

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

**Item 1 - Cover Page**

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The date of this brochure is March 31, 2014.

**This brochure provides information about the qualifications and business practices of Boardman Bay Capital Management LLC. If you have any questions about the contents of this brochure, please contact Kenneth Brown, Chief Compliance Officer/Chief Operating Officer/Chief Financial Officer (“CCO”), at (646) 358-4181. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Boardman Bay Capital Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any reference to Boardman Bay Capital Management LLC as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

Boardman Bay Capital Management LLC (“Boardman,” “we” or “us”) filed our initial application to register as an investment adviser with the SEC on March 31, 2014. Accordingly, pursuant to disclosure rules under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), this is the first brochure compiled by us to provide new and prospective clients with current and meaningful disclosure of our business practices and conflicts of interest. We encourage all recipients of this brochure to read it carefully in its entirety.

In the future, this section will identify and discuss any material changes in our annual updates to this brochure.

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**Item 4 - Advisory Business**

Boardman Bay is a Delaware limited liability company that was formed in April 2012. We are directly or indirectly owned by William B. Graves and trusts for the benefit of his family members. Mr. Graves is the managing member of, and ultimately controls, Boardman.

Boardman Bay GP LLC is the general partner (the “General Partner”) of Boardman Bay Onshore, LP (the “Onshore Fund”) and the adviser of Boardman Bay Offshore, Ltd. (the “Offshore Fund,” and together with the Onshore Fund, the “Feeder Funds”) and Boardman Bay Master, Ltd. (the “Master Fund,” and together with the Feeder Funds, the “Funds”). Similar to Boardman, the General Partner is directly or indirectly owned by William B. Graves, and trusts for the benefit of his family members. Mr. Graves is the managing member of the General Partner. The General Partner is a “relying adviser” as that term is described in the SEC Staff No-Action Letter, dated January 18, 2012, to the American Bar Association, Business Law Section. Unless and only to the extent that the context otherwise requires, references to Boardman herein are deemed to include references to the General Partner.

We provide discretionary investment advice to the Funds. Notwithstanding the foregoing, we are required to invest all of the capital of the Feeder Funds in shares of the Master Fund, other than cash and cash equivalents held for investment into the Master Fund, distributions to investors and/or payment of operating expenses. We also provide discretionary investment advice to a separately managed account (such managed account, collectively with the Funds, “Clients”). In the future, we may provide discretionary and/or non-discretionary investment advice to other private investment funds and/or separately managed accounts.

Our general investment and trading objective with respect to the Clients is to maximize long-term returns and preserve capital primarily by taking long and short positions in individual U.S. and non-U.S. equity securities, with a focus on companies in the global technology, media and telecommunications subsectors. We seek to generate returns on both the long and short sides of the portfolio. We generally seek to engage in a trading and investment strategy with an emphasis on generating long-term returns with reduced volatility versus the broader market. However, our trading mandate is broad and encompasses virtually every type of asset, investment interest, security and property (real or personal) which can be traded or purchased.

We generally do not permit investors in the private investment funds we manage to impose limitations on the investment activities described in the offering documents for those funds. Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case by case basis. (See Item 16 “*Investment Discretion.*”)

We do not participate in wrap fee programs.

As of March 15, 2014, we managed approximately \$75,000,000 in regulatory assets under management on a discretionary basis. We do not currently manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

Our fees and compensation are described in the advisory contracts we enter into with our clients. Investors in the Feeder Funds pay a quarterly management fee of up to 0.4375% per quarter (approximately 1.75% per annum) of the net asset value of each series within each class of

interests (including any subscriptions made to the applicable Feeder Fund as of such date and without taking into account any accrued performance based allocation), and are subject to an annual performance based allocation of up to 20% of aggregate net capital appreciation, which may be subject to a traditional or modified high watermark.

The separately managed accounts that we manage are charged fees on a case-by-case basis, which may include management fees and/or performance based fees.

We generally deduct our management fees from client accounts quarterly in advance and such fees are not refundable if the advisory contract is cancelled prior to the end of a payment period. Generally, we or our affiliates receive performance-based fees or allocations from client accounts on an annual basis in arrears and upon redemptions by investors in the private investment funds we manage.

