



Deltec Asset Management LLC

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FORM ADV Part 2A

February 24, 2015

This brochure provides information about the qualifications and business practices of Deltec Asset Management LLC (“Deltec”). If you have any questions about the contents of this brochure, please contact Denise Vitti at (212) 546-6295 or dvitti@deltec-ny.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any other state securities authority.

Additional information about Deltec is also available on the SEC’s website at www.adviserinfo.sec.gov.



Item 2: Material Changes

The Adviser is updating its brochure dated March 12, 2014 as part of its annual amendment. Stephen Zuppello retired from Deltec Asset Management LLC effective December 31, 2014 and, therefore, is no longer its Chief Compliance Officer. Denise G. Vitti has succeeded Mr. Zuppello as Chief Compliance Officer.



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Item 4: Advisory Business

Deltec Asset Management LLC (“Deltec”) is a limited liability company formed under the laws of the state of Delaware on January 14, 2000. Deltec is controlled by its managing member and principal owner, Blue Tee Partners LLC (“Blue Tee”), which is, itself, a Delaware limited liability company. The managing members of Blue Tee are Arthur E. Byrnes and John R. Gordon each a Senior Managing Director of Deltec.

Deltec was formed to complete the management buy-out of the assets and business of Deltec Asset Management Corporation, a registered investment adviser and securities broker-dealer which had operated continuously in the financial services business for more than 30 years. The buy-out was completed on September 29, 2000 and, today, Deltec is wholly owned by Blue Tee and certain employees of Deltec. Deltec withdrew its broker-dealer registration effective April 29, 2011 by filing form BDW with the Securities and Exchange Commission.

Deltec’s principal business is the discretionary management of investments in domestic and emerging market equity, debt and equivalent securities for pooled and separate accounts. Deltec is primarily an unleveraged, long-only manager. That is, margin purchases, derivatives, and short sales are not used in any significant way in the securities portfolios managed by Deltec. Deltec also trades and invests in securities for its own account. Certain pooled and separate accounts invest in non-traditional equity and debt securities including, but not limited to, contingent value rights/obligations, interests in liquidating trusts, equity equivalents with due bills entitling the holder to future distributions, defaulted corporate and sovereign debt, interests in fully funded syndicated bank loans, and trade claims.

Deltec’s clients may request that Deltec tailor its advisory services to their individual needs and/or impose restrictions on Deltec’s ability to invest in certain securities or types of securities. Prior to accepting any such arrangement, Deltec verifies that the account can be managed in a manner that is consistent with the client’s needs and that compliance with any restrictions can be monitored.

At December 31, 2014, Deltec had approximately \$912,315,000 in client assets under management on a discretionary basis and approximately \$101,251,000 in client assets under management on a non-discretionary basis.

Item 5: Fees and Compensation

Deltec’s clients include both pooled investment accounts sponsored by Deltec (each a “Fund” and together “the Funds”) and separately managed accounts (each an “account” and together “the accounts”). References to “client” or “clients” in this brochure include the Funds and separate accounts.

Most clients are charged an investment management fee, which is an asset-based fee, generally ranging from 1.00% to 1.50% of the value of the client’s assets under management. The minimum annual asset-based fee is \$3,750.00. Deltec also charges some of its clients a performance fee, which is compensation that is equal to a share of the appreciation in the value of a client’s assets. Performance fees range from 0.5% to 20% of the appreciation earned by such clients’ assets. In one instance, the performance fee is calculated based on the appreciation in the value of client’s assets in excess of a benchmark and, in all cases, performance fees are subject to a loss-carryforward provision. Deltec also manages one account that invests in short-term, highly liquid, government debt securities that is charged an annual fixed management fee quarterly in arrears.



Deltec's fees are negotiable and some investors in Funds and separate account holders may pay more or less than other similarly situated investors for the same management services, depending on, for example, account inception date, number of related investment accounts or total client assets under management by Deltec in related investment accounts. Deltec may also waive or modify fees charged to investors in a Fund or separate account holders that are members, employees or affiliates of Deltec and/or relatives of such persons.

