



BP Capital Fund Advisors, LLC

Form ADV Part 2 Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of BP Capital Fund Advisors, LLC. If you have any questions about the contents of this Brochure, please contact BP Capital Fund Advisors, LLC at (214) 265-4165. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about BP Capital Fund Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for BP Capital Fund Advisors, LLC is 168476.

BP Capital Fund Advisors, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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Item 2 Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since the last delivery or posting of this document on the SEC’s public disclosure website (IAPD). This is BP Capital Fund Advisors, LLC’s (“BPCFA” or the “Firm”) initial posting of its Part 2 of Form ADV on the SEC’s public disclosure website (IAPD). There have been no previous disclosures made.

Material Changes:

None

BPCFA will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, BPCFA’s Brochure may be requested by contacting Mr. Patrick Hurley, Chief Compliance Officer at (214) 265-4165 or phurley@bpcfunds.com.

Additional information about BPCFA is also available via the SEC’s web site www.adviserinfo.sec.gov. The searchable IARD/CRD number for BP Capital Fund Advisors, LLC is 168476. The SEC’s web site also provides information about any persons affiliated with BPCFA who are registered, or are required to be registered, as investment adviser representatives of BPCFA



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Item 4 Advisory Business

BPCFA, a Delaware limited liability company, is an investment adviser that is registered with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training. The Firm and its affiliates are based in Dallas, Texas. The Firm has been in business since June 19th, 2013 and has been registered with SEC since August 22nd, 2013. In December of 2013, the Firm launched two series of a U.S. open-end investment company, with a multi-series third-party trust that is an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, the Firm became compliant with the Global Investment Performance Standards (GIPS®)¹ in December of 2013. The primary owners of the Firm are the Loftin Group, LLC, a Texas limited liability company and TBP MLP Advisors Holdings, LLC, a Delaware limited liability company (which is a holding company controlled by T. Boone Pickens). Officers of Firm are Toby Loftin, as Managing Principal and Portfolio Manager; Patrick Hurley, as Principal and Chief Compliance Officer; Brian Bradshaw, as Principal and Portfolio Manager; David Meaney, as Principal and Portfolio Manager; Mark Laskin, as Principal and Portfolio Manager; and Mark Easterbrook, as Principal and Portfolio Manager.

Advisory Services

As part of their investment management services, BPCFA offers a range of investment solutions from fundamental and quantitative active management, to asset allocation services in strategies designed to gain broad exposure to the world's energy capital markets. The Firm generally provides investment management services in accordance with applicable investment guidelines and restrictions, which may include restrictions on investing in certain securities, or types of securities or other financial instruments, that are developed in consultation with the client, or in accordance with the mandate selected by the client (e.g., fixed income, cash management, equity, alternative, index or multi-asset). Each pooled investment vehicle managed or otherwise advised by the Firm (e.g., U.S. registered investment companies) is managed in accordance with its investment guidelines and restrictions and is not generally tailored to the individualized needs of any particular fund shareholder or fund investor, and an investment in such a vehicle does not, in and of itself, create an advisory relationship between the shareholder or investor and the Firm. BPCFA may use both automated and/or manual processes to help ensure portfolios are managed in accordance with their stated portfolio investment guidelines and restrictions.

The Firm's investment management services are offered (directly or indirectly through a sub-advisory arrangement with the client's primary investment adviser) to registered investment companies, single-investor funds, discretionary advisory programs, commingled investment vehicles, and institutional investors through separate account management. BPCFA currently provides investment advisory services, on a discretionary basis, to investment companies registered under the 1940 Act (U.S. Mutual Funds) and to institutional investors through separately managed accounts (“Separate Accounts”) (U.S. Mutual Funds and Separate Accounts each a “Client” and collectively, “Clients”). In addition, the Firm currently provides asset allocation services, pursuant to a portfolio consulting agreement to a series of unit investment trust (“UITs”). The types of clients to which the Firm provides investment management services are more fully disclosed in the Firm's Form ADV Part 1 and summarized in *Item 7 – Types of Clients* of this Brochure.

¹ For purposes of GIPS compliance, the Firm is defined as BP Capital Fund Advisors, LLC, a registered investment adviser with the SEC in accordance with the Investment Advisers Act of 1940. The Firm specializes in energy strategies, such as energy equity and debt funds, energy master limited partnerships (MLP) funds and separate accounts. The Firm's effective date of compliance with the GIPS standards is December 31, 2013.



With regards to BPCFA's investment strategies, the Firm employs an energy sector focus that is executed on behalf of its Clients' accounts, with respect to investments in securities, financial instruments, commodity interests, derivatives and other types of financial instruments and investments. The Firm's advisory services consist of managing each of its Client's accounts, including sourcing, selecting, determining investments in, and monitoring investments in and the execution of transactions on behalf of its Clients. The Firm generally is responsible for investing and re-investing the assets of each Client account in accordance with the investment objectives, policies and guidelines set forth in the Client's governing documents. With respect to any Client, this Brochure is qualified in its entirety by the Clients' offering memorandum, prospectus, statement of additional information or other similar disclosures and governing documents (collectively, the "governing documents").

BPCFA tailors its investment advice to the specific needs of its Clients and are subject to applicable investment restrictions set forth in the governing documents for the applicable Clients. The Firm works with Clients to formulate appropriate and agreed-upon investment guidelines. Generally, Clients may impose restrictions on investing in certain issuers, types (e.g., excluding timber companies from a portfolio) or quantities of securities, investment instruments, asset classes, geographic regions or sectors. BPCFA works with Clients to determine the feasibility of monitoring proposed restrictions and limitations. For example, the Firm assesses the scope of socially responsible restriction requests to determine if a third party provider, such as MSCI Inc., can provide an acceptable restricted list. Clients who restrict their investment portfolios may experience potentially worse performance results than Clients with unrestricted portfolios even for Clients with similar objectives. BPCFA reserves the right to reject or terminate any Client's account that seeks restrictions which the Firm is unable to implement or which may fundamentally alter the investment objective of the strategy selected by the client. Investors who participate in pooled investment vehicles, such as U.S. registered investment companies, may generally not tailor investment guidelines.

When BPCFA serves as investment adviser, it enters into a written investment management agreement with each of its advisory Clients. Investors in pooled investment vehicles are not considered as the Firm's advisory Clients and do not enter into investment management agreements with the Firm. Investment management agreements include provisions related to each Client's management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. The Firm's standard investment management contract generally permits either party to terminate the contract at the end of any calendar quarter following 30 days written notice or at any time following 60 days written notice for pooled investment vehicles. Upon termination, Clients are billed only for the pro-rata portion of the management period. Clients do not pay a termination fee.

Wrap Fee Programs

BPCFA currently does not participate in or sponsor any wrap fee programs.

Assets Under Management

As of July 31st, 2015, BPCFA managed approximately \$207,095,980 of advisory assets, all of which were on a discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, i.e., assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. BPCFA reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at www.adviserinfo.sec.gov.



Item 5 Fees and Compensation

Advisory Fees

BPCFA's fees generally depend on the services being provided and vary from product to product based on a variety of factors, including but not limited to, the investment mandate or strategy, investment vehicle, degree of servicing required, account/relationship size, market-place conditions and other factors the Firm deems relevant. For investment management services, fees typically are expressed as a percentage of the net assets under management. To the extent permitted under the Advisers Act, or the applicable provisions of the 1940 Act, in the case of investment companies registered under the 1940 Act, BPCFA may negotiate and charge performance fees or special allocations, as well as asset-based fees. Clients who negotiate performance-based fees typically pay a lower base management fee. In addition, fees and allocations may be fixed, fixed plus performance or performance only. See *Item 6 – Performance-Based Fees and Side-By-Side Management* of this Brochure for more information about performance-based fees.

BPCFA's investment management fees are typically calculated as a percentage of the market value of a Client's assets under management in accordance with its contractual agreements. Fee breakpoints may be available for certain strategies and product types. The Firm's standard fee schedules, which are subject to change and may be negotiated, are described below under "Fee Schedules". Existing Clients may have different fee arrangements from those described in under Fee Schedules. To the extent BPCFA engages a sub-adviser, the Firm will pay the sub-adviser a portion of the management fee that Clients pay to BPCFA. BPCFA's Clients do not pay any fees, commissions or expenses directly to sub-advisers.