Our clients generally bear all operating expenses, including brokerage commissions, bank service fees, interest on loans and debit balances, borrowing charges on securities sold short, custodial fees (*See Item 12 "Brokerage Practices" below*), fees for research and analytics (including on-line news and quotation services, Bloomberg service, etc.), research materials and research-related travel and due diligence, risk management systems expenses, expenses related to the offering of the interests (including fees and expenses related to the European Union Alternative Investment Fund Manager Directive), administration, audit and tax preparation expenses, blue sky filing fees, investor reporting costs, legal, accounting and professional fees, consulting fees, fees of the fund's independent directors (if any), insurance costs, trustees fees, fees and expenses incurred in connection with preparing and filing reports relating to the client's trading activities (including under investment advisory laws), any taxes applicable to the client on account of its operations and/or investments, and any and all expenses related to the management and operation of the portfolio as well as the purchase, sale or transmittal of assets, as we shall determine in our discretion. The private funds we manage will also be responsible for all organizational fees and expenses of such funds.

The expenses that are charged to separately managed accounts are determined on a case by case basis and are described in the advisory contracts we enter into with such clients.

To the extent we incur any expenses for the benefit of one or more private investment funds and/or separately managed accounts, we generally will allocate such expenses in a reasonable manner among such private investment funds and/or separately managed accounts. However, it is possible that under some of our advisory contracts we may not require a private investment fund and/or separately managed account to incur certain expenses, despite the fact that such fund or account will receive a benefit in connection with our incurrence of such expenses. In such an event, the Funds will bear the additional share of any such expenses that would have been allocable to such other private investment fund and/or separately managed account.

We may also allocate a portion of certain clients' capital to money market funds or exchange-traded funds that are managed by other investment managers. In addition to the fees and expenses discussed above, investors will indirectly incur similar fees and expenses if we invest client's capital in such money market funds or exchange traded funds, as these funds in turn pay similar fees to their investment managers and other service providers.

Investors in the Feeder Funds that redeem their interests prior to the first anniversary of the issuance of such interests will be subject to an early redemption charge for the benefit of the Master Fund equal to up to 5% of the net asset value of the interests being redeemed.

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

We or our affiliates receive annual performance-based fees or allocations from the private investment funds and separately managed accounts we manage, which are based on a percentage of the capital appreciation of the clients' assets.

Since the amount of fees paid/allocations made to us is dependent in part on the profitability of the applicable client, we may have an incentive to cause the clients to make investments that are riskier or more speculative than would be the case if such fees/allocations were not dependent on the clients' net asset value and profitability. We believe that this risk is mitigated for a variety of reasons, including by virtue of a number of factors that we believe align our and our employees' interests with those of our clients.

As the management fees and performance-based fees and allocations are based directly on the net asset value of the client accounts, we have a conflict of interest in valuing the assets held in the accounts. We will follow our documented valuation policies and consult with the third-party administrator to the accounts in order to mitigate this risk.

We generally allocate investment opportunities so that each security held by the accounts we manage is held on a *pari passu* basis. In certain circumstances, we may allocate securities among client accounts on a different basis. In such cases, the factors that we may consider when determining which securities to allocate to each client account include, but are not limited to, the investment objectives and restrictions of each client account; the overall portfolio composition of the client accounts; relative capital available for investment in the applicable client account; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; position size; industry exposure; market exposure; gross, net, long and short exposure; and applicable tax and regulatory considerations. New issues (as defined by FINRA rule 5130) are allocated to client accounts in accordance with the criteria set forth above.

Performance-based fees received by us or our affiliates will be in compliance with Rule 205-3 under the Advisers Act.

**Item 7 - Types of Clients**

We primarily provide investment advice to clients who are private investment funds. Investors in such private investment funds are generally high net worth individuals, family offices, funds of hedge funds, endowments, foundations, trusts, charitable organizations, pension plans, and corporate or business entities that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended), and following our registration with the SEC as an investment advisor as "qualified clients" under Rule 205-3 under the Advisers Act. The minimum investment in the private investment funds is generally \$1,000,000. The General Partner and the board of directors of the Offshore Fund may, in their discretion, accept lesser amounts with respect to the Onshore Fund or the Offshore Fund, respectively. We will determine the minimum investment for separately managed accounts on a case by case basis.

