent requirements are satisfied. The Compliance Officer will then inform the senior portfolio managers whether and when to proceed with the trade.

Employee Trading. The Code, Seer Capital's compliance manual and Seer Capital's Restricted List also address personal trading by Seer Capital's employees. Seer Capital's employees are:

- prohibited from trading in securitized products for their personal accounts
- prohibited from trading securities (or related derivative instruments) for our clients or for their personal accounts that appear on the firm's "Restricted List" of companies and securities about which a determination has been made by Seer Capital that it is prudent to restrict trading activity
- prohibited from trading securities (or related derivative instruments) for our clients or for their own account for which they possess material non-public information
- prohibited from trading any other securities (or related derivative instruments) for their own account without prior approval from the Chief Compliance Officer that they also trade on behalf of clients or that are held by any clients managed by the firm.

Our "access persons" are required to: (1) submit to the Chief Compliance Officer, or a designee, initial and annual reports disclosing all personal securities holdings; (2) submit to the Chief Compliance Officer, or a designee, quarterly reports disclosing all personal securities transactions; (3) obtain pre-approval before making any personal investments in any IPO, private placement, or securities listed on the firm's "Grey List" which is maintained to track securities that are being actively considered for investment; and (4) report any violations of the Code promptly to the Chief Compliance Officer.

Potential Conflicts of Interest. Seer Capital, its affiliates, its personnel and/or friends and family of its personnel may invest in or possess interests in its private investment vehicles and may own investments that are also held by Seer Capital's clients. These investments by Seer Capital, its affiliates, its personnel and/or friends and family of its personnel create the potential for conflicts of interest. The Code, Seer Capital's compliance manual and other controls are designed to mitigate these potential conflicts.

ITEM 12

BROKERAGE PRACTICES

Best Execution. In placing orders to purchase and sell securities for clients, Seer Capital considers a number of factors in selecting appropriate broker-dealers, including execution capability, availability of securities in inventory, commission rates, financial responsibility, the value of research provided and responsiveness. Seer Capital seeks to fairly evaluate the overall quality and costs of a broker-dealer's execution services, including factors other than prices, commissions and other expenses paid in connection with account transactions. The factors considered in selecting and approving brokers-dealers that may be used to execute trades for client accounts include, but are not limited to:

- Quality of execution - accurate and timely execution, clearance and error/dispute resolution
- Availability of securities in inventory, in particular for securities traded on a principal basis in the OTC markets such as fixed income and derivatives markets
- Reputation, financial strength and stability
- Block trading and block positioning capabilities
- Willingness to execute difficult transactions
- Willingness and ability to commit capital
- Access to underwritten offerings and secondary markets
- Ongoing reliability
- Overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of Seer Capital's knowledge of negotiated commission rates currently available and other current transaction costs
- Nature of the security and the available market makers
- Desired timing of the transaction and size of trade
- Confidentiality of trading activity
- Market intelligence regarding trading activity

Soft Dollars. Seer Capital does not currently have any formal soft dollar arrangements but does receive research from certain broker-dealers. Seer Capital has not negotiated "execution only" commission rates. Any use of commissions or "soft dollars" generated by the private investment vehicles or separate accounts through agency and certain riskless principal transactions to pay for brokerage and research related products or services will fall within the safe harbor created by Section 28(e) of the Securities and Exchange Act of 1934, as amended.

Brokerage for Client Referrals. From time to time, brokers (including prime brokers) may assist the private investment vehicles in raising additional funds from investors, and representatives of Seer Capital may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors in the private investment vehicles would have the opportunity to meet with representatives of Seer Capital. Currently, neither Seer Capital nor its private investment vehicles compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The private investment vehicles may accept subscriptions from investors who also

provide services to the private investment vehicles, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect Seer Capital's ability to seek best execution. While our relationship with brokers may influence Seer Capital in deciding whether to use such broker in connection with brokerage, financing and other activities of the private investment vehicles, Seer Capital will not commit to allocate a particular amount of brokerage to a broker in any such situation.

Allocation of Investment Opportunities. Seer Capital is committed to allocating investment opportunities on a fair and equitable basis. Where an investment opportunity is suitable for two or more clients, Seer Capital allocates such investment opportunity equitably in order to ensure that clients have equal access to the same quality and quantity of investment opportunities, at all times putting the interests of investors first. Seer Capital endeavors to ensure that its allocations are based solely on its list of prime determinants driving the allocation process and that all clients are treated as fairly and equitably as possible in each instance and over a period of time.

Aggregation of Trades. Aggregation describes a procedure whereby Seer Capital may combine the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for Seer Capital generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Seer Capital is not required to aggregate client trades; however, it will generally do so, subject to best execution.