BPCFA may, in its sole discretion, charge lower management fees or waive account minimums based on certain criteria including product type, investment strategy, client type, client domicile, services provided, the client's historical relationship with the Firm, number of related investment accounts, account composition or size, anticipated future earning capacity, current and anticipated future assets under management, marketplace considerations, early adoption of an investment strategy or investment in a particular vehicle, client's operational or investment limitations or restrictions, level of client servicing required and other factors BPCFA deems relevant. BPCFA, in its sole discretion, may also waive or charge lower management and/or performance fees and waive account minimums for employees, including portfolio managers, affiliates or relatives of such persons. Assets from related accounts in similar investment vehicles may be aggregated for fee calculation purposes according to BPCFA's policies and procedures.

BPCFA is limited in its ability to negotiate fees due, in part, to existing Client contracts, which require equivalent pricing. Under the terms of these agreements, the Firm is generally required to charge the same fee schedule to similarly-situated clients. BPCFA generally considers Clients to be similarly-situated if they are domiciled in the same country, are in the same investment vehicle managed as a component of the same investment composite, are of the same client type, require a similar level of client servicing and have a similar account size among other factors BPCFA deems relevant.

To the extent fees are negotiable, certain Clients may pay more or less than other Clients for the same management services. In cases where a consulting or referral arrangements are in place in which broker-dealers, investment advisers, trust companies and other providers of financial services typically provide Clients with services that complement or supplement BPCFA's services, the Firm may charge lower management fees for accounts managed.



In addition to BPCFA's investment management fee, Clients may incur operating and transaction fees, costs and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers and other third-parties. Examples of these charges include but are not limited to custodial fees, margin, deferred sales charges, "mark-ups" and "mark-downs" on trades, odd-lot differentials, transfer taxes, handling charges, exchange fees (including foreign currency exchange fees), interest to cover short positions, wire transfer fees, electronic fund fees, conversion fees for American Depository Receipts ("ADRs") and other fees and taxes on brokerage accounts and securities transactions. BPCFA does not receive any portion of these commissions, fees or costs. See, however, *Item 12 – Brokerage Practices* of this Brochure for more information about soft-dollars. See also *Item 12 – Brokerage Practices* of this Brochure for more information about conversion fees for ADRs. To the extent the Firm should act as a sub-adviser, the Firm will receive a portion of the management fee the end Clients pay to the adviser; these Clients do not pay any fees, commissions or expenses directly to BPCFA.

Fee Schedules

The following sets forth a basic description of certain advisory fee arrangements, including information on the Firms' standard fee schedules. However, fees and other compensation are negotiated in certain circumstances, and arrangements with any particular Client may vary.

U.S. Mutual Funds

As compensation for BPCFA's advisory services, U.S. Mutual Funds typically pay a management fee (accrued daily) that range from 1.10 to 1.25%² annually and payable in arrears. The management fee is based upon the applicable U.S. Mutual Fund's average daily net assets, which may or may not be net of investment leverage (borrowed capital). This management fee is deducted from a U.S. Mutual Fund's assets on a monthly basis. In addition to management fees, administrative fees, and brokerage and transaction costs, investors in the U.S. Mutual Fund's will indirectly bear certain other fees and expenses paid by the U.S. Mutual Funds, including, but not limited to expenses of the independent trustees of the U.S. Mutual Funds, fees and expenses for legal, fund accounting, transfer agency, custodial and auditing services, interest expense, taxes, and other investment-related costs, insurance premiums, extraordinary and non-recurring and certain other unusual expenses. For additional detail on these fees and expenses, please refer to the U.S. Mutual Funds governing documents (i.e., prospectus and statement of additional information). See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for information about BPCFA's affiliation with the U.S. Mutual Funds.

BPCFA will occasionally waive a portion of the fees payable by the U.S. Mutual Funds, which could result in a benefit to investors in the U.S. Mutual Funds.

² BPCFA has contractually agreed to waive its fees and/or pay for operating expenses of the U.S. Mutual Funds to ensure that total annual fund operating expenses (excluding any taxes, leverage interest, brokerage commissions, dividend and interest expenses on short sales, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary expenses such as litigation expenses) do not exceed the fund's expense cap. For additional detail please refer to the U.S. Mutual Funds prospectus.

Separate Accounts

BPCFA's investment management fee for managing an institutional separate account are determined through negotiation with each client and are set forth in the investment management agreement with the client. Typically, a Separate Account will pay BPCFA management fees ranging from 0.95% to 1.25% annually. Management fees are generally based upon the average daily net assets, which may or may not be net of investment leverage. BPCFA may also collect performance fees or other performance-based compensation, which are generally based on an adjustment based on investment performance compared to an established benchmark index over a specified period of time and generally payable on a quarterly or annual basis. Separate Account Clients who negotiate performance-based fees typically pay a lower base management fee. See *Item 6 – Performance-Based Fees and Side-By-Side Management* of this Brochure for more information about performance-based fees. Separate Account Clients generally are responsible for brokerage commissions, transfer taxes and other brokerage fees and investment expenses relating to investment instrument transactions in the Separate Account. Separate Account Clients may incur operating and transaction fees, costs and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers and other third-parties. The Firm does not receive any portion of these commissions, fees or costs. BPCFA generally invoices Separate Account Clients on a monthly, quarterly or semi-annual basis in arrears for its investment management fees. In any partial billing period, BPCFA pro-rates fees based on the number of days an account is open. If a Separate Account Client requests that BPCFA automatically deduct management fees from its accounts, BPCFA will bill the Separate Account Client's custodian directly in accordance with Rule 206(4)-2 (the "Custody Rule") under the Advisers Act. BPCFA may invest Separate Account assets in unaffiliated pooled investment vehicles that charge fees described in the pooled investment vehicles' governing documents. Separate Account assets invested in these unaffiliated pooled investment vehicles may pay both BPCFA's investment management fee and the unaffiliated pooled investment vehicles' fees and expenses. To the extent BPCFA invests Separate Account assets in sponsored (affiliated) pooled investment vehicles (e.g., U.S. Mutual Funds), these assets generally will not be included as Separate Account assets for purposes of calculating or charging the Client's management fee.

Other Fees and Expenses

In addition to the fees described above, Clients may bear other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions and related costs; (ii) interest expenses; (iii) taxes, duties and other governmental charges; (iv) transfer and registration fees or similar expenses; (v) costs associated with foreign exchange transactions; (vi) other portfolio expenses; and (vii) costs, expenses and fees (including investment advisory and other fees charged by the investment advisers of funds in which the Client's account invest) associated with products or services that may be necessary or incidental to such investments or accounts. With respect to such services (which may include, but are not limited to, custodial, securities lending, brokerage, futures, banking, consulting or third-party advisory or legal services) each Client may be required to establish business relationships with relevant service providers or other counterparties based on the Client's own credit standing. BPCFA will not have any obligation to allow its credit to be used in connection with the establishment of such relationships, nor is it expected that such service providers or counterparties will consider or rely on BPCFA's credit in evaluating the Client's creditworthiness.

U.S. Mutual Funds also generally bear their own operating and other expenses including, but not limited to, in addition to those listed above: (i) sales expenses; (ii) legal expenses; (iii) internal and external accounting, audit and tax preparation expenses; (iv) insurance; and (v) organizational expenses. Generally, series funds bear a pro rata share of the expenses associated with the related trust. U.S. Mutual Funds, may bear the



cost of investments in funds, including affiliated funds and ETFs. Further details on these expenses may be found in the U.S. Mutual Funds governing documents (i.e., prospectus or statement of additional information).

For an additional discussion of brokerage and other transaction costs, please refer to *Item 12 – Brokerage Practices* of this Brochure.

Other Compensation

BPCFA acts as a consultant in providing asset allocation services to a sponsor of multi-series unit investment trust (UIT), pursuant to a portfolio consulting agreement. As compensation for such services, BPCFA will receive a one-time fixed fee, which is calculated at the end of the UIT's initial offering, as a percentage of the UIT's total net asset value (as defined in Rule 2a-4 under the 1940 Act) and paid by the UIT's trustee. For additional detail on these fees and expenses, please refer to the UIT's governing documents. See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for information about BPCFA's affiliation with the UIT.

For an additional discussion of other compensation, please refer to *Item 14 – Client Referrals and Other Compensation* of this Brochure.

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

BPCFA has in place performance-based fee arrangements for Separate Accounts, including accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Performance-based fees are structured to comply with Rule 205-3 under the Advisers Act and, for ERISA accounts, relevant Department of Labor advisory opinions regarding the circumstances in which an investment manager may receive performance-based compensation. Accordingly, performance-based fees are charged only to "qualified clients" as that term is defined under Rule 205-3 of the Advisers Act. Performance-based fees for Separate Accounts typically consist of a base management fee plus an adjustment based on investment performance compared to an established benchmark index over a specified period of time.