Each of the Funds may enter into agreements, or "side letters," with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for such Fund. For example, such terms and conditions may provide for: special rights to make future investments in the Fund, other investment vehicles or managed accounts; special liquidity rights relating to frequency, or related pre-notice; special rights to a reduction or rebate in fees or withdrawal or redemption charges to be paid by the investor and/or other terms; special rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such investors. The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the investor's investment in the Fund or affiliated investment entity, an agreement by the investor to maintain such investment in the Fund for a significant period of time, or some other similar commitment by the investor to the Fund. None of the Funds have entered into any such "side letter" agreements.

The vast majority of clients pay Deltec's asset-based investment management fees quarterly in arrears while a small number of clients pay such fees quarterly in advance. All asset-based fees are calculated by Deltec and, at the client's election, are either deducted from the account by Deltec or billed to the client. When fees are billed in arrears and Deltec has not managed an account or Fund for a full quarter, the asset-based fee is pro-rated. When fees are billed in advance and the advisory relationship is terminated before the end of the billing period, Deltec calculates the fee that was earned prior to the termination date and refunds the difference to the client. Performance fees are calculated and billed annually and are either deducted from the account or billed to the client.

In addition to investment management and performance fees, clients incur other expenses in connection with their investment activities conducted by Deltec including, but not limited to, commissions and transaction costs paid to executing brokers and fees for securities clearance, settlement and custody. Deltec's brokerage practices are described in Item 12 of this brochure.

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

In certain circumstances, clients that pay an asset based fee and a performance fee purchase and sell the same securities that are purchased and sold by other clients that pay only an asset based fee. Performance fees can create a financial incentive for Deltec to favor clients from which Deltec receives a performance based fee over clients from which Deltec receives only an asset based fee. Deltec addresses this conflict by ensuring that trades are allocated among clients in a manner that does not favor one client over another. Deltec also periodically reviews the performance of clients' accounts to identify performance discrepancies that might indicate that performance fee paying clients are being favored at the expense of other clients.



From time-to-time, Deltec receives allocations of initial public offerings (“IPO”s) and other securities of limited availability. Generally, these allocations are small relative to the number of clients that are eligible to purchase these securities. Deltec allocates these securities among its eligible clients based on such factors as investment suitability, cash availability and recent investment activity. These practices may result in allocations that would not have occurred had an objective and systematic allocation procedure been employed.

Please refer to Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for a further discussion of Deltec’s practice of aggregating orders for execution for its clients.

Item 7: Types of Clients

Deltec provides investment advice to the Funds and to individuals, pension and profit sharing plans, trusts, charitable organizations and other pooled investment vehicles. While Deltec has no formal minimum account size to open or maintain a separate account, it will generally not accept a separate account of less than \$500,000 and individual portfolio managers may require a higher initial minimum to open a separate account. The minimum initial investment required by each Fund is disclosed in the offering memorandum for such Fund.

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

Deltec specializes in implementing actively managed investment strategies with the objective of earning positive absolute returns. Deltec’s strategies are all based on the fundamental research of individual securities. Emphasis is placed on the securities of issuers that operate in out-of-favor sectors and/or securities that are poorly understood or underfollowed. Deltec seeks to validate securities values by referring to external sources of information including, but not limited to, research analysts’ reports, industry and general economic data and meetings with company management. As a general matter, implementation of Deltec’s recommendations does not involve frequent trading or the use of margin debt, short-sales, or derivatives.

All investments involve the risk that the actual investment return will deviate from the expected return. That is, the actual profit earned on an investment may be less than the expected profit or the investment may result in a loss. Investment return and investment risk are inseparable and clients should be prepared to bear the risk that their actual returns may deviate from their expected returns and that losses may be incurred.

Investments recommended by Deltec include domestic and emerging market equity, debt and equivalent securities. Certain accounts also invest in non-traditional equity and debt securities including but not limited to contingent value rights/obligations, interests in liquidating trusts, equity equivalents with due bills entitling the holder to future distributions, defaulted corporate and sovereign debt, interests in fully funded syndicated bank loans, and trade claims. In addition to the risk factors that affect the actual return earned from any investment, some of the securities markets that Deltec invests in and types of securities that Deltec recommends involve unique risks which can increase price volatility and risk of loss. These risks are summarized below.



