

Quadrant Real Estate Advisors LLC

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**FORM ADV PART 2
BROCHURE**

This brochure provides information about the qualifications and business practices of Quadrant Real Estate Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 770-752-6721 and/or lhoard@quadrantrea.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Quadrant Real Estate Advisors LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Quadrant Real Estate Advisors LLC is 138077.

Quadrant Real Estate Advisors LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Summary of Material Changes

The following material changes have occurred since the last annual update on March 29, 2013.

Advisory Business – Principal Owners

Prior to June 3, 2013, Quadrant Real Estate Advisors LLC (“**Quadrant**”) was owned in joint venture, 50% by Quadrant’s Management Team through QCP, LLC and 50% by MGR U.S. Real Estate Inc. (“**MGR**”), a U.S. subsidiary of Mirvac Limited (“**Mirvac**”), an Australian Stock Exchange listed integrated property group based in Sydney, Australia.

On June 3, 2013, QCP, LLC and its wholly owned subsidiary, QCORP LLC purchased MGR’s 50% interest in Quadrant.

As a result of the above described transaction, Quadrant Real Estate Advisors LLC’s Form ADV Part 2A was updated as follows:

- The new ownership of Quadrant is reflected in the description of Quadrant’s “Advisory Business”.
- The reference to Mirvac’s investment management activities have been removed from the description of Quadrant’s “Other Financial Industry Activities and Affiliations” as Mirvac is no longer an affiliate of Quadrant.

Fees and Compensation

Quadrant no longer charges disposition fees upon the sale of whole loan, b-note or mezzanine investment. Additionally, Quadrant no longer has client contracts under which a recovery incentive fee is charged. As a result, these fees have been removed from the “Fees & Compensation” section of the Form ADV Part 2A.

Loan processing fees and loan modification fees charged in the course of managing commercial mortgage loans on behalf of Quadrant clients have been added as “Other Fees” in the “Fees & Compensation” section of the Form ADV Part 2A.

Performance-Based Fees and Side-By-Side Management

In 2012, the one remaining portfolio with a client contract containing a performance based fee was liquidated, Quadrant does not currently manage any accounts with performance based fees. As such, the historical information regarding Performance based fees has been removed from the “Performance-Based Fees and Side-By-Side Management” section of the Form ADV Part 2A.

Other Financial Industry Activities and Affiliations

On April 22, 2013, Quadrant formed QREA Europe LLP (“**QREA Europe**”), incorporated as a limited liability partnership in England and Wales for the purpose of acting as an investment advisor to the Company, identifying and evaluating possible investment opportunities in the United Kingdom and Ireland, and making recommendations to the Company including negotiating and arranging for the acquisition and disposal of investments.

The Company operates as the managing member of QREA Europe and is an 86% shareholder.

On February 21, 2014, QREA Europe was listed in the Financial Services Register maintained by the Financial Conduct Authority of the United Kingdom or successor authority (the “**FCA**”) as an Appointed Representative / Tied Agent of Mirabella Financial Services LLP (“**Mirabella**”). Mirabella is an authorized person for purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the “**UK Act**”) and as such is authorized and regulated by the FCA. As an Appointed Representative / Tied Agent of the Host, Quadrant is permitted to carry on certain regulated activities in the United Kingdom and Ireland.

This information has been added to the “Other Financial Industry Activities and Affiliations” section of the Form ADV Part 2A.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Quadrant maintained a wholly owned subsidiary – Quadrant Real Estate Advisors Funding LLC for the purpose of originating loans on its balance sheet. Prior to 2013, Quadrant would participate in principal transactions by selling loans held on its balance sheet to a client. Terms of each sale were approved by Quadrant’s Investment Committee and Chief Compliance Officer and a written disclosure outlining the nature and terms of the transaction, including a disclosure of the conflict of interest, was prepared and submitted to the client for the purposes of obtaining their consent prior to execution of the transaction. No fees were earned in relation to the sale of assets. The line of credit enabling Quadrant to participate in this practice was terminated in November 2012 and Quadrant no longer participates in principal transactions of this nature. Accordingly, the Form ADV Part 2A has been updated to remove principal transaction language from section “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”.

