

**Part 2A of Form ADV: Firm Brochure**



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This brochure provides information about the qualifications and business practices of Kapstream Capital Pty Ltd ("Kapstream Capital"). If you have any questions about the contents of this brochure, please contact us at +612 9234 0000 or [info@kapstream.com](mailto:info@kapstream.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Unless otherwise indicated, the term "Kapstream Capital" or "the Company" is broadly used within this brochure to refer to the entire enterprise and not to a specific legal entity.

## **Item 2 - Material Changes**

On July 28, 2010, the SEC published "Amendments to Form ADV", which amended the requirements applicable to the disclosure document that we provide to clients. This brochure, dated 20 May, 2013, is prepared according to the SEC's new requirements and rules.

This brochure contains information about Kapstream Capital upon its initial registration as an investment adviser with the SEC. There have been no material changes since its adoption. After our initial filing of this brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision (s) based on the nature of the updated information.

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## **Item 4 -Advisory Business**

Kapstream Capital Pty Limited (“Kapstream Capital”) is an investment management firm, organised as a proprietary limited company (Pty Ltd), with its principal place of business located in Sydney, Australia. Kapstream Capital began conducting business in 2007 and is licensed by the Australian Securities and Investments Commission.

The principal owners of the firm are: 1) Kumar Palghat, Chief Investment Officer, who holds 55.0% of the company through a family trust, the KP4 Family Trust and 2) Challenger Limited (“Challenger”) an Australian Stock Exchange listed company, which holds 25% of the company via its subsidiary, Fidante Partners Kapstream Holdings Pty Ltd. The remaining 20% of the company is held by Kapstream employees.

Kapstream Capital provides discretionary and nondiscretionary investment management of global fixed-income portfolios to institutional clients. Clients include segregated accounts and various pooled investment vehicles, including Australian and Cayman Islands registered managed investment schemes (i.e., managed funds) that are governed by their respective securities laws and regulations.

In order to provide its services, Kapstream Capital will generally invest in listed and unlisted global fixed-income securities, including money markets instruments, bonds, notes and hybrid securities. These securities may be traded on an exchange or over-the-counter. Additionally, Kapstream Capital employs the use of derivative instruments, including but not limited to interest-rate, currency, total return and credit default swaps, futures contracts, options contracts and foreign exchange contracts including non-deliverable currency forwards. Kapstream Capital will invest in these instruments if such investment is consistent with the investment objectives and restrictions of the account for which the investment is being made.

As of May 20, 2013, Kapstream Capital managed approximately US\$6.2 billion in assets on a discretionary basis and US\$0.3 billion assets on a nondiscretionary basis.

### **Segregated Accounts**

For segregated accounts, following review and discussions, Kapstream Capital’s services can be tailored to the specific Client’s investment objectives in line with the Company’s philosophy, style and investment process. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Once the Client’s portfolio has been established, Kapstream Capital reviews the portfolio on a regular basis, and rebalances the portfolio when necessary.

### **Funds**

Kapstream Capital currently serves as the investment adviser to various managed funds outside the United States (collectively the “Funds”). For the Funds, consistent with each Fund’s disclosure documents, Kapstream Capital manages assets on a discretionary basis in accordance with the investment objectives and restrictions of each Fund. Fund investors may not impose restrictions on investing in certain securities, types of securities, or industry sectors. The Company will review these accounts on a regular basis, and when necessary, rebalance the portfolio, based on the account’s investment objectives and restrictions.

## **Item 5 - Fees and Compensation**

The specific manner in which fees are charged by Kapstream Capital is established in a written agreement between Kapstream Capital and the Client. The basic fee schedules are generally as follows:

### **Segregated Accounts (minimum \$75 million)**

0.40% annual fee

### **Funds (Institutional Investors)**

0.40% annual fee for the Kapstream Absolute Return Income Fund

1.00% base annual fee and 10% performance participation fee for the Kapstream Asian Bond Fund.