Boardman may enter into agreements ("side letters") with certain investors that will result in different terms of an investment in a Feeder Fund than the terms applicable to other investors. As a result of such side letters, certain investors may receive additional rights that other investors will not necessarily receive. Except as required by law or contractual obligations, in general, we will not notify other investors of any such side letters or any of the provisions of the side letters.

We will not be required to offer such additional or different rights and terms to any or all of the other investors.

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

### *A. Methods of Analysis and Investment Strategies Generally*

#### Overview

Our objective is to maximize long-term returns and preserve capital primarily by taking long and short positions in individual U.S. and non-U.S. equity securities. We seek to generate returns on both the long and short sides of the portfolio. We generally seek to engage in a trading strategy with an emphasis on generating long-term returns with reduced volatility versus the broader market.

We generally employ a fundamental, research-driven approach to investing. We seek to develop a thorough understanding of the fundamentals of a business and the dynamics of an investment situation in order to identify instances in which the market has misjudged or has not recognized the future value of a particular security. We generally focus on the equities of mid-cap and large-cap companies in the global technology, media and telecom subsectors.

In addition to the core long and short equity positions, we deploy other targeted, opportunistic strategies when we believe that an attractive return can be achieved for our clients. Such opportunistic strategies may include, but are not limited to, investing in equity-related instruments, debt securities, interest rate securities, convertibles, futures, forward contracts, swaps and volatility-related instruments.

#### Research Approach

The equity research process and framework employed by us generally focuses on fundamental and financial analysis, evaluating management expertise, security valuation and identifying variant market perceptions. Ideas generated from this general framework may be sourced and researched through a variety of traditional, non-traditional and proprietary channels.

In order to evaluate the merits of a potential position in a company's securities, we typically perform certain tasks, which may include, but are not limited to: an analysis of products, services and competitive positioning; interviews with management teams and industry experts; contact with suppliers, customers and competitors; and a review of the financial strength and cash generating ability of the company. The research process also may involve the creation and/or consideration of detailed financial models, supply/demand analyses, external and internal surveys, sell-side expectations and valuation metrics for both the company that is being considered for an investment and its industry competitors. This development of an investment thesis typically is overlaid with historical information on the company, industry and current management team.

Our approach to research, trading and investing is flexible, adaptable and opportunistic. We may trade and invest clients capital in classic growth or value companies or companies that contain both growth and value elements. For our core strategic long investments, we focus on what we believe to be undervalued, high-quality companies that generally fall into one of four categories: (1) companies that exhibit potential for growth as compared to competitors and/or the overall economy; (2) companies with predictable and consistent earnings growth, high returns on capital

and sustainable competitive advantages at reasonable prices; (3) mature companies with strong cash flow that are intelligently allocating their capital; and/or (4) companies undergoing restructurings or with identifiable catalysts for change that may amplify returns.

For short positions, we focus on fundamental shorts in what it believes to be overvalued companies, which may include companies with declining market share, with eroding profit margins, experiencing secular decline, facing actual or alleged fraud, and/or those that are underperforming relative to the market in which they compete. We will seek to utilize such shorts as a profit center, not just as a means to hedge the portfolio.

#### Our Process

Our initial thesis for a security may warrant a position in the portfolio after a broader discussion among our team – a discussion which may include consideration of research methods employed, the financial analysis conducted, the current valuation of the security based on multiple valuation measures, the reasons to invest and the risks of the potential investment.

If the proposed investment is determined to have a favorable risk/reward profile, our clients typically make an initial investment in the security or its related instruments. Over the following days, weeks or months, we continually assess whether a larger position is warranted. During this time, we may continue to visit or otherwise interact with the subject company and its suppliers, customers and/or competitors in order to refine their investment thesis. We strive to have a full position by the end of this period, or to have liquidated the position if further research shows that original expectations are not likely to be fulfilled or that the thesis is no longer valid.

We generally determine the length of time our clients should hold a position by analyzing the security's changing risk/reward profile relative to other opportunities. The weighting of each position in the portfolio will typically reflect its relative risk/reward at current valuations, and this relationship is continually monitored. Throughout a position's holding period, we seek to trade the position opportunistically. Shorts generally have a shorter time horizon than long positions and are more catalyst driven and opportunistic.