Emerging Markets

Investing in the debt and equity securities of emerging market issuers which may be denominated and trade in foreign currencies involves certain risks not typically associated with investing in debt and equity securities of developed market issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in developed markets, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

High-Yield Securities

High-yield securities are debt instruments (including preferred securities) of companies that are rated below investment grade or non-rated by recognized credit-rating agencies. A non-investment grade rating for an issuer or bond is generally considered to be a rating below Baa3 by Moody's Investor Service or below BBB- by Standard & Poor's. High-yield bonds are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. Lower-rated securities generally rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured by substantially all of that issuer's assets. Lower-rated or non-rated debt instruments are often not protected by financial covenants including limitations of additional indebtedness. The market for lower-rated securities is thinner and less active than that of higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be contributing factors in any decrease in value and liquidity of such lower-rated securities.

Special Situations and Distressed Securities

Special situations and distressed securities include the securities of issuers involved in, or the targets of, acquisition attempts or tender offers or of issuers involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any such investment there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time and/or result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not, in fact, occur, losses may be incurred on the sale of the investment. There may be substantial uncertainty concerning the outcome of transactions involving certain special situations and distressed securities, and, in such circumstances, there is a potential risk of loss of the entire investment in such securities. In addition, with respect to any investments in the securities of a bankrupt company or liquidating trust, there is the additional risk that the trustees in bankruptcy may not record changes in the ownership of the securities and, consequently, the owners of such securities may not receive the distributions to which they are entitled. There is also the risk, with investments acquired on a participation basis, that prior sellers will fail to comply with their contractual obligations to forward proceeds to purchasers and, as a result, the current owners of such securities may not receive the distributions to which they are entitled.



Small Cap Stocks

Investments in small-to-medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market often involve significantly greater risks, including greater volatility, than the securities of larger, better-known companies, because such companies may have limited product lines, distribution channels and financial and managerial resources. In addition, investments in companies with limited operating histories are more speculative and entail greater risk than do investments in companies with established operating records.

Lack of Diversification

The securities portfolios managed by Deltec may not be diversified by type of security, issuer, industry, country of issue, and other measures of diversification and may be subject to more rapid changes in values than would be the case if the portfolios were diversified.

Liquidity

In addition to the foregoing, as disclosed in the offering materials for each Fund, investors in the Funds have limited opportunities to redeem their interests in the Funds.

Item 9: Disciplinary Information

Neither Deltec nor any member of its management has been involved in a material disciplinary event since Deltec's inception.

Item 10: Other Financial Industry Activities and Affiliations

Deltec is the investment advisor to the Funds and affiliates of Deltec are the general partners of the Funds that are organized as limited partnerships. In addition, a principal of Deltec is a Director of each of the offshore Funds.

The Funds that Deltec advises are listed below:

- Deltec Emerging Market Debt Fund, L.P., and its feeder fund Deltec Emerging Market Debt Fund, Ltd.;
- Deltec Emerging Market Income Fund, L.P.;
- Deltec Forum Fund, L.P.;
- Deme Master Fund, Ltd., and its feeder funds, Deltec Emerging Market Equities, L.P., Deme Offshore Fund, Ltd.;
- Deltec Special Situations Partners, L.P.; and
- Deltec Total Return Bond Fund, L.P.;

Deltec and its affiliates offer and sell limited partnership interests in the Funds that are organized as limited partnerships in private offerings pursuant to Regulation D under the Securities Act of 1933. As investment advisor to the Funds, Deltec is solely responsible for the investment program of each Fund. Deltec does not receive any placement fees, commissions or other compensation in connection with the sale of interests in any of the Funds.