Depending upon the Client and their segregated account requirements, Kapstream Capital may also charge an incentive fee of up to 25% of net profits in a Client's account subject to a hurdle or high water mark.

### **Fees Generally**

The fees set forth above are invoiced to and paid directly by the Client. Fees are charged on a monthly or quarterly basis, as set forth in the investment management agreement or Fund disclosure document, and based on either the portfolio's daily market value or ending market value for the period. Fees are paid in arrears; Clients are not permitted to pay fees in advance. Kapstream Capital, in its sole discretion, may negotiate the fee and minimum account size under varying circumstances. If a Client terminates the investment management agreement with Kapstream Capital in the middle of a billing period, then Kapstream Capital will invoice the Client for an amount that is pro-rated based on the number of days that the account was managed.

In addition to Kapstream Capital's investment management fees, Clients may incur brokerage, custodial, and other transaction costs. Item 12 contains further information about brokerage.

Additional costs specific to Kapstream Capital's Funds are described more fully below.

### **Funds**

Operating expenses of Kapstream Capital's Funds are either borne by the Funds or capped in an operational expense charged to the shareholder. These operational expenses include any trustee, legal, accounting and auditing fees and other professional expenses and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other reasonable expenses related to the purchase, sale or transmittal of the Funds' assets as determined by the Funds at their sole discretion. For further information, please refer to the respective Funds' disclosure documents.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

Performance-based fees may create an incentive for Kapstream Capital to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Since the performance fees charged to a Client are based on both realized and unrealized gains, the Company may receive a performance allocation reflecting unrealized gains at the end of a period that is not subsequently recognized by the Client. Kapstream Capital may manage accounts that charge a performance-based fee, as well as

accounts that pay only an asset-based management fee. As such, Kapstream Capital may have an incentive to favor certain Clients from which the Company receives a performance fee over Clients that pay a lower or no performance fee. This risk is mitigated by the implementation of detailed allocation procedures and the ongoing review of Client portfolios by investment and compliance personnel.

## **Item 7 - Types of Clients**

Kapstream currently provides discretionary and non-discretionary investment services to managed funds, pension plans, government entities, family offices, foundations and endowments. Clients are subject to Kapstream Capital's minimum account requirements and advisory fees in effect at the time the Client entered into the advisory relationship. Therefore, Kapstream Capital's minimum account requirements may differ among Clients. Generally, Kapstream recommends an account minimum of \$75 million for separate accounts. In Kapstream Capital's sole discretion, minimum amounts to open accounts may be lowered, raised or waived. Minimum shareholder requirements, if any, are disclosed in the respective Fund's disclosure documents.

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

Kapstream Capital considers that over the long term, superior risk-adjusted returns are generated by stepping beyond the traditional core manager approach and targeting an absolute return, using a wide range of instruments, including derivatives, to exploit market inefficiencies across the full spectrum of global fixed income investments. Kapstream Capital actively manages and monitors asset allocations using a process based upon bottom-up reviews of investment opportunities including analysis of the fundamentals of the particular investment such as value, pricing anomalies, growth prospects and risks. Kapstream Capital will consider the past investment histories as well as the future prospects. Kapstream Capital also applies a top-down overlay involving researching general economic conditions (such as interest rates, inflation, fiscal policy, monetary policy and economic growth) of particular world regions, comparing world regions for investment opportunities, and analysing which of the Company's investment strategies are likely to best capitalise on general investment and economic conditions. Following this process, Kapstream Capital incorporates portfolio guidelines and considers the potential impact of the portfolio allocations, using considerations such as diversification and correlation, in assessing the risk versus the potential return from the investments. A purpose of the guidelines is to ensure that the investment portfolio remains flexible but at the same time diversified across investments, investment strategies and geographies. The investment universe for Kapstream Capital is defined as being all global fixed-income instruments and derivatives. There are no formal restrictions on countries or sectors.