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Advisory Business

Quadrant Real Estate Advisors LLC ("**Quadrant**") is registered with the Securities and Exchange Commission ("**SEC**") as an investment advisor pursuant to the Investment Advisors Act of 1940, as amended. Quadrant commenced operations in January 2006 as a result of a management buyout plan. Quadrant is owned by Quadrant's Management Team through QCP, LLC (99.80%) and QCORP, LLC (0.2%), a wholly owned subsidiary of QCP, LLC.

Quadrant is focused exclusively on providing investment advisory services to third-party institutional investors.

Quadrant provides institutional investment advisory services with respect to investments in public and private real estate related instruments, which include private equity real estate, commercial mortgage-backed securities ("**CMBS**"), real estate investment trust ("**REIT**") - common and preferred stock, unsecured REIT bonds, mezzanine debt, and commercial mortgages, in either a separate account or commingled fund basis.

Quadrant's services span the full investment cycle including investment plan and parameters, survey of market conditions, identifying investment opportunities, negotiating (for private transactions) and closing/settling transactions, asset management and surveillance, loan workouts, investment dispositions/sales, accounting and performance reporting.

In addition to providing the above described institutional investment advisory services in relation to separate accounts and commingled funds, Quadrant also provides consultation and debt advisory services to clients seeking and managing the financing on their real estate assets.

Each of Quadrant's client accounts are negotiated on an individual basis and fees vary based on the type of investments and strategy of the particular account. Each contract includes investment guidelines and parameters as well as specific reporting requirements each of which are tailored specifically to the client's desired investment strategy, risk tolerance, and reporting and accounting guidelines.

Quadrant does not participate in wrap fee programs.

As of December 31, 2013, Quadrant has the following regulatory assets under management:

Discretionary	\$940,783,410
Non-discretionary	\$4,715,293,289
Total Regulatory Assets Under Management	<u>\$5,656,076,699</u>

Fees and Compensation

ADVISORY FEES:

Single Client Accounts and Privately Placed Commingled Fund Accounts Investing in Privately Placed Debt or Privately Placed Equity.

All of Quadrant's Accounts are negotiated on an individual basis and fees vary based on the type of investments and strategy of the particular account. Single client accounts and commingled fund accounts investing in privately placed whole loans, b-notes, mezzanine debt, and/or equity real estate typically have a fee structure consisting of asset management fees and origination fees or asset management fees only.

Asset management fees are earned on either the outstanding principal balance, contributed and unreturned capital, or the average facility limit.

Origination fees for assisting clients in identifying, negotiating and closing new mortgage loans are paid once at closing of new mortgage loans and are charged as a percentage of the original principal balance. In the case of a construction to permanent loan, origination fees are charged as a percentage of the construction draw amount.

Single Client Accounts and Privately Placed Commingled Fund Accounts Investing in Multi-Strategy/Sector Securities

For certain single client accounts and commingled funds that utilize a relative value, sector rotation approach across two or more of the market quadrants (i.e. public, private, debt and equity). The typical fee is an annual asset management fee, which is determined as a fixed percentage of the aggregate market value of the account or fund. There are no origination, subscription or acquisition fees. In these strategies, Quadrant has discretion to re-balance and re-allocate portfolios based upon its view of relative value.

Debt Advisory Services

In addition to the ongoing investment advisory services performed for single client accounts and commingled fund accounts, Quadrant provides investment advisory consulting services to clients in need of financing, requesting assistance with due diligence, and other consultation on debt securities. Fees for these services are individually negotiated based on the nature and magnitude of the assignment.

All of the above fees are subject to negotiation with the client.