BPCFA manages accounts with performance-based fees in the same locations, using the same systems and staffed with the same investment and support personnel, as accounts which do not have performance-based fees. Depending on the performance of accounts with performance-based fees, BPCFA may obtain significantly higher fees from accounts with performance-based fee structures than those of other accounts which do not have performance-based fee structures. These factors could create conflicts of interest because, portfolio managers and other investment personnel may have incentives to favor the performance-based fee accounts over others. BPCFA believes that it has reasonable controls in place to mitigate potential conflicts of interest. These controls include trade allocation procedures that govern allocation of securities, including limited offerings and average pricing of executed trades among similar accounts, and analysis of performance achieved by accounts managed in a similar strategy. BPCFA's procedures generally require accounts with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes and similar factors. See *Item 11 – Code of Ethics* of this Brochure for additional information about our trade allocation procedures and for a discussion of other potential conflicts of interest.



Item 7 Types of Clients

As discussed in *Item 4 – Advisory Business* of this Brochure, BPCFA currently provides investment advisory services to pooled investment vehicles that are investment companies registered under the 1940 Act and to institutional investors through separately managed accounts on a discretionary basis. BPCFAs' clients may include, but are not limited to: financial institutions, registered investment companies, pension funds and other retirement accounts, corporations, banks and thrift institutions, and other institutional type accounts.

For new accounts, BPCFA generally requires \$25 to \$50 million to establish a new Separate Account depending on the strategy. The Firm may waive this requirements based on certain criteria as described in *Item 5 – Fees and Compensation* and, in its sole discretion, reserves the right to decline any account. The Firm also reserves the right to close any account which falls below the minimum requirements to establish an account due to Client activity or as a result of market movement. Smaller-sized accounts may not receive or be able to fully implement BPCFA's investment recommendations for a particular strategy depending on the price of securities and the size of the accounts.

BPCFA may seek to obtain, verify, and record information that identifies each client who retains the Firm to manage its account or who invests in a pooled investment vehicle managed by the Firm, in order to help the U.S. Government fight the funding of terrorism and money laundering activities.

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

Investing in securities involves risk of loss that Clients should be prepared to bear.

BPCFA's Investment Strategies

BPCFA offers several investment strategies to Clients and in doing so may invest in a wide range of securities and other financial instruments including: equity securities of domestic and foreign issuers (both publicly and privately traded); corporate debt securities of domestic and foreign issuers (both publicly and privately traded); master limited partnerships ("MLPs"); derivative securities, including but not limited to futures, options, swaps and forward contracts; warrants; commercial paper; foreign currency contracts; registered investment company securities, including exchange-traded funds ("ETFs"); and U.S. government securities. As financial markets and products evolve, BPCFA may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with Client guidelines, objectives, and policies. BPCFA generally invests for long-term growth of capital and income. Within that framework, client objectives and unique circumstances may dictate that short-term positions be taken.

BPCFA's primary objective is to seek consistent positive absolute returns while employing an investment strategy appropriate to the Client's investment goals and objectives. These investment goals and objectives are written in the Investment Policy Statement for each Client and are followed when making investment decisions for the Client's account.

For its fundamental investment strategies, BPCFA seeks to add value versus benchmarks by actively pursuing alpha generation through its own intensive fundamental research. BPCFA strives to find companies possessing the Firm's key investment criteria (as described below) through proprietary research that emphasizes contact with a company's management team, competitors, suppliers and consumers, as well as in-depth and ongoing financial modeling. This process has been critical in the Firm's ability to



uncover energy companies possessing misunderstood fundamentals and price dislocations, as well as rapidly growing energy companies for certain equity and fixed-income strategies.

Energy Value Chain Strategy

Philosophy and Context

In deploying the Energy Value Chain Strategy, BPCFA seeks total return from capital appreciation, primarily by investing in publicly traded equity and debt securities of U.S. energy companies that operate in a capacity related to the supply, transportation, production, transmission and demand of energy, also known as the energy value chain. BPCFA seeks companies that have the ability to unlock oil and natural gas energy sources with new technologies which offer the potential for a lasting competitive advantage in the global market. The Firm refers to U.S. companies with this paradigm shift as the “American Energy and Industrial Renaissance.” BPCFA believes a well-positioned portfolio across the full spectrum of the energy supply-demand value chain take advantage of the opportunities related to the American Energy and Industrial Renaissance.

Investment Process

BPCFA uses a proprietary research and investment process that involves fundamental and quantitative analysis of various macroeconomic and commodity factors to select the investments and determine the weighting of each investment. BPCFA, in collaboration with its network of relationships within the energy sector, seeks to build a strategically developed core portfolio, designed to take advantage of changing dynamics in the energy, energy infrastructure, industrial and manufacturing and transportation and logistics sectors. This process is incorporated by the Firm's ability to utilize its financial and industry experience to identify the absolute and relative value investments that, in BPCFA's view, present the best opportunities for income and appreciation. BPCFA's dedicated investment team accomplishes this by seeking companies with strong balance sheets, free cash flow generation, earnings and revenue growth, pricing power, and sustainable competitive advantage, including focusing on factors such as credit quality and outlook, price/earnings, price/book, price/free cash flow and quality of management. The investment team regularly assesses the portfolio to determine what changes might be needed to balance the portfolio risk/reward attributes. As part of the assessment, the Firm analyzes the macroeconomic factors of physical and financial commodity flows, marginal cost of production and business type concentrations. In applying BPCFA's proprietary research model, the investment team determines target high and low end values for each investment in the portfolio. Based on those targets, the investment team considers other factors such as changes in management or and the fundamental qualities of the investment before either selling completely or reducing the portfolio's position.

Portfolio Construction

In executing the Energy Value Chain Strategy, BPCFA will allocate approximately eighty percent (80%) of the portfolio in publicly traded equity and debt securities of companies which BPCFA believes are well-positioned to take advantage of the opportunities related to the American Energy and Industrial Renaissance. The Firm may invest in companies of any market capitalization size including a company's first offering of stock to the public in an initial public offering (“IPO”). In addition, the portfolio may be invested in energy-related MLPs, and in debt securities rated below investment-grade, commonly known as high-yield securities or junk bonds. The Firm may invest in debt of any maturity or duration.



Primary categories of the energy value chain include:

- *Energy Companies (Supply-side oriented)* – companies across the energy supply chain spectrum, including upstream, midstream and downstream energy companies (i.e., companies engaged in exploration and production; gathering, transporting and processing, and marketing and distribution, respectively), of various energy sources such as natural gas, crude oil, refined products, coal and electricity, as well as companies that provide services to oil and gas companies;
- *Industrial Companies* – energy-intensive chemical, metal, industrial and manufacturing companies and engineering and construction companies that the Firm expects to benefit from growing U.S. energy production and lower feedstock costs relative to global costs;
- *Infrastructure Companies* – companies which design, manufacture, install, own, operate or service equipment or assets that enable the connectivity of energy supply and demand or provide technology and engineering solutions to industrial, commercial and consumer markets; and
- *Transportation and Logistics Companies* – companies that provide solutions for transportation and logistics to the U.S. manufacturing industry.

Core Midstream MLP Strategy

Philosophy and Context

In deploying the Core Midstream MLP Strategy, BPCFA seeks capital appreciation through distribution growth along with current income, primarily by investing in energy infrastructure MLPs, which own and operate assets that are used in the energy sector, including assets used in exploring, developing, producing, generating, transporting (including marine), transmitting, terminal operation, storing, gathering, processing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined products, coal or electricity, or that provide energy related equipment or services. BPCFA believes that MLPs are attractive investments for several reasons, including: higher yields relative to most common equity and investment grade debt, generally low correlation to other asset classes, cash flows that remain relatively stable regardless of broader market conditions, and the potential for deferred taxation for taxable investors.

Investment Process

In selecting investments for the portfolio, the BPCFA first evaluates the global energy landscape and any trends with a “top-down” deductive reasoning approach. BPCFA then examines the energy commodity environment through its focused research of the entire energy value chain globally and region by region. The Firm then considers the physical and financial energy commodity flows, exploration and production activity and capital spending patterns, refinery economics, and changes in end-user demand to discern areas of attractive investment. By this process, BPCFA aims to understand potential shifts in regional supply and demand balances in crude oil, refined products, natural gas, natural gas liquids, and coal. The previous step enables the Firm to identify short-term, intermediate and long-term trends and potential impacts across the entire energy value chain.