#### Risk Management

Aggregate portfolio risk exposures are continuously monitored, reviewed and managed by us. Performance and exposure information is monitored on an intra-day basis. We typically consider, among other things, the liquidity of the underlying securities and the overall portfolio, long/short ratios (the ratio of long exposure to short exposure), leverage, position sizing and other risk metrics, such as VaR (value at risk). We generally will employ low to moderate leverage. We generally employ “stop losses” which are modified as conditions dictate.

When measuring the exposures of securities and other financial instruments in the portfolio, we typically consider the market value of such positions, but may likewise consider the beta-adjusted value, the potential absolute loss and, in the case of certain derivative instruments, the delta-adjusted value. We also may attempt to mitigate the effects of macroeconomic risk on the portfolio (including market, regional, currency, political and/or industry sector risks).

Although we are not subject to fixed diversification requirements, we employ general guidelines and seeks to mitigate security selection risk by diversification, hedging, position size limits, loss limit strategies and other risk management considerations.

### Opportunistic Flexibility

Our focus on fundamental analysis inherently involves analysis of: securities across a company's capital structure; non-company specific financial instruments; broader market developments; and macroeconomic factors. As a result, we remain mindful of opportunistic investments to increase the performance potential of our the funds and accounts we manage and/or to hedge a particular risk embedded in an underlying position.

For example, we may conclude that: (i) an investment opportunity higher in the capital structure of a company presents a better risk/reward potential than the company's equity securities, (ii) a non-company specific security is more liquid or has greater profit potential than a company-specific equity; and/or (iii) other investment opportunities can enhance the performance of a client's portfolio, such as investing in interest rate securities, convertibles, futures, forward contracts, swaps, volatility-related instruments, over-the-counter and exchange-traded instruments (including exchange-traded funds and derivative instruments such as options, swaps, futures and options on futures) relating to equities, equity indices, credit risk and credit indices, foreign currencies and physical commodities, and investments through one or more existing or future U.S. or non-U.S. government-sponsored or guaranteed programs. We believe that its research is equally applicable to these types of instruments.

We generally are not limited with respect to the types of investment strategies we may employ, the markets or instruments in which it may invest or the percentage of its capital that may be invested in such strategies, markets or instruments. Depending on conditions and trends in securities markets and the economy generally, we may pursue other objectives or employ other techniques we consider appropriate and in the best interest of our clients.

We will not make or designate any investment on behalf of a private investment fund that is designated as a "special investment" or a "side pocket."

The methods of analysis and the investment strategy that we may employ for other private investment funds and/or separately managed accounts that we may advise in the future may differ from the methods and strategy set forth above and will be set forth in the offering documents and/or investment advisory contracts, as applicable, with such private investment funds and/or managed accounts.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

### *B. Certain Risks Associated with Methods of Analysis and Investment Strategies*

An investment in a private investment fund and/or separately managed account involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with making such an investment.

### **General Risk Factors**

#### **Investment and Trading Risks**

All securities trading risks the loss of capital. Boardman believes that its trading program and research techniques will moderate this risk through a careful selection of securities and other



financial instruments. However, no guarantee or representation is made that the trading program will be successful. The trading program may utilize such techniques as trading in put and call options and other derivatives, short sales and forward contracts, which practices can, in certain circumstances, increase the adverse impact to which our clients may be subject.

In certain transactions, a portfolio may not be “hedged” against market fluctuations or, in reorganization or liquidation situations, may not accurately value the assets of the subject issuer or the degree of legal and regulatory risk associated with investments in the securities of companies in such situations. This can result in losses, even if the proposed transaction is consummated.

Boardman will attempt to assess the foregoing risks, and others, in determining the extent of the position the clients will take in the relevant securities and the price it is willing to pay for such securities. However, such risks cannot be eliminated.

### **Leverage**

Subject to applicable regulations, Boardman may use leverage when it deems appropriate, including the use of borrowed funds and investments in certain types of derivatives and options, such as puts, calls, swaps and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the portfolios the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the we purchase securities for our clients with borrowed funds, the clients’ assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the return of the portfolios. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if the accounts were not leveraged.