### **Risk of Loss**

Investing in securities involves the risk of loss that Clients and investors should be prepared to bear. An investment should only be made after consultation with independent qualified sources of investment and tax advice. No guarantee or representation is made that an investment program will be successful and performance could be negatively impacted by a number of risks, including, but not limited to:

- **Risk of Investing in Fixed-Income Securities.** Because Kapstream Capital invests in fixed-income securities, investments are subject to market risk, such as declines in instrument prices over short or even extended periods. Fixed-income markets tend to be cyclical, with periods when prices generally rise and periods when prices generally decline. Investments are also subject to issuer risk, i.e. the risk that the value of a particular issuer's securities will decline because of changes in the

management or business prospects of the issuer. The value of an issuer's securities may decline sharply if the issuer becomes insolvent or bankrupt.

- **Business Risks; Economic Conditions.** Investments are subject to risk from changes in the economic climate, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws, the competency of management, and innumerable other factors, in a similar way to other industrial or commercial companies. None of these conditions are within the control of Kapstream Capital. For these and other reasons, there can be no guarantee that companies in which the managed accounts invest will develop as anticipated.
- **Frequent Trading Risk.** Kapstream Capital may engage in frequent trading of investments in furtherance of an account's investment objective or in response to market conditions. Frequent trading increases transaction costs, which may reduce returns. Frequent trading can also result in increased tax liability for investors.
- **Foreign Investments.** Kapstream Capital will make investments in a number of different foreign countries, some of which may prove to be politically and/or socially unstable. With any investment in a foreign country, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation, labor strikes or war. Furthermore, in the case of investments in foreign securities or other assets, any fluctuation in currency exchange rates will affect the value of the investments, and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Kapstream Capital will analyze risks in the applicable foreign countries before making such investments, but no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the a Kapstream Capital account.
- **Hedging strategies.** A hedging strategy may be used in a Kapstream Capital account in an effort to reduce the overall risk, but there can be no assurance that hedging transactions will be effective. There may be an imperfect historical correlation between changes in the market value of the investment or the attribute of the investment being hedged and the instrument with which the investment or attribute is hedged. Also, any historical correlation may not continue for the period during which the hedge is in place. Hedging against a decline in the value of an asset does not eliminate fluctuations in the price of portfolio securities or prevent losses if the price of such securities declines. Hedging may also preclude or reduce the opportunity for gain if the value of the hedged security should rise. If the hedging arrangements are terminated at any time in accordance with their terms, whether as a result of an event of default thereunder or otherwise, a Kapstream Capital account may be liable to make a payment to or receive a payment from the hedging provider in connection with such termination reflecting the market value of the transactions comprising such hedging arrangements (or, in certain circumstances, the loss or gain, as applicable, of the party making the relevant determination). If a Kapstream Capital account is required to make such a payment, it may be required to liquidate investments to fund any such payment. Furthermore, a Kapstream Capital account may be unable to locate an alternative provider of hedging arrangements within a reasonable period of time or at all. If no such alternative provider of hedging

arrangements is located, then the Kapstream Capital account may be subject to increased risk and volatility.

- **Derivatives Risk.** In the case of derivative contracts, there can be no assurance that a liquid exchange or OTC market will exist to permit a Kapstream Capital account to trade the appropriate contracts. A Kapstream Capital account is subject to the credit risk that its counterparty may be unable to meet its obligations. In addition, there is the risk of loss of margin deposits by the Kapstream Capital account in the event of bankruptcy of a dealer with whom the Kapstream Capital account has an open position, futures or forward contract. The ability of the Kapstream Capital account to close out its positions may be affected by exchange-imposed daily trading limits on futures contracts. The inability to close out derivative positions could also have an adverse impact on a Kapstream Capital account's ability to use derivative instruments to implement its investment strategy. Derivative contracts present the additional risk that prices may be distorted if trading of underlying instruments is interrupted. If this occurred, a Kapstream Capital account would not be able to trade and could incur losses.
- **Counterparty (Credit) Risk.** Kapstream Capital may enter into transactions in OTC markets whereby the account will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, Clients could experience delays in liquidating a position and may incur significant losses.
- **Investments in Foreign Currency Markets.** Kapstream Capital invests directly and indirectly in securities denominated in currencies other than US dollars. It may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialized, and highly technical. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.
- **Liquidity Risk.** If a security is not actively traded it may not be readily bought or sold without some adverse impact on the price paid or obtained.