Trade Errors. Seer Capital endeavors to detect trade errors prior to settlement and correct them in an expeditious manner. Trade errors that do not result in transactions in client accounts (such as transactions that result in loss of an investment opportunity) will not be viewed as trade errors. Seer Capital generally will reimburse losses suffered by a client as a result of a trade error caused by Seer Capital's gross negligence or willful misconduct. It is the policy of Seer Capital to ensure that each error is corrected in an expeditious manner in accordance with internal procedures.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

Seer Capital performs periodic reviews, typically weekly or monthly, of investment positions held by its clients. Such reviews are conducted by the members of Seer Capital's Investment Committee, portfolio managers, research analysts and operations personnel. Members of the Investment Committee include the two Co-Chief Investment Officers and the senior Portfolio Managers of Seer Capital.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

Significant changes in market volatility, the value of the client's portfolio or the performance of investment positions are examples of various factors that may prompt additional review of client accounts as deemed necessary by Seer Capital's Investment Committee.

C. Content and Frequency of Account Reports to Clients.

Investors in Seer Capital-managed private investment vehicles receive a periodic statement prepared by each vehicle's administrator documenting the performance of their investment which may include commentary prepared by Seer Capital. Seer Capital's separate account clients receive a monthly statement prepared by each client's custodian or administrator documenting the performance of their investment. Seer Capital may also provide certain investors in its managed private investment vehicles or investors in separate accounts managed by the firm with information on a more frequent and detailed basis in multiple formats. Seer Capital-managed private investment vehicles issue audited financial statements concerning their respective fund investments within 120 days of the end of each vehicle's fiscal year. Seer Capital-managed private investment vehicles issue investor tax reports concerning their respective fund investments annually.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

Seer Capital does not receive economic benefits from any person that is not a client for providing investment advice or other advisory services to Seer Capital's clients.

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

Seer Capital may from time to time utilize third-party placement agents which receive compensation, which may be borne either by Seer Capital or by the end investor, for referring investors to the private investment vehicles or separate accounts managed or advised by Seer Capital. Any such arrangement will be disclosed to each applicable investor who is referred to Seer Capital by a third-party placement agent.

ITEM 15 CUSTODY

Seer Capital is deemed to have custody or possession of client funds or securities as such assets are held in accounts with unaffiliated custodians, prime broker(s) and other broker-dealers and Seer Capital is authorized to exercise discretion over such accounts.

Investors in our private investment vehicles are not required to and do not receive account statements from the custodians, prime brokers or other broker-dealers with whom the private investment vehicles maintain accounts. Instead, the private investment vehicles are (i) subject to annual audit (as defined in rule 1-02(d) of Regulation S-X) by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (the “PCAOB”); (ii) audited financial statements are delivered to investors in the pooled investment vehicles within 120 days of each vehicle’s fiscal year-end; and (iii) in the event of a liquidation, Seer Capital will obtain a final liquidation audit of the private investment vehicle’s financial statements in accordance with generally accepted accounting principles and will distribute the financial statements to investors promptly after completion of the audit.

Separate account clients receive monthly account statements directly from a qualified custodian for the accounts over which Seer Capital is authorized to exercise discretion.

Clients are urged to review account statements in detail and to compare the account statements they receive from the qualified custodian with any account statements they may receive from Seer Capital or its private investment vehicles.

ITEM 16

INVESTMENT DISCRETION

With respect to its private investment vehicles, Seer Capital has broad investment discretion and authority that is subject to the limitations set forth in the governing documents and Memoranda of its vehicles, copies of which are provided to investors in the vehicles. While certain of the vehicles do not require Seer Capital to diversify investments or limit the amount of leverage employed, other vehicles may provide for certain diversification requirements or limits on the use of leverage.

With respect to separate accounts, Seer Capital generally has broad discretionary authority to determine the type and amount of securities to be bought or sold, with such authority limited, if at all, by clients on a contractual basis. Any limitations in such authority are set forth in the investment management agreement between Seer Capital and the relevant separate account client.

ITEM 17

VOTING CLIENT SECURITIES

As a fiduciary with proxy voting authority, Seer Capital has a duty to monitor corporate events and to vote proxies, as well as a duty to cast votes in the best interest of clients and not subrogate client interests to its own interests. Rule 206(4)-6 under the Advisers Act (the “Proxy Voting Rule”) places specific requirements on registered investment advisers with proxy voting authority. Because Seer Capital has discretionary authority over the securities held by its clients, Seer Capital is viewed as having proxy voting authority. Accordingly, Seer Capital is subject to the Proxy Voting Rule. In light of Seer Capital’s emphasis on fixed income it is likely that proxy voting will be rare and accordingly Seer Capital’s Chief Compliance Officer must pre-approve all proxy votes. Seer Capital’s policies and procedures are reasonably designed to ensure that it votes proxies in the best interest of its clients and addresses how it will resolve any conflict of interest that may arise when voting proxies.

Clients may obtain information from Seer Capital about how it voted their securities and may obtain a copy of its proxy voting policies and procedures upon request by contacting Seer Capital at the address shown on the cover page of this brochure.

ITEM 18
FINANCIAL INFORMATION

A. Balance Sheet.

This item is not applicable as Seer Capital does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients.

Seer Capital is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

C. Bankruptcy Filings.

Seer Capital has never been the subject of a bankruptcy petition at any time.