### **Concentration of Investments**

It is anticipated that our clients’ assets will be concentrated in positions in companies in the global technology, media and telecommunications industry sectors. In addition, we are not restricted in the amount of capital that we may commit to any industry sector, nor are we restricted in the amount of capital that we may commit to any single security or issuer. The result of such concentration of investments is that losses incurred in such investments could have a material adverse effect on the overall financial condition of a client’s portfolio and could significantly reduce a client’s capital. This is because the value of the client’s portfolio will be more susceptible to any single occurrence affecting one or more of those issuers or industry sectors than would be the case with a more diversified investment portfolio.

### **Short Sales**

A short sale involves the sale of a security that a client does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the client must borrow the security and the client is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the client. When the client makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to

replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss. The extent to which we will engage in short sales on behalf of our clients will depend upon our strategy and perception of market direction and the value of individual securities. We may engage in short sales as a hedge against potential market declines and/or based on its fundamental analysis of the subject issuers.

### **Call Options**

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

### **Put Options**

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

### **Foreign Investments**

We may trade non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S. Such transactions require consideration of certain risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than

would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

### **Foreign Exchanges**

We may trade on non-U.S. exchanges, where the protections provided by U.S. regulations do not apply. Some non-U.S. commodity exchanges, for example, in contrast to U.S. exchanges, are “principals’ markets” in which performance with respect to a commodity interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. Due to the absence of a clearing house system on certain foreign markets, such markets are significantly more susceptible to disruptions than are U.S. exchanges. Trading in such markets potentially is subject to greater risks than trading in the U.S. In addition, our clients are subject to the risk of the inability or refusal of their counterparties to perform with respect to their contracts. We also may not have the same access to certain trades as do various other participants in non-U.S. markets.

### **Derivatives Generally**

Derivative instruments, or “derivatives,” include options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency or index at a fraction of the cost of investing in the underlying asset. We may seek to acquire derivatives for these reasons. There is no assurance that derivatives that we wish to acquire will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements of the underlying asset. Therefore, many of the risks applicable to trading an underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose our clients to the possibility of a loss exceeding the original amount invested. Over-the-counter derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for derivatives is relatively illiquid. In the case of over-the-counter derivatives contracts, our clients are subject to the credit risk of the counterparty.

We may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the client and legally permissible. Special risks may apply to instruments that are invested in by our clients in the future that cannot be determined at this time or until such instruments are developed or invested in by our clients.

### **Credit Default Swaps**

We may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default swap contract requires the credit

protection seller to pay to the credit protection buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of securities and/or loans or a portfolio of securities and/or loans issued by the reference entity that are considered to be “deliverable obligations” under the credit default swap. In return for payment upon a credit event, the buyer of credit protection makes periodic payments equal to a fixed percentage of the notional amount of the contract. In addition, the parties may be required to post collateral to secure their obligations, which can reduce the amount of collateral or funds available for other purposes.

As a seller of credit protection under credit default swaps, our clients incur leveraged exposure to the credit of the reference entity and are subject to many of the same risks they would incur if they were holding debt securities or loans issued or borrowed by the reference entity. However, our clients will not have any legal recourse against the reference entity, and, unless they holds the debt securities or loans, will not have the rights of the holders of such reference entity’s debt securities or loans. In some cases, the holders of the reference entity’s debt securities may have rights and claims against the reference entity that may not inure to the benefit of a seller of credit protection.

As a buyer of credit default swaps, our clients are subject to certain risks. In circumstances in which a client does not own the debt securities that are deliverable under a credit default swap, the client is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the client would not be able to realize the full value of the credit default swap upon a default by the reference entity.

### **Futures Trading**

We may trade futures on behalf of our clients. We are not registered with the CFTC as a commodity pool operator or commodity trading advisor. However, we may trade a limited amount of futures contracts for our clients without so registering in reliance on an exemption from registration under CFTC Rule 4.13(a)(3). As a result, Boardman, unlike a registered commodity pool operator or commodity trading advisor, will not be required to deliver a disclosure document and annual report to investors, and will not be subject to certain other disclosure and recordkeeping rules applicable to registered entities.

Futures trading is very speculative, largely due to the traditional volatility of futures prices. Futures prices are affected by and may respond rapidly to a variety of factors, including (but not limited to) market and news reports, interest rates, national and international political or economic events, and domestic or foreign trade, monetary or fiscal policies or programs. Such rapid response might include an opening price on an affected futures contract sharply higher or lower than the previous day’s close. In such an instance, a client might be unable to adjust its positions in time to avoid a loss.

Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved

the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent us from promptly liquidating unfavorable positions and subject a client to substantial losses. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) significantly expands the CFTC’s authority to impose broader aggregate position limits.

### **Forward Trading**

We may engage in forward trading on behalf of our clients. Deliverable forward contracts (including certain foreign exchange contracts) and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such forward trading is largely unregulated and currently daily price movements are not limited and speculative position limits are not applicable. The principals who deal in such forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to clients.

### **Convertible Securities**

We may trade in convertible securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. If a convertible security held by a client is called for redemption, such will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on Boardman’s ability to achieve the client’s trading objective.

### **Hedging Transactions**

We may utilize financial instruments, both for investment purposes and for risk management purposes in order (i) to protect against possible changes in the market value of a client’s portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) to protect a client’s unrealized gains in the value of its portfolio; (iii) to facilitate the sale of any such investments; (iv) to enhance or preserve returns, spreads or gains on any investment in the portfolio; (v) to hedge the interest rate or currency exchange rate on any of a client’s liabilities or assets; (vi) to protect against any increase in the price of any securities we anticipate purchasing at a later date; or (vii) for any other reason that we deem appropriate.

The success of our hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While we may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a client than if it had not engaged in such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged.

Such an imperfect correlation may prevent us from achieving the intended hedge or expose the client to risk of loss. We may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the client's portfolio holdings.

### **Purchasing Securities in Initial Public Offerings**

We may purchase securities of companies during their initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the companies and limited operating histories. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for a client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies engaged in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

### **Counterparty Risk**

Our clients' assets may be held in one or more accounts maintained for such clients by counterparties, including prime brokers. There is a risk that any of such counterparties could become insolvent. The insolvency of a client's counterparties is likely to impair the operational capabilities and/or the assets of the client. Although we regularly monitor the financial condition of the counterparties we use, if one or more of our clients' counterparties were to become insolvent or the subject of liquidation proceedings in the U.S. (either under SIPA or the U.S. Bankruptcy Code), there exists the risk that the recovery of the clients' securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. In addition, we may transact with counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a client's assets are subject to substantial limitations and uncertainties. Clients should assume that the insolvency of any counterparty would result in a loss to clients, which could be material.

### **Changes and Uncertainty in U.S. and International Regulation**

Our clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which our clients' assets are exposed through their investments or investor base. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause us to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve the clients' trading objectives.

In the United States, we and our clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the CFTC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act could result in additional regulatory compliance burdens and trade reporting, which may add significant cost to our clients. The Dodd-Frank Act endows the SEC, CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on us and our clients is unclear and will depend in large part on the final regulations that the CFTC and SEC promulgate.

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

There have been no legal or disciplinary events that would be material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management.

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

We and our related persons manage the Funds which are deemed to be our related persons. The management of the Funds may result in conflicts of interests when we and our related persons allocate time and investment opportunities among the Funds and other clients. In addition, the terms of the performance-based fees and allocations may differ among the various private investment funds and separately managed accounts we manage. This may result in a conflict of interest when we allocate opportunities among these accounts because we will have an incentive to favor accounts that have higher performance-based fees and allocations. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject.

Subject to applicable law, we may effect transactions (generally for rebalancing purposes and to correct misallocations of trades) among client accounts (including the Funds) in which one client account will purchase securities from or sell securities to another client account (including Funds in which we or our related persons may have a significant interest). This may result in a conflict of interest because a potential transaction may result in benefits to one transacting party that may be greater than the benefits to the other transacting party. In order to mitigate such conflicts, we effect such transactions only when we believe that such transactions are in the best interests of the applicable clients. Such transactions shall be effected for cash consideration, generally at the closing price of the particular security, and no brokerage commission or transfer fee shall be paid to us or our related persons in connection with any such transaction.

William B. Graves has a financial interest in the returns of the Funds. As a result, a conflict of interest may arise in allocating investment opportunities among the Onshore Fund and the other private investment funds and separately managed accounts that we manage. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject.

**Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the investors in the private investment funds and other accounts we manage, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

We make available to qualified prospective investors the opportunity to invest in the Feeder Funds. Our principal has significant personal investments in one or both of the Feeder Funds. In addition, we receive performance-based fees from the Funds.