As described in Item 5: Fees and Compensation, certain Funds pay Deltec and its affiliates performance fees as well as management fees. Accordingly, Deltec has an incentive to recommend that its clients invest in those Funds in addition to, or in lieu of, maintaining assets in a managed account. It is also more difficult to withdraw from a Fund than it is from a managed account. Deltec addresses this conflict of interest by ensuring that a Fund is an appropriate investment for the clients that invest in each Fund. Deltec fully discloses the limitation on withdrawals from each Fund to each client and obtains each client's approval of the investment prior to his/her making an investment in the Fund. Deltec also follows the procedures described in Item 6: Performance-Based Fees and Side-by-Side Management. Deltec believes that this conflict is mitigated by the fact that the principals of the firm and their families have a significant investment in the Funds and, as a result, the principals of the firm have an incentive to avoid risk of loss because they share in the profits and losses of the pooled investment vehicles and therefore have an incentive to avoid strategies that expose their personal investments to undue risk of loss.

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

Deltec has adopted a Code of Ethics that obligates all members and employees (collectively, "Covered Persons") to practice honesty and sincerity in all dealings with customers, clients, fellow employees, government officials, those with whom Deltec transacts business or competes and the public generally and to avoid relationships and transactions which may involve an actual or potential conflict of interest or the appearance thereof. All of Deltec's personnel are also required to comply with all applicable federal securities laws.

Deltec, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which Deltec or its related persons have invested or seek to invest on behalf of clients. Deltec is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Deltec maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Deltec is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, Deltec may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Deltec will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, Deltec will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Deltec possesses such information), or not using such information for the client's benefit, as a result of following Deltec's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Deltec requires its Covered Persons who engage in personal securities trading activities to conduct those activities solely through accounts maintained with Deltec, unless otherwise specifically authorized in writing by the Chief Compliance Officer or another executive officer of Deltec. In addition, Deltec requires its Covered Persons to pre-clear their participation in certain limited offerings in their personal accounts with the Chief Compliance Officer, who may deny permission to participate if such transaction will have any adverse economic impact on one of Deltec's clients. Deltec's Covered Persons may not participate in initial public offerings in their personal accounts unless the personal account qualifies for a general exemption under the applicable rules of the U.S. Financial Industry Regulatory Authority, Inc. Deltec's Covered Persons may not execute personal securities transactions of any kind in any securities



on a restricted securities list maintained by the Chief Compliance Officer. All of Deltec's Covered Persons are required to disclose their personal securities transactions and holdings to Deltec on a monthly basis by providing Deltec with duplicate confirmations and account statements. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Deltec's Chief Compliance Officer, 623 Fifth Avenue, New York, NY 10022, tel: (212) 546-6200, fax: (212) 230-1412, email: compliance@deltec-ny.com.

Deltec invests client accounts in securities which Deltec or its employees or affiliates also buy and sell for their own accounts. In addition, Deltec and its employees and affiliates may take positions in securities for their own accounts that are inconsistent with recommendations made to clients. This creates a conflict of interest because Deltec and its employees and affiliates have an incentive to execute their orders in front of their clients. In such cases, a client's interests are always paramount. Trading activity is reviewed daily by at least two principals of Deltec, including the Chief Compliance Officer, to ascertain, among other things, whether any possible conflicts of interest are presented by the investments of client accounts. If a conflict is determined to exist, it is resolved in favor of the client. For example, if Deltec places an order to purchase a security for a client account or accounts and its own account and/or an employee account or accounts, and the order can be only partially filled, Deltec and/or its employees will only participate in the trade after each client has received its full allocation.

Deltec will frequently "bunch" or aggregate transactions in the same security for multiple client accounts. Deltec does so to reduce execution costs and to afford clients an opportunity to acquire securities in smaller quantities than would otherwise be possible if the clients' orders were not aggregated in order to meet trade minimums. In some cases this policy may adversely affect the price paid or received by a client. Deltec allocates an aggregated trade among the affected accounts prior to placing the order and, if Deltec is unable to effect the trade in the total desired volume, each client's participation in the aggregate trade is reduced as deemed appropriate by the portfolio manager based on such factors as the respective account sizes and the amounts initially ordered, current positions in the subject security, cash and margin positions, and recent investment activity in the respective client accounts. If Deltec aggregates client trades with trades for its own and/or its employees' accounts and the order is only partially filled, Deltec and/or its employees will only participate in the trade after each client has received its full allocation. Each account participating in an aggregated order receives the same execution price.