Having established an understanding of how supply and demand patterns could shift over time and their implications for energy infrastructure, BPCFA undertakes detailed bottom-up analysis of individual companies with exposure to the trends identified. This process helps identify companies with potential for above-average distribution growth over multiple years and also helps avoid potential trouble spots.



BPCFA believes in balancing growth with other important attributes, including reliability of current distributions, credit ratings and leverage and considers those factors when evaluating potential investments. Similarly, deterioration in growth prospects, falling distribution coverage, limited liquidity in the face of increasing capital expenditure commitments, and rising leverage are examples of signals that the investment team relies on in deciding whether or not to sell a position.

Portfolio Construction

In executing the Core Midstream MLP Strategy, BPCFA will allocate approximately eighty percent (80%) of the portfolio in energy infrastructure MLPs. In addition, the portfolio may be invested in debt securities rated below investment-grade, commonly known as high-yield securities or junk bonds. The portfolio may also invest in derivatives (futures, options, swaps, forward contracts). MLPs are generally publicly traded, however the portfolio may also invest in privately placed securities of publicly traded MLPs. The MLP investments may be of any capitalization size including a company's first offering of stock to the public in an IPO.

MLP investments may include, but are not limited to: (i) MLPs structured and taxed as limited partnerships or limited liability companies; (ii) MLPs that are taxed as "C" corporations; (iii) institutional units ("I-Units") issued by MLP affiliates; (iv) taxable "C" corporations that hold significant interests in MLPs; and (v) other equity and fixed income securities and derivative instruments (on stocks, indices, interest rates, debt securities or currencies), including pooled investment vehicles, exchange-traded notes, and exchange-traded funds, that provide exposure to MLPs.

Many of the MLPs in which BPCFA invests in operate oil, gas or petroleum facilities, or other facilities within the energy sector. The Firm intends to concentrate its investments in the energy sector, with a focus on "midstream" energy infrastructure MLPs. Midstream MLPs are generally engaged in the treatment, gathering, compression, processing, transportation, transmission, fractionation, storage and terminalling of natural gas, natural gas liquids, crude oil, refined products or coal. Midstream MLPs may also operate ancillary businesses including marketing of energy products and logistical services. The Firm may also invest in "upstream" and "downstream" MLPs. Upstream MLPs are primarily engaged in the exploration, recovery, development and production of crude oil, natural gas and natural gas liquids. Downstream MLPs are primarily engaged in the processing, treatment, and refining of natural gas liquids and crude oil. The MLPs in which the Firm invests in may also engage in owning, managing and transporting alternative energy assets, including alternative fuels such as ethanol, hydrogen and biodiesel.

Temporary and Defensive Investment Strategies

Each of the BPCFA investment strategies may, from time to time, take temporary or defensive positions in attempting to respond to adverse market, political or other conditions. For temporary defensive purposes, a portfolio may invest up to 100% of its total assets in securities issued or guaranteed by the U.S. government, its agencies, instrumentalities or sponsored enterprises ("U.S. Government Securities"), commercial paper rated at least A-2 by Standard & Poor's Rating Group, P-2 by Moody's Investors Service, Inc. or having a comparable rating by another nationally recognized statistical rating organization (or if unrated, determined by BPCFA to be of comparable credit quality), certificates of deposit, bankers' acceptances, repurchase agreements, non-convertible preferred stocks and non-convertible corporate bonds with a remaining maturity of less than one year, ETFs and other investment companies and cash items. When a portfolio's assets are invested in such instruments, the portfolio may not be achieving its investment objective.



As noted in *Item 4 – Advisory Business* of this Brochure, BPCFA manages Client's accounts in accordance with the terms, conditions, investment objectives and guidelines and limitations set forth in the investment management agreement entered into with each Client. The Firm generally utilize and pursue the same or similar investment strategies, processes and methods of analysis with respect to Separate Accounts as we utilize and pursue for the U.S. Mutual Funds.

BPCFA maintains risk management policies and procedures in connection with its advisory and management services with respect to Client accounts. Such policies and procedures are discussed periodically and considered in connection with ongoing investment advisory and commodity interest trading activities. The Firm considers a variety of risks that may affect Client accounts, including margin to equity ratios, liquidity issues and counterparty risk, among others. Such risk assessment and management efforts will relate to both equity and commodity-related positions. The Chief Compliance Officer and the portfolio managers work to identify these and other risks and monitor the materiality of these risks with respect to portfolios managed by the Firm on a periodic basis as part of the Firm's general compliance program.

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The methods of analysis and investment strategies summarized above are not intended to be comprehensive. For more information regarding the investment objective and strategies of each, please carefully review its applicable governing documents.

Certain Risk Factors

Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and Clients should be prepared to bear the loss of assets invested. There can be no assurance that Clients will achieve their investment objectives or that investments will be successful or profitable. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a Client's investments fluctuates due to market conditions and other factors. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that the Firm's investment strategies and services are low risk or risk free. The investment decisions made and the actions taken for Clients accounts are subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance of Clients accounts is not indicative of future performance. Investors and advisory Clients are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular Client account. Rather, it is a general description of the nature and risks of the strategies and securities and other financial instruments in which Client accounts may invest. The following risks may apply to strategies managed by BPCFA:

- **Acquisition Risk** – BPCFA may invest Client's assets in MLPs which may depend on their ability to make acquisitions that increase adjusted operating surplus per unit in order to increase distributions to unit holders. The ability of such MLPs to make future acquisitions is dependent on their ability to identify suitable targets, negotiate favorable purchase contracts, obtain acceptable financing and outbid competing potential acquirers. To the extent that MLPs are unable to make future acquisitions, or such future acquisitions fail to increase the adjusted operating surplus per unit, their growth and ability to make distributions to unit holders will be limited.



- **Asset Allocation and Rebalancing Risk** – The risk that a Client accounts assets may be out of balance with the target allocation. Any rebalancing of such assets by BPCFA may be limited by several factors and, even if achieved, may have an adverse effect on the performance of the Client account's assets.
- **Catastrophic Event Risk** – MLPs and other companies operating in the energy infrastructure industry are subject to many dangers inherent in the production, exploration, management, transportation, processing and distribution of natural gas, natural gas liquids, crude oil, refined petroleum and petroleum products and other hydrocarbons. These dangers include leaks, fires, explosions, damage to facilities and equipment resulting from natural disasters, inadvertent damage to facilities and equipment and terrorist acts. Since the September 11 terrorist attacks, the U.S. government has issued warnings that energy assets, specifically U.S. pipeline infrastructure, may be targeted in future terrorist attacks. These dangers give rise to risks of substantial losses as a result of loss or destruction of commodity reserves; damage to or destruction of property, facilities and equipment; pollution and environmental damage; and personal injury or loss of life. Any occurrence of such catastrophic events could bring about a limitation, suspension or discontinuation of the operations of MLPs and other companies operating in the energy infrastructure industry. MLPs and other companies operating in the energy infrastructure industry may not be fully insured against all risks inherent in their business operations and therefore accidents and catastrophic events could adversely affect such companies' financial conditions and ability to pay distributions to shareholders.
- **Commodity Price Risk** – MLPs and other companies operating in the energy infrastructure industry may be affected by fluctuations in the prices of energy commodities, including, for example, natural gas, natural gas liquids, crude oil and coal, in the short- and long-term. Fluctuations in energy infrastructure commodity prices would directly impact companies that own such energy commodities and could indirectly impact MLP companies that engage in transportation, storage, processing, distribution or marketing of such energy infrastructure commodities. Fluctuations in energy infrastructure commodity prices can result from changes in general economic conditions or political circumstances (especially of key energy-consuming countries); market conditions; weather patterns; domestic production levels; volume of imports; energy conservation; domestic and foreign governmental regulation; international politics; policies of the Organization of Petroleum Exporting Countries ("OPEC"); taxation; tariffs; and the availability and costs of local, intrastate and interstate transportation methods. MLPs, as part of the energy industry, may also be impacted by the perception that the performance of energy industry companies is directly linked to commodity prices. High commodity prices may drive further energy conservation efforts and a slowing economy may adversely impact energy consumption which may adversely affect the performance of MLPs and other companies operating in the energy industry. Low commodity prices may have the effect of reducing investment, exploration and production activities associated with such commodities and may adversely affect the performance of MLPs and other companies operating in the energy infrastructure industry.
- **Competition; Availability of Investments** – Certain markets in which BPCFA invest or may invest Client assets are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that BPCFA will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such

investments, which may result in increased competition to BPCFA in obtaining suitable investments.