OTHER FEES:

Other types of fees that might be applicable to a particular account and are either individually negotiated with a client or are dependent on the types and volumes of investments are as follows:

Loan Processing Fees/Loan Modification Fees – during the course of originating and managing commercial mortgage loans on behalf of each client account, the client contract specifies that Quadrant may charge the borrower for certain servicing accommodations and/or modifications to the loan agreement(s). Depending on the level of work required to make such accommodations/modifications, Quadrant has approval from the client to charge the borrower such fees which typically fall within the range of \$500 to \$50,000 depending on the type of request.

Initial Set-up Fee – Quadrant may negotiate to receive a one-time fee for the initial set-up (file scrubbing, loan status report preparation, etc). This fee typically applies to an asset management takeover.

Administration Fee – Quadrant may outsource for certain accounts various functions such as loan servicing and/or accounting and reporting services. Such functions are outsourced to an unrelated third party and depending on the arrangement; the cost of such services may be borne by the client.

Custodial/Bank Fees – Fees incurred on custodial or bank account(s) maintained by an unrelated third party qualified custodian on behalf of the client or fund will typically be borne by the client.

Broker/Dealer Fees - Quadrant is not a broker-dealer nor is it affiliated with a broker-dealer organization; therefore Quadrant does not generate revenue from commissions or markups. Quadrant utilizes third party broker-dealers to effect trades of securities on behalf of its clients and as such, brokerage and other transaction fees are incurred by the client for these transactions. Please refer to the “*Brokerage Practices*” section of this Brochure for more information.

Additional Expenses: The client is typically responsible for any reasonable, out-of-pocket fees costs and expenses incurred by Quadrant in their role as adviser in connection with the administration of investments, including:

- a) primary and special servicers authorized by client;
- b) third-party legal fees;
- c) fees and expenses of other third-party professionals and service providers retained to perform services for which Quadrant is not compensated (e.g. appraisers, environmental and engineering consultants, brokers, auditors, tax consultants, etc.);
- d) out-of-pocket costs and expenses incurred in connection with the loan servicing, administration and enforcement of lender rights with respect to an investment that are not reimbursed by the borrower as required by the loan documents; and
- e) any other third-party fees or expenses which Quadrant reasonably incurs on client’s behalf as allowed under the management agreement.

Each of Quadrant’s client accounts is negotiated on an individual basis and the fee payment method varies between accounts. Quadrant is amendable to both the deduct fee or direct bill fee payment methods and both formats are currently in use. Clients are billed or fees are deducted in arrears on either a monthly or quarterly basis. In the instance that a client contract were to dictate a fee or any portion of a fee be paid in advance, and the contract is terminated before the end of the billing period, such fees would be reimbursed to the client on a pro-rata basis for the remainder of the service period.

Performance-Based Fees and Side-By-Side Management

Quadrant does not currently manage any accounts with performance-based fees.

Types of Clients

Quadrant provides investment services to, accredited investors as defined in Rule 501(a) of U.S. Securities Act of 1933 and qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 through both single client accounts and commingled funds. Clients include Insurance Companies, Public Pension Plans, Sovereign Wealth Funds, Corporations, and Corporate Pension Plans.

Open-end, commingled funds have a minimum allocation requirement of \$1 million (allocations of less than \$1 million may be accepted at Quadrant's discretion).

Depending on the investment strategy, closed-end commingled funds may have a minimum allocation requirement ranging from \$10 million to \$25 million (allocations of less than \$10 million may be accepted at Quadrant's discretion).

Methods of Analysis, Investment Strategies and Risk of Loss

Quadrant provides institutional investment advisory services with respect to investments in public and private real estate related instruments, which include private equity real estate, commercial mortgage-backed securities (“**CMBS**”), real estate investment trust (“**REIT**”), common and preferred stock, unsecured REIT bonds, mezzanine debt, and commercial mortgages, in either a separate account or commingled fund basis. Depending on the clients’ investment strategy and risk tolerance level, Quadrant may invest in one or more of these types of real estate related instruments on behalf of any one of its clients.