In the event that we effect a cross trade between an account in which we or our controlling persons own more than twenty five percent (25%) and another client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions may create a conflict of interest for us because we may put our or our control persons’ interests in such accounts before the interests of our clients in the other account. In order to mitigate this conflict of interest, we monitor the interests of our principals, their immediate family members and their affiliates in our client accounts, and we will not affect any cross trades between accounts if we believe that such trade would result in a principal transaction unless:

- 1) We believe that such transaction is in the best interest of the clients participating in the transaction; and
- 2) We obtain the consent of the applicable clients as required by the Advisers Act.

Our Code of Ethics does not currently allow for personal investment transactions by our employees.

We may buy or sell securities for one client at the same time that we or our related persons buy or sell the same security for one or more other clients (including the Funds which are our related persons). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account.



**Item 12 - Brokerage Practices**Selection of Brokers

In placing portfolio transactions for our clients, we consider such factors as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of related. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, our clients may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing services.

Our trading approach may emphasize active management of our clients' portfolios. Consequently, the portfolio turnover and brokerage commission expenses may from time to time be greater than for other types of investment vehicles.

We may also direct brokerage commissions on purchases or sales of securities to broker-dealers who advance the sale of interests in the private investment funds we managed, consistent with best execution.

On a quarterly basis, our CCO periodically evaluates the execution performance of the broker-dealers we use to execute client transactions. He also evaluates, and seeks to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

Research and Other Soft Dollar Benefits

We enter may into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements allow us to pay with client commissions expenses that would otherwise be borne by us. When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We may have an incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients' interests in receiving most favorable execution.

When engaging in soft dollar transactions, we seek to comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may

consider the value of research and brokerage products and services (collectively, "Research") provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral. Research products may include, among other things, databases and quotation services. Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all client accounts and not exclusively in connection with the management of the client account that generated the particular soft dollar credits.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

One or more of the Funds' prime brokers may provide us with capital introduction services, talent recruitment and front and back office services, including trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, among others.

We execute securities transactions on behalf of client accounts with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

During our last fiscal year, we acquired with client brokerage commissions (or markups or markdowns) (i) research, such as proprietary research from brokers, which may have been written and/or oral; (ii) research products, such as databases and quotation services; and (iii) research services, such as research concerning market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and forecasts; appraisal services; and invitations to attend conferences or meetings with management or industry consultants.

During our last fiscal year, we have taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to a particular broker. We directed transactions to such brokers only consistent with best execution. Brokers sometimes suggest a level of business they would like to receive in return for the research services and products they provide, however we have not committed to provide any level of brokerage business to any broker. Our trading review group also evaluated, on a quarterly basis, the execution performance of the broker-dealers we

use to execute client transactions and resolved any conflicts of interest that we may have had in selecting brokers to execute client transactions.

#### Brokerage for Client Referrals

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the private investment funds we manage, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will allocate client brokerage business to a referring broker only if it is consistent with our best execution obligations.

#### Trade Error Policy

Subject to applicable law, we will reimburse the applicable client account(s) for net losses that occur as a result of trade errors resulting from our gross negligence or willful misconduct.

We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to settlement or during the same calendar month in which it occurred, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

#### Aggregation of Orders

We will generally aggregate client trades, subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines 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 us 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. In such event, securities purchased or sold will generally be allocated among client accounts on an average price basis. When an aggregated order is only partially filled, we will allocate the investment opportunity as described in Item 12 above.

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

#### **Access to Information**

Client positions and investments are regularly reviewed by Mr. Graves, our Chief Investment Officer, to ensure conformity to the objectives and risk criteria applicable to such portfolios. Our CCO also regularly reviews applicable client portfolios for compliance with the applicable trading mandate and any applicable risk and/or operating guidelines.

We may furnish investors in the Funds with periodic written unaudited performance reports no less frequently than quarterly. On an annual basis, investors receive a copy of the relevant Fund's annual audited financial statements and, where applicable, a statement of taxable income (form K-1).

We may provide certain investors in the Funds with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or us (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a Fund, us and/or our personnel, or of redemptions from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

We may provide certain additional information to any investor, or prospective investor, in the Feeder Funds who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications, but will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions that it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by Boardman is sufficient for its needs and must accept the foregoing risks.