As described in Item 5: Fees and Compensation, Deltec and its affiliates may receive performance fees in addition to management fees in connection with investments in the Funds, and Deltec may recommend investments in the Funds to its clients holding individually managed accounts. The conflict of interest that this presents and how Deltec addresses this conflict is described in Item 10: Other Financial Industry Activities and Affiliations.

Item 12: Brokerage Practices

Deltec has an agreement with Pershing Advisor Solutions, LLC ("PAS"), an introducing broker-dealer and an affiliate of Pershing LLC, a broker-dealer and securities clearing firm ("Pershing") which is, in turn, an affiliate of The Bank of New York Mellon Corporation. In accordance with the agreement between Deltec and PAS, upon request by Deltec, PAS opens brokerage accounts for Deltec's clients and causes Pershing to carry such client accounts on a fully disclosed basis. Although substantially all of Deltec's clients maintain brokerage accounts with PAS, Deltec does not require its clients to maintain accounts with PAS unless, in Deltec's judgment, a client's use of another custodian or broker would impair Deltec's ability to render its services in an efficient and cost effective manner. PAS provides



Deltec with “platform services”, including, but not limited to, prime brokerage services, execution services, recordkeeping services and administrative support services that are intended to assist Deltec in conducting its business and serving the best interests of its clients. These services may also benefit Deltec which might otherwise have to pay for the same or similar services at its own expense. PAS charges Deltec’s clients brokerage commissions and transaction fees for processing certain securities transactions. These commissions and fees are generally considered to be discounted from customary rates but may be higher or lower than the rates charged by other custodians and broker-dealers.

Except in limited circumstances, Deltec exercises sole authority to determine the securities bought and sold for each account, as well as the amounts thereof, without obtaining specific client consent and without limitation on such authority. For COD accounts maintained at PAS and for other accounts maintained at PAS with equity of less than an amount specified by PAS from time-to-time (currently \$110,000), Deltec is required to execute all trades for the client with PAS. In all other situations, Deltec selects the executing broker or dealer and the commissions to be paid to them without specific client consent. For each such trade, the determination must be made that the total costs or proceeds are most favorable under the circumstances. In the limited circumstances where Deltec permits a client to direct brokerage to a particular broker or dealer, Deltec may be unable to achieve the most favorable execution and the cost to the client may be more than if Deltec had selected the executing broker or dealer. Specifically, the client may pay higher brokerage commissions because Deltec may be unable to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. For more details regarding aggregation or orders, see Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

In selecting executing brokers and determining the reasonableness of their commissions, Deltec considers a number of factors, including the scope and quality of a broker's services, its financial stability, its clearance and settlement capabilities and performance, its pricing generally and with respect to specific transactions, and the degree of confidentiality with which the broker treats client transactions.

In selecting brokers, Deltec need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Therefore, Deltec may also consider the value of research products and services provided to Deltec by the broker. This is known as a “soft dollar” relationship. Deltec will limit the use of “soft dollars” to obtain research and related services to services that constitute research within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. When Deltec receives “soft dollar” research and related services, Deltec receives a benefit because Deltec does not have to pay for such research or services. Accordingly, Deltec may have an incentive to select or recommend a broker or dealer based on its interest in receiving such research and related services rather than on Deltec’s clients’ interest in receiving most favorable execution.

Deltec receives research in many forms including written reports and analyses, one-on-one meetings with securities analysts, economists, or members of company management, conference attendance and company visits. When research products and services are obtained from a broker, clients may pay commissions higher than would be obtainable from other brokers who do not provide such services. Deltec believes, however, that any such additional commission charges are comparable to those that



would be paid to other brokers in return for similar products and services. Generally, Deltec will use any research products or services obtained from an executing broker for all or substantially all of its accounts, not just those accounts for which the broker executes transactions. As a regular business practice, Deltec monitors the aggregate commissions earned by each broker who provides research to Deltec and makes adjustments in the business directed to each of these brokers depending on the quality of the research received.