In order to evaluate an investment for purchase or origination (in the case of commercial mortgages) and ongoing asset management of such investment, Quadrant evaluates the national economic outlook relative to the various real estate debt and equity products offered to clients. Economic growth trends, employment trends, real estate supply/demand, movements in interest rates and other factors are evaluated to determine which real estate investment strategies are appropriate relative to the client's objectives. Macroeconomic trends are augmented with information received from various unaffiliated real estate brokers located throughout the United States as well as from unaffiliated leasing agents, property owners and developers. (See “*Brokerage Practices*” section of this Brochure for more details regarding receipt of research products from broker-dealers.)

Market and sub-market data is analyzed including, among other things, rent and tenant allowance trends, sale comparables, capitalization rates, new construction activity, vacancy and absorption trends, and tenant and industry concentrations.

Individual real estate equity and debt investment opportunities are evaluated taking into account the above information as well as an assessment of the property's overall competitive stature in the market and sub-market, projected leases, projected cost of operation, third-party reports including environmental and structural analysis, pre- and post-acquisition appraisals, sponsorship, and site inspections by Quadrant personnel.

The real estate capital markets are also analyzed and monitored to determine financing strategies as well as to continually assess the viability of various investment exit strategies.

Portfolio leverage and related interest rate hedging (i.e. interest rate swaps) may be used to manage cash flow volatility tied to changes in interest rates.

A multi-sector investment strategy allows Quadrant to target investments and products that offer the best risk-adjusted returns throughout market cycles, the ability to re-balance the portfolio when opportunities emerge to improve yield or credit quality, and to use conservative leverage when accretive.

Investing in securities and originating loans involve varying degrees of risk that clients should be prepared to bear in the event of loss.

Risks include varying degrees of credit risk, interest rate risk, prepayment risk, market conditions, and other factors beyond the control of Quadrant.

The underlying real estate property of real estate related investments is directly impacted by the global economy in general and the credit markets in particular. These conditions can result in certain tenants experiencing financial difficulties and may adversely affect the operating results of real estate property collateralizing real estate related investments. As a result, this may affect the ability of some borrowers to remain current on principal and interest and/or their ability to refinance properties at maturity.

Disciplinary Information

Neither Quadrant nor any Quadrant management persons have been involved in any legal or disciplinary action that would affect one of Quadrant's client's or prospective client's evaluation of its advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

Neither Quadrant nor any of its management persons are registered, nor have an application pending to register as a broker dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Quadrant does not recommend or select other investment advisors to/for clients.

QREA Europe LLP:

Quadrant owns 86% and acts as the managing member of QREA Europe LLP ("**QREA Europe**") which is incorporated as a limited liability partnership in England and Wales for the purpose of acting as an investment advisor to Quadrant, identifying and evaluating possible investment opportunities in the United Kingdom and Ireland, and making recommendations to Quadrant including negotiating and arranging for the acquisition and disposal of investments.

From a regulatory perspective, QREA Europe is an Appointed Representative / Tied Agent of Mirabella Financial Services LLP ("**Mirabella**"). Mirabella is an authorized person for purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "**UK Act**") and as such is authorized and regulated by the Financial Conduct Authority of the United Kingdom or successor authority (the "**FCA**"). As an Appointed Representative / Tied Agent of the Host, Quadrant is permitted to carry on certain regulated activities in the United Kingdom and Ireland.

Quadrant does not view its relationship with QREA Europe or Mirabella to pose a conflict of interest to any of its clients.

Quadrant Fund:

Quadrant acts as the managing member for the open-ended commingled funds - Quadrant Fund I, LLC and Quadrant Fund II, LLC (together with any successor funds, "**Quadrant Fund**"). Quadrant Fund invests in all four quadrants of real estate – public, private, debt and equity. Quadrant's other clients also invest in one or more of these quadrants. See "*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*" section of this Brochure for details regarding policies and procedures for managing conflicts of interest created as result of this practice.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Quadrant's Code of Ethics is based on the principle that Quadrant's employees owe a fiduciary duty to its clients and must avoid activities, interests and relationships that might interfere or appear to interfere with making investment decisions in the best interests of any client. Among other things, the Code requires compliance with Quadrant's personal securities transactions procedures including pre-clearance of certain securities transactions, compliance with federal securities laws, and the reporting of personal securities transactions by all employees of the firm. In addition, all employees must comply with the conflict of interest policies which include ethical restraints relating to clients such as restrictions on accepting gifts from clients and restrictions on political contributions. On at least an annual basis, all employees are required to provide written acknowledgement of their receipt and understanding of the code of ethics and any amendments thereof. Any violations of Quadrant's Code of Ethics are required to be reported promptly to Quadrant's Chief Compliance Officer.