We provide the owners of the separately managed accounts we manage with periodic unaudited reports at such times as the owners of such accounts and we agree. The custodians of such accounts send account statements to the owners of such accounts typically no less frequently than monthly. In addition, since a managed account investor directly owns the positions in its separately managed account, such investor may have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the private investment funds managed by us. The investors in such separately managed accounts may have the right to withdraw all or a portion of their capital from such managed accounts on shorter notice and/or with more frequency than the terms applicable to an investment in the private investment funds we manage.

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

Other than the circumstances described in the *Brokerage Practices* section above, we do not receive any economic benefits from non-clients in connection with the provision of investment advice to our clients.

If a client is introduced to us by a third party solicitor, we and/or our affiliates may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 under the Advisers Act. Any such referral fee will be paid solely by us or our affiliates, and will not result in any additional charge to the client.

#### **Item 15 - Custody**

As noted above in Item 13, owners of the separately managed accounts we manage will receive account statements typically no less frequently than monthly from the custodians of such accounts. Clients should carefully review these statements that are received from the custodians of such accounts.

All Fund assets are held in custody by qualified custodians. However, for purposes of Rule 206(4)-2 under the Advisers Act, we are deemed to have custody of Fund assets. In accordance with such Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors because annual audited financial statements are delivered to investors within 120 days after the end of each Fund's fiscal year.

**Item 16 - Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. The investors in the private investment funds managed by us generally may not place any limits on our authority beyond the limitations set forth in the offering and governing documents of such private investment funds. On a case by case basis, owners of the separately management accounts that we manage on a discretionary basis may negotiate certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such accounts.

**Item 17 - Voting Client Securities**

We generally have voting discretion over securities held in clients' accounts unless otherwise agreed to with the client. Such clients are generally not able to direct their votes in a particular situation. We will exercise our discretion in the best interests of our clients. In fulfilling our obligations to our clients, we will act in a prudent and diligent manner intended to enhance the economic value of the securities. We have adopted a proxy voting policy which is summarized below.

Our Proxy Coordinator is responsible for determining how to vote all proxy statements received by us with respect to securities held in clients' accounts. The Proxy Coordinator may designate other appropriate employees to assist him in reviewing proxy statements and preparing necessary records. The Proxy Coordinator may also retain a third party to assist him in coordinating and delivering proxies.

In the absence of conflicts of interest, we will vote all proxies in the manner that the Proxy Coordinator determines is in the best interests of the client's account. In addition, the Proxy Coordinator may determine to abstain from voting a proxy if he believes that such action is in the best interests of the client. The Proxy Coordinator may take into account the following factors, among others, in determining if a specific proposal is in the best interests of the client:

- (a) management of the issuer's views and recommendations on such proposal;
- (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and
- (c) whether he believes that the proposal will fairly compensate management for its and/or the issuer's performance.

If the Proxy Coordinator deems that the issue being voted upon is not material for the client, we will not be obligated to vote on such matter.

We maintain a "Proxy Conflicts Watch List" containing the names of issuers with respect to which we have identified a conflict of interest. Such conflicts may arise, for example, from the following relationships: (i) the issuer is an investor in the client we manage; (ii) we have a material business relationship with the issuer; (iii) we have a business relationship with the proponent of a proxy proposal (*e.g.*, the proponent is a pension plan for which the we manage money); (iv) we have material business relationships with candidates for director in a proxy contest; or (v) one of our employees has a personal interest in the outcome of a particular matter. This list provides examples of possible conflicts of interest and is not meant to be comprehensive.

Each employee must notify our CCO of any potential conflicts of interest of which he or she is aware, and the CCO should make a determination as to whether an item should be added to the Proxy Conflicts Watch List.

If the CCO believes that a material conflict exists between us and the client, we will rely exclusively in making its voting decision on the recommendation of an independent third party who is experienced in advising investment managers regarding proxy voting decisions.

The Funds may obtain information about how we voted securities held by such Funds by contacting us at the address set forth on the cover page of this brochure. Owners of separately managed accounts may also obtain information about how we voted securities held by such accounts by contacting us at the address set forth on the cover page of this brochure.

**Item 18 - Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore we are not required to include a balance sheet for our most recent fiscal year.

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

We are not a State-Registered Adviser.