**In addition to above, Clients and Fund Investors should refer to all documents and agreements relating to opening an account or investing in a Fund, including the respective Fund's disclosure document and any other relevant document.**

#### **Item 9 - Disciplinary Information**

Kapstream Capital is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of its advisory business or the integrity of our management. The Company and management personnel have no reportable disciplinary events to disclose.

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

Kapstream Capital is affiliated with the Challenger group of companies (the "Challenger Group"). The primary relationship arises from business activities with Challenger's asset-management subsidiary, Fidante Partners Limited ("Fidante Ltd.") and other relationships arise from the sharing of common supervised persons. Kapstream Capital also provides sub-advisory services to one Fidante Ltd. managed fund ("Fidante Fund"), which carries



Kapstream Capital branding (The Kapstream Absolute Return Income Fund). Kapstream Capital receives sub-advisory fees for its services. Fidante Ltd. may also serve as investment adviser, sponsor, administrator, Responsible Entity, or in other service provider capacities, for this Fidante Fund. Fidante Ltd. generally receives compensation from Kapstream Capital for these services which include distribution and administration. Affiliations with other companies within the Challenger Group do not arise from any material business undertakings with Kapstream Capital, but rather from Fidante Ltd. being a member of a group structure. Kapstream Capital is not registered and does not have a pending application to register as a broker-dealer, a futures commission merchant, commodity pool operator, commodity trading advisor, or any associated persons of one of the foregoing entities.

## **Item 11 - Code of Ethics**

Kapstream Capital has adopted a written Code of Ethics that is applicable to all employees. Among other things, the Code requires Kapstream Capital and its Employees to act in Clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, pre-clear certain transactions, and report on many types of personal securities transactions.

Kapstream Capital's restrictions on personal securities trading apply to Employees, as well as Employees' family members living in the same household. A copy of Kapstream Capital's code of ethics is available upon request by contacting us at +612 9234 0000.

Employees are subject to a 30-day holding period for securities purchased, with the exception of exchange traded options or futures. The Chief Compliance Officer ("CCO") monitors Employee trading, relative to Client trading, to ensure that Employees do not engage in improper transactions.

Kapstream Capital (and/or its directors, officers, or other Employees) may, from time to time, advise its Clients with respect to the purchase or sale of, or provide advice about, securities issued by an issuer that is a related party of Kapstream Capital. Kapstream Capital will only engage in such activities if it is confident that they are in the best interest of its Clients and are in compliance with all requirements imposed by applicable securities laws and the Client's own investment policy. Moreover, any transactions in securities of issuers who are related parties to Kapstream Capital will be made in accordance with the Clients' investment objectives, guidelines, and restrictions, or any other requirements contained in the Investment Management Agreement entered into between the Client and Kapstream Capital. The Fidante Fund (Kapstream Absolute Return Income Fund) and the Kapstream Asian Bond Fund are the only related issuers of Kapstream Capital.