- **Concentration Risk** – The increased risk of loss associated with not having a diversified portfolio (i.e., Client accounts concentrated in a geographic region, industry sector or issuer are more likely to experience greater loss due to an adverse economic, business or political development affecting the region, sector or issuer than an account that is diversified and therefore has less overall exposure to a particular region, sector or issuer).
- **Correlation Risk** – The risk that the performance of the underlying investment held in a Client's account may underperform or differ from the market, or prior to maturity, perform differently than the payment at maturity formula due to changes in factors influencing the structured investments, including equity performance and/or changes in credit spreads, implied volatility, interest rates and/or dividends.
- **Counterparty Credit Risk** – BPCFA has established relationships to engage in derivative and commodities interest transactions and obtain brokerage services all of which permit BPCFA's Clients to trade in any variety of markets or asset classes over time; however, there can be no assurance that BPCFA will be able to maintain such relationships. An inability to maintain such relationships would limit Client trading activities and could create losses, preclude Clients from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent Clients from trading at optimal rates and terms. Moreover, a disruption in the derivative, commodities interest trading and brokerage services provided by any such relationships before BPCFA establishes additional relationships could have a significant impact on the Client's business due to the Client's reliance on such counterparties.

Some of the markets in which BPCFA effects Client transactions are “over-the-counter” or “inter-dealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes Clients to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Client to suffer a loss. In addition, in the case of a default, the Client could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single counterparty or small group of counterparties.

Clients may use counterparties located in jurisdictions outside the United States. Such counterparties are subject to the laws and regulations in non-U.S. 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 Client assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on Clients and their assets.

Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, BPCFA's internal credit function which evaluates the creditworthiness of its counterparties may prove insufficient. The ability of Clients to transact business with any one or more counterparties, the lack of complete and “foolproof”

evaluation of the financial capabilities of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients.

- **Credit Diversification Risk** – The risk that the credit diversification of the strategy may be limited due to the lack of availability of structured investments from one or more issuers at a given time.
- **Currency Risk** – A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, trade deficits, budget deficits, national savings rates, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

BPCFA may enter into spot and forward currency contracts and options on currencies to trade currencies or to shift exposure to foreign currency fluctuations from one currency to another with respect to Clients. Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency market for buying or selling currency. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces a client's exposure with respect to its investment to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract.

Currency trading is subject to risks different from those of other transactions. In countries where exchange rate control is of great importance and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These government actions can result in losses to a client if we are unable to deliver or receive currency or funds in settlement of obligations. Furthermore, settlement of a currency forward contract for the purchase of most currencies must occur at a bank based in the issuing nation.

Under normal market conditions, transactions involving the U.S. Dollar and emerging market currencies are expected to be executed quickly and with low transaction costs. However, in periods of market stress, the instruments necessary to permit a Client to execute its investment program may not generally be available or may not, in BPCFA's judgment, be economically priced. In addition, following a significant decline in the net asset value of a Client, or a significant loss by a Client on the emerging market currency portfolio, counterparties may be unwilling to continue to offer currency instruments to a Client and may have the ability to terminate the master agreements relating to the existing currency instruments and all currency transactions documented thereunder. Finally, Client counterparties are not contractually obligated to offer currency instruments to Clients following the maturity of a given transaction or to increase the size of a transaction at a Client's request.

- **Depletion Risk** - MLPs and other energy infrastructure companies engaged in the exploration, development, management, gathering or production of energy commodities face the risk that commodity reserves are depleted over time. Such companies seek to increase their reserves through expansion of their current businesses, acquisitions, further development of their existing

sources of energy commodities or exploration of new sources of energy infrastructure commodities or by entering into long-term contracts for additional reserves; however, there are risks associated with each of these potential strategies. If such companies fail to acquire additional reserves in a cost-effective manner and at a rate at least equal to the rate at which their existing reserves decline, their financial performance may suffer. Additionally, failure to replenish reserves could reduce the amount and affect the tax characterization of the distributions paid by such companies.

- **Equity Risks** – The market price of securities owned by Clients may go up or down, sometimes rapidly or unpredictably. The equity securities in Clients' portfolios may decline in value due to factors affecting equity securities markets generally or the energy sector. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, including the basic minerals sector, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which BPCFA believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame we anticipate. As a result, Clients may lose all or substantially all of their investments in any particular instance.
- **Fixed Income Securities** – BPCFA invest Client assets in bonds or other fixed income securities of issuers including, without limitation, bonds, notes and debentures issued by corporations; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which BPCFA invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).
- **Forward Trading** – Forward 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. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the 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. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which BPCFA would otherwise recommend, to the possible detriment of our Clients. Market illiquidity or disruption could result in significant losses to Clients.

- **Futures Contracts** – BPCFA, on behalf of its Clients, may invest Client assets in commodities futures contracts, options on futures contracts and in other products and commodities interests that may be traded on commodities exchanges regulated by the CFTC or international exchanges or in the over-the-counter markets. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which clients' positions trade or of their clearing houses or counterparties. The use of futures contracts (and related options) exposes the Client to leverage and tracking risks because a small investment in futures contracts may produce large losses and futures contracts may not be perfect substitutes for securities.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent BPCFA from promptly liquidating unfavorable positions and subject Clients to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

- **General Economic and Market Conditions** – The success of the Firm's activities is affected by general economic and market conditions, such as changes in interest rates, availability of credit and debt-related issues, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of client investments), trade barriers, unemployment rates, release of economic data, currency exchange controls and national and international political circumstances (including wars, terrorist acts, natural disasters, security operations, the European debt crisis or the U.S. budget negotiations). These factors may affect the level and volatility of securities prices and the liquidity of Client investments. Volatility and/or illiquidity could impair a Client's profitability or result in losses. Clients could incur material losses even if the Firm reacts quickly to difficult market or economic conditions, and there can be no assurance that Clients will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Clients should realize that markets for the financial instruments in which the Firm invests Client assets can correlate strongly with each other at times or in ways that are difficult for the Firm to predict. Even a well-analyzed approach may not protect Clients from significant losses under certain market conditions.
- **Hedging Transactions** – While hedging strategies do not play a significant role in BPCFA's investment strategy, a Client may utilize financial instruments, both for investment purposes and for risk management purposes, in order to: (i) protect against possible changes in the market value of the Client's investment portfolio resulting from fluctuations in the commodities markets and changes in interest rates; (ii) protect the Client's unrealized gains in the value of the Client's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate or currency exchange rate on any liabilities or assets of BPCFA's

Clients; (vii) protect against any increase in the price of any commodities interests the Client anticipates purchasing at a later date; or (viii) for any reason that we deem appropriate.

The success of hedging strategies depends, in part, upon BPCFA's 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 commodities interests change as markets change or time passes, the success of a Client's hedging strategy is also subject to BPCFA's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in such hedging transactions. For a variety of reasons, BPCFA 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 the Client from achieving the intended hedge or expose the Client to risk of loss. BPCFA is not required to hedge any particular risk in connection with a particular transaction or its portfolios generally. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of client portfolio holdings.

- **High Yield ("Junk") Bond Risk** – High yield bonds are debt securities rated below investment grade (often called "junk bonds"). Junk bonds are speculative, involve greater risks of default, downgrade, or price declines and are more volatile and tend to be less liquid than investment-grade securities. Companies issuing high yield bonds are less financially strong, are more likely to encounter financial difficulties, and are more vulnerable to adverse market events and negative sentiments than companies with higher credit ratings.
- **Highly Volatile Markets** – The prices of financial instruments in which BPCFA invest Client assets can be highly volatile. Price movements of the financial instruments in which Client assets are invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.
- **Illiquid Investments** – Under certain market conditions, such as during volatile markets or when trading in an interest or market is otherwise impaired, the liquidity of Client investments may be reduced. In addition, a Client may from time to time hold large positions with respect to a specific type of investment, which may reduce the Client's liquidity. During such times, the Client may be unable to dispose of certain assets, which would adversely affect the Client's ability to rebalance its portfolio or to meet withdrawal requests. In addition, such circumstances may force the Client to dispose of assets at reduced prices, thereby adversely affecting the Client's performance. If there are other market participants seeking to dispose of similar assets at the same time, the Client may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if a Client incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In conjunction with a market downturn, the Client's counterparties could

incur losses of their own, thereby weakening their financial condition and increasing the Client's credit risk to them. Many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, liquidity may be reduced for client investments.