A copy of the firm's Code of Ethics, Personal Securities Transaction Procedures, and Conflict of Interest Policies are available to any client or prospective client upon request.

Interest in Client Transactions

Quadrant acts as the managing member of Quadrant Fund. Quadrant Fund invests in all four quadrants of real estate – public, private, debt and equity. Quadrant's other clients also invest in one or more of these quadrants. In order to ensure the conflicts above are appropriately addressed, Quadrant utilizes a fair and equitable allocation policy (see Allocation Policy below). Each and every investment is monitored for compliance with Quadrant's allocation policy by both Quadrant's Investment Committee and its Compliance Department.

Allocation Policy

Each investment opportunity will be directed to clients based on the investment's characteristics and the following considerations:

- a. Suitability of the investment relative to the client's investment objectives;
- b. Discretionary/non-discretionary requirements of the borrower/seller/issuer;
- c. Ability of the client to meet the transaction's timing; and
- d. Assessment of whether the investment complements the client's existing portfolio.

In the event an investment opportunity is equally suited for more than one client, depending upon the circumstances and based upon portfolio fit, the investment will be allocated:

- a. Pari-passu ; or
- b. On a rotation basis.

Personal Trading

Quadrant's employees may from time to time purchase and sell securities for their own personal accounts which may also be recommended to clients. The firm has instituted practices and policies intended to avoid and/or address possible conflicts of interest which may arise in those transactions.

Quadrant's personal trading policy requires all Quadrant employees owning covered securities or reportable funds to provide copies of brokerage or other statements displaying such account holdings to the Compliance Department initially, no later than 10 days after hire. On a quarterly basis thereafter, each employee is required to provide to the Compliance Department brokerage or other statements displaying all activities in the covered securities and/or reportable funds during such quarter.

Quadrant's compliance department maintains a "Pre-clearance Trading Required" list on the internal shared drive. This list is updated with securities in the event there might be the potential for a real or perceived conflict of interest due to information Quadrant receives or holds as a result of its advisory role. The "Pre-clearance Trading Required" list is re-distributed to all employees via email each time an update is made. Quadrant employees must seek pre-clearance trading approval by the Compliance Department prior to the purchase or sale of any securities in which that employee has beneficial ownership and Quadrant actively engages in trading, advisory services, or performs due diligence research with the receipt of non-public information. Additionally, all Quadrant Employees must obtain pre-clearance trading approval from the Compliance Department before directly or indirectly acquiring beneficial ownership in any security in an Initial Public Offering or in a Limited Offering.

To the extent any personal trading transactions result in actual or apparent conflicts of interest, appropriate disclosure will be made, and consent obtained, as required by applicable law.

Brokerage Practices

Quadrant evaluates and selects or recommends broker-dealers for client transactions based on factors including, but not limited to a broker-dealers execution capabilities, commissions to be paid, responsiveness, knowledge of the market, supply factors, trade settlement services, adequacy of capital and ability to handle large trades with limited liquidity. Each broker is evaluated based on our clients' interest in receiving the most favorable execution, and not Quadrant's interest in receiving research, other products or services, or client referrals.

Quadrant maintains a firm-wide approved broker-dealer list that is reviewed at least annually to determine (i) whether all of the broker-dealers listed continue to demonstrate the ability and commitment to provide Quadrant with best execution and (ii) whether Quadrant should enter into a new or alternative broker-dealer arrangement.