## **Item 12 - Brokerage Practices**

### **Broker Selection and Best Execution**

Kapstream Capital has a policy to ensure that a diligent selection of brokers/dealers is made, a fiduciary and fundamental duty to seek best execution for client transactions, and to ensure that fair and equitable allocations of investment opportunities among client accounts occur. The best net price, after taking account of brokerage commissions, spreads, and other costs, is normally an important factor in this decision, but a number of other judgmental factors are also considered as they are deemed relevant. These factors include, but are not limited to:

- ☐ The nature of the security being traded;
- ☐ The size and type of the transaction;
- ☐ The nature and character of the markets for the security to be purchased or sold;

- ☐ The desired timing of the trade;
- ☐ The activity existing and expected in the market for the particular security;
- ☐ Confidentiality, including trade anonymity, liquidity, the quality of the execution, clearance and settlement services;
- ☐ The existence of actual or apparent operational problems of any broker or dealer; and
- ☐ Financial stability of the broker or dealer.

## **Soft Dollars**

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment adviser’s clients.

Kapstream Capital does not enter into formal soft dollar arrangements or other arrangements that would commit the Company or its Clients to any specific or implied level of trading. As an institutional investment manager, Kapstream Capital may receive access to research made available through brokerage counterparties. Kapstream Capital believes this research is available to all institutional investment managers of similar size. Research services may include the provision of research reports prepared by the broker-dealer, certain financial newsletters and trade journals, analytical software, seminars and conferences, portfolio strategy consultants, market and financial data, and performance measurement. The foregoing benefits may be available for use by Kapstream Capital in connection with transactions in which a Client does not participate. The availability of these benefits may be an incentive to select one broker rather than another to perform services for a Client. Nevertheless, Kapstream Capital seeks to ensure that the fees and costs for services provided to a Client by brokers offering these benefits are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services.

While Kapstream Capital has never entered into “soft dollar” arrangements, it has retained an option to use “soft dollars” generated by a Client to pay for the research related services described above. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties. Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities. The use of brokerage commissions to obtain investment research services and other benefits may create a conflict of interest between Kapstream Capital and its Clients. Specifically, Kapstream Capital receives a benefit because it does not have to produce or pay for the research, products, or services provided, and therefore may have an incentive to select a broker-dealer based on the Company’s interest in receiving the research or other products or services, rather than on its Clients’ interest in receiving most favorable execution.

## **Trade Aggregation**

Kapstream Capital will aggregate transactions on behalf of more than one Client when deemed appropriate. In such cases, the transactions will be allocated to all participating Client accounts in a fair and equitable manner. Consistent with each participating Client’s disclosure document or Investment Management Agreement, Kapstream Capital may aggregate orders for more than one Client to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall commission charges. Pro rata allocation is pursued when the size of the asset being purchased provides for an equal opportunity to all participating Client accounts to share in

the asset based on the underlying account's assets under management without creating odd-lots for the other accounts. In the event of a partial fill, the order is allocated among the participating Client accounts based on the size of each account's original order, subject to rounding in order to achieve round lots. Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner. If the remaining positions are too small to satisfy the minimum order amount, Kapstream Capital may decide to allocate remaining shares to those accounts whose orders would be completed as a result of the allocation.

### **Directed Brokerage**

Separate account Clients may direct Kapstream Capital to use a particular broker-dealer (subject to Kapstream Capital's right to decline and/or terminate the engagement) to execute some or all transactions for the Client's account. In such event, the Client will negotiate terms and arrangements for the account with that broker-dealer, and Kapstream Capital will not seek better execution services or prices from other broker-dealers or be able to aggregate the Client's transactions for execution through other broker-dealers with orders for other accounts managed by Kapstream Capital. As a result, Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

## **Item 13 - Review of Accounts**

### **Reviews**

Portfolio Managers are responsible for the daily monitoring of their respective portfolio(s). The persons conducting the reviews are Kapstream Capital's Chief Investment Officer, Portfolio Managers and Analysts.

As an additional control mechanism, the Kapstream Capital Investment Team analyses and reviews the portfolios weekly, at a minimum. These analyses may include a review of similar accounts to ensure consistent implementation of strategies. Reviews of Client accounts will also be triggered if a Client changes his or her investment objectives, or if the market, political, or economic environment changes materially. Finally, compliance with Client investment restrictions is verified on a daily basis. The CCO is informed of the results and will follow-up if required.