Investments in energy-related commodities futures contracts may be less liquid than investments in publicly traded securities. Commodities investments by Clients are typically made on the major exchanges such as CME or ICE or in the over-the-counter markets. Accordingly, any premature sales or dispositions of these investments also may adversely affect the investment results of Clients.

- **Index Contracts** – BPCFA may also invest Client assets in customized instruments seeking to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities or commodities interests. These hedging strategies may be executed by us through the use of exchange-traded index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “index contracts”) structured by investment banking or other institutions.

Index contracts generally have substantial risks associated with them, including possible default by the counterparty to the transaction, illiquidity and, to the extent BPCFA's view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, any lack of correlation between price movements of index contracts and price movements in the position of a Client may create the possibility that losses in the value of the Client's position may be greater than the gain on the hedging instrument (or that a gain in the client's position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, a Client might not be able to close a transaction without incurring substantial losses, if at all. Any such result may have a material adverse effect on the Client.

- **Investment and Trading Risks Generally** – All investments risk the loss of capital. No guarantee or representation is or can be made that BPCFA's investment program will be successful. BPCFA's investment program may involve, without limitation, risks associated with limited diversification, short-selling, commodity interest trading, equity risks, distressed issuers, interest rates, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in BPCFA's activities. Certain investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which BPCFAs' Clients may be subject. In addition, Client investments may be materially affected by conditions in the financial markets and U.S. and worldwide economic conditions.

As disclosed herein, BPCFA trades, buys, sells, spread, swap, and otherwise acquire, hold, dispose of, and deal in energy and energy-related commodities (including any which are now, or may hereafter be, the subject of commodities or commodities contract trading), futures contracts, forward contracts, options on futures contracts and physical commodities, spot (cash) commodities and any rights pertaining thereto and interests therein that may be traded on a commodities exchange or in the over-the-counter markets (hereinafter referred to collectively as “commodities interests”), the prices of which can be volatile, particularly over short time periods. Investments in individual commodity futures contracts and options on futures contracts historically have had a high

degree of price variability and may be subject to rapid and substantial price changes. These price changes may be magnified by computer-driven algorithmic trading, which is becoming much more prevalent in the commodities markets. Clients could incur significant losses on their investments in commodities interests. Movements in the prices of commodities interests generally are outside of our control, are extremely difficult to predict and may not be anticipated by us. Price movements are influenced by, among other things: governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; changes in international balances of payments and trade; U.S. and international rates of inflation; currency devaluations and revaluations; U.S. and international political and economic events; changes in interest and foreign currency/exchange rates; market liquidity; and changes in philosophies and emotions of market participants. In making investments, BPCFA may utilize highly speculative investment techniques, including high leverage, highly concentrated commodity portfolios and illiquid investments. Such investments may expose Clients' assets to the risks of material financial loss. Furthermore, BPCFA's investments are focused on the energy, natural resources and energy-dependent industries. Certain of BPCFA investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which Clients may be subject. In addition, BPCFA investments may be materially affected by conditions in the financial markets and U.S. and worldwide economic conditions.

BPCFA methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

- ***Investments in Distressed Issuers*** – BPCFA might invest Client assets in equity securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems and “below investment-grade” debt securities, including companies involved in covenant or payment default or in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is high, and there is no assurance that we will analyze such investments correctly.
- ***IPO Risk*** – The market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk.

- **Large-Cap Company Risk** – Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion.
- **Leverage and Liquidity Risks** – BPCFA may have the authority to borrow funds and may do so when deemed necessary or appropriate by the Firm or its affiliates. BPCFA may borrow funds on behalf of our Clients from brokers, banks and other lenders to finance its investing and trading operations, which borrowings may be secured by Client assets. The use of such leverage can, in certain circumstances, maximize the losses to which a Client's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that a particular asset or the Client as a whole is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to Client investments could result in a substantial loss to Clients, which would be greater than if Clients were not leveraged. Leverage may be achieved through, among other methods, direct borrowing and purchases of securities on margin and the use of options and other derivatives.

The purchase of options generally involves little or no margin deposit and, therefore, will provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to a Client. In addition, a Client may have unlimited discretion to use derivative instruments, which generally provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment.

- **Leveraging Risk** – Certain Client transactions, including futures contracts and short positions in financial instruments, may give rise to a form of leverage. Leverage can magnify the effects of changes in the value of the Client's investments and make the Client's portfolio more volatile. Leverage creates a risk of loss of value on a larger pool of assets than the Client would otherwise have had, potentially resulting in the loss of all assets. The Client may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- **Limited Diversification and Risk Management Failures** – At any given time, Client assets may not be diversified to any material extent and, as a result, Clients could experience significant losses if general economic conditions, and, in particular, those relevant to the issuers whose securities are owned by our Clients (i.e., energy-related securities), decline. In addition, Client portfolios could become significantly concentrated in a limited number of issuers, types of financial instruments, industries, strategies, countries or geographic regions, and any such concentration of risk may increase losses suffered by Clients. This limited diversity could expose Clients to losses disproportionate to market movements in general. Other investment funds pursue similar strategies, which creates the risk that many funds may be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although BPCFA attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in our risk management efforts could result in material losses for Clients.
- **Liquidity Risk** – BPCFA may not be able to sell some or all of the investments that Client holds due to a lack of demand in the marketplace or other factors such as market turmoil, or if BPCFA is forced to sell an illiquid asset to meet a Client's redemption requests or other cash needs it may only be able to sell those investments at a loss. Illiquid assets may also be difficult to value.

- **Litigation** – BPCFA investment activities may subject them, its affiliates and its Clients to the risks of becoming involved in litigation with third parties. The expense of defending against claims against a Client by third parties and the payment of any amounts pursuant to settlements or judgments would be borne by the Client. BPCFA and its affiliates will generally be indemnified by its Clients in connection with any such litigation, subject to certain conditions.
- **Low Trading Volume Risk** – The risk that a Client may not be able to monetize his/her investment or will have to do so at a loss as a result of generally lower trading volumes of the securities compared to other types of securities or financial instruments.
- **Management and Strategy Risk** – The value of a Client's investment depends on the judgment of BPCFA about the quality, relative yield, value or market trends affecting a particular security, industry, sector or region, which may prove to be incorrect. Investment strategies employed by BPCFA in selecting investments for a Client may not result in an increase in the value of the Client's investment or in overall performance equal to other investments.
- **Master Limited Partnership Risk** – Investment in securities of an MLP involves risks that differ from investments in common stock, including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's right to require unit-holders to sell their common units at an undesirable time or price. Certain MLP securities may trade in lower volumes due to their smaller capitalizations. Accordingly, those MLPs may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity to enable BPCFA on behalf of its Clients to effect sales at an advantageous time or without a substantial drop in price. Investment in those MLPs may restrict BPCFA and its Client's ability to take advantage of other investment opportunities. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns.
- **MLP Tax Risk** – A change in current tax law, or a change in the business of a given MLP, could result in an MLP being treated as a corporation or other form of taxable entity for U.S. federal income tax purposes, which would result in the MLP being required to pay U.S. federal income tax, excise tax or another form of tax on its taxable income. The classification of an MLP as a corporation or other form of taxable entity for U.S. federal income tax purposes could reduce the amount of cash available for distribution by the MLP and could cause any such distributions received by the Client to be taxed as dividend income, return of capital, or capital gain. Therefore, if any MLPs owned by the Client were treated as corporations or other forms of taxable entity for U.S. federal income tax purposes, the after-tax return to the Client with respect to its investment in such MLPs could be materially reduced which could cause a material decrease in the asset value of the Client's portfolio.
- **Natural Resources Risk** – BPCFA might periodically invest Client assets in MLPs and companies principally engaged in owning or developing non-energy natural resources (including timber and minerals) and industrial materials, or supplying goods or services to such companies. Investing in natural resources issuers (including MLPs) will be subject to the risk that prices of these investments may fluctuate widely in response to the level and volatility of commodity prices; exchange rates; import controls; domestic and global competition; environmental regulation and liability for environmental damage; mandated expenditures for safety or pollution control; the success of exploration projects; depletion of resources; tax policies; and other governmental

regulation. Investments in natural resources issuers can be significantly affected by changes in the supply of or demand for natural resources. The value of investments in natural resources issuers may be adversely affected by a change in inflation.