Quadrant's portfolio managers and traders evaluate each trade for the best available price at which a transaction can be executed, as well as speed, quality, and security characteristics including yield, commission rates, certainty of execution and quoted net price. When evaluating public security investments, the portfolio manager or trader values the market quotations by obtaining observable market data from third party sources (i.e. Bloomberg, IDC, etc.), to ensure the purchase/sale price is in-line with the market trading for the period starting when the order was placed to the time the order was filled.

Quadrant does not have formal soft dollar arrangements or use client commissions (or markups or markdowns) to acquire brokerage and research services. However, in connection with the execution of transaction orders through major broker-dealers, Quadrant does receive unsolicited research products from executing broker-dealers, whether or not Quadrant decides to execute any specific or minimum amount of trades with that broker-dealer.

Quadrant is generally granted unlimited discretion to select brokers and dealers to execute portfolio trades for client accounts. Subject to compliance with a written management contract which sets forth investment objectives and guidelines in connection with managing the client's account, Quadrant will have discretion to determine the investments to be made, the amounts of investments to be made, and the price and timing of purchases and sales.

Quadrant does not and has not recommended broker-dealers in order to receive client referrals from a broker-dealer or third party.

In the case that a client directs Quadrant to effect transactions through specific brokers-dealers, under terms negotiated by the client with that specific broker-dealer, such direction may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Quadrant could negotiate commission rates or spreads freely, or select broker-dealers based on best execution. These and other consequences flow from a client's decision to direct Quadrant to use a specific broker-dealer. For example, to the extent possible and practical, Quadrant will aggregate purchase and sale orders in the same security when placing an order for the same security for multiple clients. Typically, directed orders will not be included in that aggregated (or "bunched") order to the possible disadvantage of clients who direct Quadrant to use specific broker-dealers.

Moreover, placing multiple orders in the market at the same time is not always possible and the sequence in which multiple orders are executed may impact the price obtained in the transaction. In the interest of being fair to all clients, Quadrant will rotate the placing of multiple orders into the market so that each client, including those whose orders are included in the bunched order and those who have directed brokerage instructions, has its order placed into the market as frequently as all other clients.

In addition, in the event that Quadrant is indicating interest for a security that is underwritten by a dealer, unless the directed brokerage client's directed broker-dealer is a member of the underwriting syndicate, that client may not be able to receive an allocation of the underwritten securities.

For these reasons, clients need to ensure that they understand all of the consequences of directing Quadrant to use a specific broker-dealer before so directing and Quadrant, in turn, will agree to a directed arrangement only if it believes it can seek to obtain best execution for the client notwithstanding.

Review of Accounts

The Portfolio Manager has ultimate responsibility for implementing client mandates in compliance with the mandate guidelines and objectives. In addition, Quadrant's Management Committee, Investment Committee, Chief Compliance Officer/Chief Financial Officer, and Client Reporting Department provide significant oversight. Monitoring occurs on a transactional basis, and no less than quarterly on an ongoing basis.

The purchase or origination of each investment is analyzed by Quadrant's Investment Committee and must be approved by a certain number and level of officers based on the investment/transaction size, risk, and complexity. Additionally, each investment is approved by the Portfolio Manager and the Compliance Department to ensure suitability, fair and equitable allocation, and fit with the client objectives and investment guidelines.

Ongoing monitoring of the investments occurs no less than quarterly in conjunction with investment surveillance and/or watch list meetings which include the Portfolio Manager and members of the Investment Committee. In addition, portfolio diversification and performance are reviewed quarterly by the Client Reporting Department (overseen by the Chief Financial Officer), Portfolio Manager and members of Management Committee during the quarterly reporting process.

Reporting is customized based on the needs of each client. Quadrant's clients may receive monthly and/or quarterly unaudited financial reports, statements from the custodian where applicable, and a management's discussion letter regarding the results of operation, market environment conditions, transaction history, performance, and other matters. Annually the client may receive audited financial statements as required by client contracts.