In selecting or recommending brokers, Deltec may also consider whether it or a related person receives client referrals from a broker-dealer or third party. Deltec may have an incentive to select or recommend a broker based on its interests to receive client referrals rather than on the client's interests to receive most favorable execution. To address this conflict of interest, Deltec will execute client trades through brokers that refer clients to Deltec only if the Chief Compliance Officer determines that client trades with such brokers are otherwise consistent with seeking best execution.

Item 13: Review of Accounts

Each client account is reviewed by a portfolio manager on a monthly basis to verify activity and to determine whether securities positions should be maintained in view of current market conditions. More frequent or detailed reviews are made on an ad-hoc basis as requested by the client or as deemed necessary by the portfolio manager. Information reviewed generally includes the cash position, the specific securities held, portfolio valuation and return information, adherence to investment guidelines and performance. Each client receives from Deltec monthly account statements which include statements of securities holdings, including unrealized gains and losses, realized gains and losses, interest, dividends and other income and expenses and cash activity, including securities purchased and sold.

Item 14: Client Referrals and Other Compensation

As described in Item 12: Brokerage Practices, Deltec receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements and may receive client referrals from a broker-dealer or third party. Please see Item 12 for further information on Deltec's "soft-dollar" and brokerage practices, including Deltec's procedures for addressing conflicts of interest that arise from such practices.

Deltec currently has arrangements in place pursuant to which it compensates a third party for client referrals in accordance with Rule 206(4)-3 under the Investment Advisors Act of 1940. Deltec compensates the referring party through payments of a percentage of any management and incentive fees earned by Deltec from the referred account. The fees paid to Deltec by an account referred to Deltec by a third party are the same as the fees paid to Deltec by other similarly situated accounts.

Item 15: Custody

Substantially all of Deltec's clients maintain their accounts at Pershing Advisor Solutions LLC ("PAS"). Such clients receive monthly account statements from PAS if the account had purchase or sales activity in the month and a quarterly account statement, irrespective of account activity. A small number of clients utilize other custodians. All clients are encouraged in writing to carefully review their Deltec statements and to compare their Deltec statements to the statements that they receive from their custodian.



Item 16: Investment Discretion

Deltec has discretionary authority to manage substantially all of its clients' securities accounts. This authority is evidenced by a written investment advisory agreement. Clients may limit Deltec's discretion by imposing restrictions on Deltec's ability to invest in certain securities or types of securities. Prior to accepting any client-imposed restrictions, Deltec verifies that the restrictions are as clear and specific as reasonably possible, that the account can be managed in a manner that is consistent with the restrictions and that compliance with the restrictions can be monitored by Deltec.

Item 17: Voting Client Securities

Substantially all clients have authorized Deltec to vote proxies on their behalf and Deltec has adopted policies and procedures in this area. Account holders may contact the Chief Compliance Officer at Deltec Asset Management LLC, 623 Fifth Avenue, New York, N.Y. 10022, Tel: (212) 546-6200, Fax: (212) 230-1412, email: vote@deltec-ny.com, to obtain information on how Deltec voted their proxies and to request a copy of Deltec's policies and procedures, which are summarized below.

In the absence of specific voting guidelines, Deltec generally votes proxies in favor of routine corporate housekeeping proposals and against proposals that make it more difficult to replace members of the issuer's board of directors. For other proposals, Deltec determines in good-faith whether a proposal is in the best interests of the account holder and votes accordingly. If a material conflict exists between the interests of Deltec and the account holder, Deltec determines whether voting in accordance with its voting guidelines is in the best interests of the account holder and whether to disclose the conflict to the account holder. When Deltec determines in good-faith that a conflict exists, except in the case of an account holder that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Deltec may give the account holder the opportunity to vote the proxy. In the case of ERISA account holders, if the agreement between the account holder and Deltec reserves to the account holder the authority to vote proxies when Deltec determines it has a material conflict that affects its best judgment as an ERISA fiduciary, Deltec will give the ERISA account holder the opportunity to vote the proxies itself.

Item 18: Financial Information

This item is not applicable.