- **Non-U.S. Investments** – BPCFA might periodically invest Client assets in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains or other income, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, BPCFA may be unable to structure Client transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce BPCFA's clients' rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to Clients under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.
- **Operational Risk** – The risk of loss arising from shortcomings or failures in internal processes or systems of BPCFA, external events impacting those systems and human error. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents such as major system failures.
- **Other Derivative Instruments** – BPCFA 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 our investment objective 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. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

In general, using derivatives can have a leveraging effect and increase a Client's portfolio volatility. Derivatives can be highly illiquid and difficult to unwind or value, and changes in the value of a derivative held by the Client's portfolio may not correlate with the value of the underlying instrument or the Client's portfolio of other investments. Many of the risks applicable to trading the instruments underlying derivatives are also applicable to derivatives trading. However, additional risks are associated with derivatives trading that are possibly greater than the risks associated with investing directly in the underlying instruments. These additional risks include but are not limited to illiquidity

risk, operational leverage risk and counterparty credit risk. A small investment in derivatives could have a potentially large impact on the Client's portfolio performance. Recent legislation in the United States calls for new regulation of the derivatives markets. The extent and impact of the regulation are not yet fully known and may not be for some time. New regulation of derivatives may make them more costly, may limit their availability, or may otherwise adversely affect their value or performance.

- **Over-the-Counter Transactions** – BPCFA invest Client assets in energy-based financial instruments, including, without limitation, exchange-traded and over-the-counter derivatives contracts such as futures, options, swaps and forwards, which have energy commodities (such as petroleum products, natural gas and electric power) as their reference asset. Certain of these markets are in developmental stages and may expose Clients to unusually volatile returns and illiquidity. Energy-based derivatives have the same risks associated with them as other energy-related transactions and derivative financial instruments, including a high degree of leverage, deviations between the theoretical and realizable value of the reference commodity and the derivative and imperfections in dealer pricing. The energy markets in which Clients invest can experience periods of illiquidity, and BPCFA may choose to invest Client assets in joint ventures, private companies, physical assets (e.g., tankers, rigs, transmission lines, oil storage facilities and oil and gas producing properties) as well as a variety of other ventures and investments. The foregoing investments may be illiquid and may not have a readily-ascertainable market value.
- **Position Limits** – “Position limits” imposed by various regulators may also limit BPCFA’s ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if BPCFA does not intend to exceed applicable position limits, it is possible that different accounts managed by BPCFA may be aggregated. To the extent that Client position limits were collapsed, the effect on Clients and resulting restriction on their investment activities may be significant. If at any time positions managed by BPCFA were to exceed applicable position limits, BPCFA would be required to liquidate positions of its Clients to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, BPCFA might have to forego or modify certain of Client contemplated trades.
- **Put and Call Options** – BPCFA, on behalf of its Clients, may also purchase exchange-listed and over-the-counter put and call options on specific securities or commodities interests. In addition, BPCFA may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security or commodities interest at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security or commodities interest at a stated exercise price at any time prior to the expiration of the option. Options written by BPCFA’s Clients may be wholly or partially covered (meaning that the client holds an offsetting position) or uncovered. Options on specific securities or commodities interests may be used by to seek enhanced profits with respect to a particular security or commodities interest. Alternatively, BPCFA may use options for various defensive or hedging purposes.

Use of put and call options may result in losses to Clients, force the sale or purchase of portfolio holdings at inopportune times or for prices higher than (in the case of put options) or lower than (in

the case of call options) current market values, limit the amount of appreciation Clients can realize on their investments or cause a Client to hold a security or commodities interest it might otherwise sell. For example, a decline in the market price of a particular security could result in a complete loss of the amount expended by a Client to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by a Client. The use of uncovered option writing techniques may entail greater risks of potential loss to a Client than other forms of options transactions. For example, a rise in the market price of the underlying security will result in Clients realizing a loss on the calls written, which would not be offset by the increase in the value of the security or commodities interest to the extent the call option position was uncovered.

- **Regulatory Risks Relating to Energy Sector** – The energy sector is highly regulated. Companies operating in the energy sector are subject to significant regulation of nearly every aspect of their operations by federal, state and local governmental agencies. Examples of governmental regulations which impact companies operating in the energy sector include, without limitation, regulation of the construction, maintenance and operation of facilities, environmental regulation, worker safety regulation, labor regulation, trade regulation and the regulation of the prices charged for products and services. Compliance with these regulations is enforced by numerous governmental agencies and authorities through administrative, civil and criminal penalties. Stricter laws or regulations or stricter enforcement policies with respect to existing regulations would likely increase the costs of regulatory compliance and could impact the price of oil and/or natural gas.
- **Repurchase and Reverse Repurchase Agreements** – BPCFA may enter into, on behalf of its Clients, repurchase and reverse repurchase agreements. When a Client enters into a repurchase agreement, it “sells” securities or commodities interests to a broker or financial institution, and agrees to repurchase such securities or commodities interests on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Client “buys” securities or commodities interests issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities or commodities interests at the price paid by the Client, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements involves certain risks. For example, if the seller of securities to a Client under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Client will seek to dispose of such securities, this action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Client’s ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that a Client may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Client may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.
- **Secondary Market / Limited Liquidity Risk** – The risk that the secondary market for one or more of the underlying structured investments may be limited due to a particular issuer exposure, volatility of a referenced asset or for other reasons. This lack of liquidity in the secondary market may make one or more of the underlying investments more difficult to dispose of and to value, and, therefore, may result in the strategy being less liquid than other strategies and may negatively impact secondary market valuations.

- Short Sales** – BPCFA, on behalf of its Clients, may effect short sales of securities, commodities and derivative investments made in the over-the-counter markets. Short selling is the practice of selling securities, commodities or other underlying investments (as applicable, “Underlying Investments”) or derivative investments that are not owned by the seller, generally when the seller anticipates a decline in the price of the underlying investment or for hedging purposes. To complete a short sale, Clients generally must borrow the Underlying Investments from a third party in order to make delivery to the buyer. BPCFA generally will be required to pay a brokerage commission that will increase the cost to Clients of selling such Underlying Investments. The proceeds of the short sale plus additional cash or Underlying Investments must be deposited as collateral with the lender of the Underlying Investments to the extent necessary to meet margin requirements. The amount of the required deposit will be adjusted periodically to reflect any change in the market price of the Underlying Investments that a Client is required to return to the lender. The Client generally will be entitled to receive payments from the lender with respect to the short sale proceeds and additional cash on deposit with the lender at negotiated interest rates. The Client will be obligated to return the applicable Underlying Investments equivalent to those borrowed at any time on demand of the lender of the Underlying Investments borrowed by purchasing them at the market price at the time of replacement. Until the Underlying Investments are replaced, the Client will be required to pay to the lender amounts equal to any dividends or interest that accrue during the period of the loan of the Underlying Investments. An increase in the value of any Underlying Investment that is the subject of short selling by a Client may, as a result of the foregoing, have a material adverse effect on the assets of the Client, and therefore the return on investment of the Client.
- Shortages of Drilling Rigs, Equipment, Supplies and Personnel** – In the past, there have been periods where general shortages of drilling rigs, equipment and supplies have occurred. Shortages of drilling rigs, equipment or supplies could delay and adversely affect the oil and gas industry and may affect the value of Client investments. The oil and natural gas industry also may in the future experience variances in the availability of qualified personnel to operate drilling rigs, which could affect certain companies’ drilling operations and, in turn, affect their business, financial condition and results of operations. Such variances could have a material effect on the value of oil and natural gas prices and, consequently, BPCFA’s Clients.
- Small-Cap and Mid-Cap Company Risk** – The securities of small-capitalization and mid-capitalization companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger, more established companies or market averages in general. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions.
- Supply and Demand Risk** – Client investments may be impacted by the levels of supply and demand for energy commodities. Client investments could be adversely affected by reductions in the supply of or demand for energy commodities. The volume of production of energy commodities and the volume of energy commodities available for transportation, storage, processing or distribution could be affected by a variety of factors, including depletion of resources, depressed commodity prices, catastrophic events, labor relations, increased environmental or other governmental regulation, equipment malfunctions and maintenance difficulties, import volumes, international politics, policies of OPEC, and increased competition from alternative energy sources. Alternatively, a decline in demand for energy commodities could result from factors such as adverse economic conditions (especially in key energy-consuming countries), increased taxation, increased

environmental or other governmental regulation, increased fuel economy, increased energy conservation or use of alternative energy sources, or increased commodity prices.