Client Referrals and Other Compensation

While Quadrant does not have any formal arrangements (oral or in writing) where it directly or indirectly compensates a person for client referrals, Quadrant, from time to time may be invited by outside entities to present specific topics at industry conferences in which senior members of Institutional Investors are present. When it participates, Quadrant pays for its own travel and lodging expenses and will, if asked, pay a proportionate amount of the total conference expenses and costs. While not a formal arrangement or understanding, participation at these conferences could be construed as an endorsement of Quadrant's advisory services by the sponsor of the conference.

Quadrant does not receive any economic benefits including sales awards or other prizes from a third party as a result of Quadrant providing advisory services to its clients.

Custody

In certain circumstances, Quadrant is deemed to have custody of client funds and/or securities under Rule 206(4)-2 of the Investment Advisers Act of 1940 ("the Custody Rule"). In the event that Quadrant is deemed to have custody of client funds and/or securities as defined under the Custody Rule, Quadrant has procedures in place to ensure that such client receives account statements directly from the qualified custodian (i.e. broker-dealer, bank, etc.) on a quarterly basis at a minimum.

Clients should carefully review the statements received from the qualified custodian and compare such statements with the statements received from Quadrant. Any un-reconciled discrepancies between the statements received from Quadrant and the statements received from other qualified custodians handling clients' cash and/or securities are advised to be brought to Quadrant's attention immediately. Disclosures urging clients to engage in this comparison are included in the reports sent to Quadrant clients when applicable.

Investment Discretion

Quadrant manages securities accounts on behalf of clients on a discretionary basis. Upon engaging Quadrant to manage an account, a comprehensive investment management agreement is executed which includes a comprehensive detail of both the account investment objectives and guidelines and the powers of authority delegated to Quadrant by the client.

Quadrant, in its capacity as investment manager for a discretionary account, makes investment management decisions on behalf of the discretionary account (separate account client or commingled fund) without client approval providing such decisions fit within the client/ fund investment parameters.

If Quadrant were to recommend an investment outside of the pre-established guidelines included within the investment management agreement, specific written approval is sought from the applicable client(s).

Voting Client Securities

Quadrant votes proxies in a manner consistent with the clients' best interests and does not place its interests above those of its clients when doing so.

Quadrant has established a Proxy Voting Committee to oversee and administer the voting of proxies on behalf of its clients. The Proxy Voting Committee's responsibilities include reviewing and updating the Proxy Voting Policies as may be appropriate from time to time, identifying and resolving any material conflicts of interest on the part of Quadrant or its personnel that may affect particular proxy votes, evaluating and monitoring, on an ongoing basis, the analyses, recommendations and other services provided by an independent third party proxy service if retained to assist Quadrant in carrying out its proxy voting responsibilities, and where applicable, when deemed appropriate by the Proxy Voting Committee, consulting with portfolio managers and investment professionals on particular proposals or categories of proposals presented for vote, and determining when, how, and if client proxies should be voted in a manner other than in accordance with the general rules and criteria set forth in Quadrant's Proxy Voting Guidelines or with the recommendations of the independent proxy voting service retained by Quadrant in circumstances when a material conflict of interest exists.

In reviewing the proxy statements, Quadrant first identifies any potential conflict of interest with the company. A conflict of interest may be presented in certain situations, for example, where Quadrant maintains a significant business relationship with the company, or where Quadrant and/or its personnel have significant personal or family ties to the company. If no conflict of interest is identified, Quadrant will vote the proxy in accordance with its Proxy Voting Guidelines outlined in its Proxy Voting Policy. If there is a material conflict of interest that cannot be resolved, Quadrant will employ the services of an independent proxy voting service as deemed appropriate and will vote in accordance with such independent proxy service recommendation.

A copy of the firm's Proxy Voting Policy and information about how a client's securities were voted is available to any client upon request.

Financial Information

Quadrant does not require or solicit prepayment from its clients.

Quadrant is not aware of any financial condition likely to impair its ability to meet contractual commitments to clients.

Quadrant is not and has not been subject to a bankruptcy petition at any time.