### **Nature and Frequency of Reports**

Kapstream Capital typically provides Clients and Fund Investors with written summaries of performance and portfolio characteristics. Summaries are provided either monthly or quarterly, depending on the mandate or as outlined in the Investment Management Agreement. Reports and financial statements are issued in accordance with each Fund's disclosure document. Written reports to Institutional Clients are provided in accordance with the specific requests of each such Client.

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

Kapstream Capital currently has one non-exclusive solicitation agreement in the US market with Triple A Partners. In Australia, Kapstream Capital has one exclusive solicitation agreement with Challenger, through its subsidiary, Fidante Ltd. Additionally, Kapstream Capital has one Australian non-exclusive solicitation agreement with Mona Vale Financial Services Pty Ltd. Pursuant to each agreement, when a distributor refers investment advisory clients to Kapstream Capital, Kapstream Capital pays a specified percentage of the

advisory fee charged to the client with respect to the provision of investment advisory services by Kapstream Capital. Any fees paid to a solicitor for the referral of an individually managed US segregated account will be paid in accordance with the provisions of Rule 206(4)-3 of the Advisers Act.

### **Item 15 - Custody**

Kapstream Capital does not have custody of Client accounts. Clients receive account statements directly from their custodians on a quarterly or monthly basis. Clients are urged to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

### **Item 16 - Investment Discretion**

Pursuant to an Investment Management Agreement, Clients typically will retain Kapstream Capital on a discretionary basis. Where the Client chooses to grant investment discretion to Kapstream Capital, Kapstream Capital will have the authority to supervise and direct the investments of and for the Client's account without prior consultation with the Client. Pursuant to this discretionary authority, Kapstream Capital will determine which securities are bought and sold for the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be executed and the commission rates paid to effect the transactions.

As discussed in Item 4, with respect to separate accounts, Kapstream Capital's authority in some cases may be subject to conditions imposed by the Client (e.g., where the Client restricts or prohibits transactions in certain types of securities or directs that transactions be effected through specific broker-dealers).

### **Item 17 - Voting Client Securities**

Kapstream Capital, as a matter of policy and as a fiduciary to its Clients, has responsibility for voting proxies in the best economic interests of the Clients. Bearing in mind that Kapstream Capital focuses on global fixed-income securities which have limited instances of voting rights, Kapstream Capital shall seek to vote on all company resolutions, regardless of materiality, where it has authority to do so. Resolutions are considered on a case by case basis. Kapstream Capital will support the boards of companies in which it invests through the positive use of proxy votes, unless in Kapstream Capital view there is a good reason to do otherwise.

In instances where Kapstream Capital serves as the sub-adviser to a Client, the main adviser shall remain responsible for voting proxies on behalf of the Client unless it specifically designates the responsibility and authority to Kapstream Capital. Kapstream Capital has not identified any material conflicts of interest in connection with past proxy votes. If Kapstream Capital identifies a material conflict of interest, it will abide by its Conflicts of Interest policy to ensure that all proxy votes are placed in the best interest of its Clients. Certain Clients may, pursuant to the terms of their agreements with Kapstream Capital, have the right to direct Kapstream Capital's vote in a particular situation. Upon request, Kapstream Capital will provide Clients with information regarding the voting of all or any specific proxy on their behalf. To obtain a copy Kapstream Capital's policy and procedures or proxy voting records please contact your Servicing Representative or Kapstream Capital at +612 9234 0000.

**Item 18 - Financial Information**

Under no circumstances does Kapstream Capital require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered. As an advisory firm, Kapstream Capital is required to disclose any financial condition that is reasonable likely to impair our ability to meet its contractual obligations. Kapstream Capital has no additional financial circumstances to report and has not been the subject of a bankruptcy petition at any time during the past ten years.