- **Swap Agreements** – Clients may enter into swap agreements and options on swap agreements (“swaptions”). Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. A Client, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease client exposure to, for example, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, credit spreads, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. BPCFA is not limited to any particular form of swap agreement if consistent with the Client’s investment objective and policies.

Swap agreements tend to shift Client investment exposure from one type of investment to another. For example, if a Client agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the Client’s exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Client’s portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Client. If a swap agreement calls for payments by a Client, the Client must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Client.

Whether a Client’s use of swap agreements or swaptions will be successful will depend on BPCFA ability to select appropriate transactions for the Client. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Client’s portfolio. Moreover, the Client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Client also bears the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the client to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Client’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

- **Tax, Legal and Regulatory Risks** – The risk of loss due to increased costs and reduced investment and trading opportunities resulting from unanticipated legal, tax and regulatory changes, including the risk that the current tax treatment of securities, such as MLPs, could change in a manner that would have adverse consequences for existing investors.
- **Terrorist Attacks, War and Natural Disasters** – Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets and global economies and markets and could prevent BPCFA and its Clients from meeting their respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and recent natural disasters have created many economic and political

uncertainties, which may adversely affect the United States and world financial markets and the Firm's Clients for the short or long-term in ways that cannot presently be predicted.

- **Underperformance Risk** – The risk that the strategy may underperform the underlying investments due to reasons such as the capped feature of one or more investments and the fact that such structured investments do not receive dividends.
- **Weather Risk** – BPCFA might periodically invest Client assets in MLPs and other companies principally engaged in the propane sector. Weather plays a role in the seasonality of some MLPs' cash flows. MLPs in the propane sector, for example, rely on the winter season to generate almost all of their earnings. In an unusually warm winter season, propane MLPs experience decreased demand for their product. Although most MLPs can reasonably predict seasonal weather demand based on normal weather patterns, extreme weather conditions, such as hurricanes, can adversely affect performance and cash flows of the MLPs.

Item 9 Disciplinary Information

This Item requests information relating to legal and disciplinary events in which BPCFA or any supervised persons, as defined by the Advisors Act, have been involved that are material to Client's or prospective Client's evaluations of BPCFA's advisory business or management. There is no reportable material legal or disciplinary events related to BPCFA or any of its supervised persons. In the ordinary course of BPCFA's business, BPCFA, its affiliates and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations (SRO).



Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

BPCFA is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. BPCFA has a material relationship with Foreside Fund Services, LLC, a broker-dealer registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and a registered broker-dealer member with the Financial Industry Regulatory Authority ("FINRA"). Foreside Fund Services, LLC is the distributor (also known as the principal underwriter) of the shares of the BPCFA's sponsored U.S. Mutual Funds. Foreside Fund Services, LLC is not affiliated with BPCFA, its affiliates, or any of its Clients. BPCFA does not execute transactions for any of its Clients through Foreside Fund Services, LLC. Certain affiliated persons listed in Schedule A of BPCFA's Part 1 of Form ADV and affiliated persons (i.e., personnel) of BPCFA are registered representatives of Foreside Fund Services, LLC and hold FINRA licenses but do not receive any compensation from Foreside Fund Services, LLC.

Affiliated CPO and/or CTA

BPCFA is not registered, and does not have an application pending to register, as a futures commission merchant, commodity pool operator, or commodity trading advisor. BPCFA currently claims and relies on an exemption from registration under CFTC Rule 4.5 with the Commodity Futures Trading Commission ("CFTC"), with respect to each of the U.S. Mutual Funds, and therefore the Firm is exempt from registration as a commodity pool operator ("CPO"). CFTC Rule 4.5 makes available an exclusion from the definition of CPO "qualifying entities" that operate pools that are regulated by some other regulatory authority (i.e., registered investment companies and employee benefit plans that are subject to ERISA Title I). CFTC Rule 4.5 as it applies to registered investment companies, requires registered funds relying on the rule to: (i) refrain from marketing itself as a vehicle for trading in the commodity futures, commodity options or swaps markets; and (ii) other than bona fide hedging transactions, comply with de minimis restrictions. Accordingly, BPCFA does not market itself or any of its Clients as a vehicle for trading in the commodity futures, commodity options or swaps markets to any prospective or current investors in the U.S. Mutual Funds or any other advisory Clients.

BPCFA, however is affiliated with a SEC registered investment adviser, TBP Investments Management, LLC ("TBP") who is currently registered as both a CPO and commodity trading advisor ("CTA") with the CFTC and is a member of the National Futures Association ("NFA"). In addition, Mr. Pickens, Mr. David Meaney and Mr. Brian Bradshaw are affiliated persons of BPCFA and are (i) listed with the CFTC as a principal of TBP, (ii) registered with the CFTC as an associated person and swaps associated person of TBP, and (iii) an associate member of the NFA.



Relationship or Arrangements with Affiliates and/or Related Persons

TBP Investments Management, LLC

As stated above, BPCFA is affiliated with a SEC registered investment adviser, TBP, as well as the general partners of TBP's sponsored private pooled investment vehicles. TBP's affiliated general partners include BP Capital, LP, BP Capital Management, LP, BP Capital International Management, Inc., and BP Capital IA/TR Management, LP. In addition, BPCFA currently shares offices and various employees with TBP. Mr. David Meaney and Mr. Brian Bradshaw are principals of TBP and each directly own approximately 10% of TBP. Messrs. Meaney and Bradshaw also serve as portfolio managers with respect to TBP's sponsored private pooled investment vehicles.

In general, BPCFA expects to conduct its activities in a manner that is separate and independent from the activities of TBP. However, certain of BPCFA principals and employees, including Mr. David Meaney, Mr. Brian Bradshaw and Mr. Billy Bailey, provide investment advisory and other services and engage in various activities with respect to TBP's sponsored private pooled investment vehicles. TBP's sponsored private pooled investment vehicles could from time to time invest in the same financial instruments or engage in the same or similar investment strategies as BPCFA and/or its Clients. These activities could conflict with the transactions and strategies employed by BPCFA and its employees and affiliates in managing Client accounts and could raise various other actual or potential conflicts of interest. Moreover, the time and effort of BPCFA principals, portfolio managers and various employees will not be devoted exclusively to BPCFA's business or the business of its Clients but will be allocated among BPCFA, its Clients and TBP's sponsored private pooled investment vehicles.

Additional information about TBP Investments Management, LLC can be found in their respective Form ADV which can be found at www.adviserinfo.sec.gov.

BP Capital Energy Advisors, LLC

BPCFA is affiliated with BP Capital Energy Advisors, LLC ("BP Energy Advisors"), an investment adviser registered with the SEC under the Advisers Act. BPCFA currently offices on the same floor with BP Energy Advisors. BP Energy Advisors is a private equity firm that is focused on middle-market, natural gas-related investments in the United States, Canada, Mexico and Puerto Rico. BP Energy Advisors provides investment advisory services on a discretionary basis to BP Natural Gas Opportunity Partners, LP, a private equity fund, and an affiliate of BP Energy Advisors, BP Natural Gas Partners, LLC, acts as general partner with respect to BP Natural Gas Opportunity Partners, LP. Mr. Pickens currently serves as Chairman of BP Energy Advisors and indirectly owns approximately 45% of BP Energy Advisors and BP Natural Gas Partners, LLC.

In general, BPCFA expects to conduct its activities in a manner that is separate and independent from the activities of BP Energy Advisors and its affiliated entities. In light of BP Energy Advisors' focus on private equity investments, BPCFA does not expect that its investment activities will conflict with the transactions and strategies employed by BPCFA in managing Client accounts.

Additional information about BP Capital Energy Advisors, LLC can be found in their respective Form ADV which can be found at www.adviserinfo.sec.gov.

There are inherent conflicts of interest when a related person provides services to an adviser and its clients, in that such arrangements may not be conducted at "arm's length" and that BPCFA may have an incentive



to favor a related person over an independent third party. BPCFA generally does not recommend affiliated or non-affiliated investment advisers to Clients or prospective Clients. See *Item 11 – Code of Ethics* of this Brochure for a discussion of BPCFA's policies and procedures, which are designed to minimize conflicts of interest.

Investment Companies

BPCFA acts as investment adviser to two (2) series portfolios (the BP Capital TwinLine™ Energy Fund and the BP Capital TwinLine™ MLP Fund, each a U.S. Mutual Fund), on behalf of an unaffiliated multi-series trust, Professionally Managed Portfolios, organized as Massachusetts business trust (the "Trust"), is an open-end investment company registered under the Investment Company Act of 1940, as amended. As compensation for BPCFA's advisory services, the U.S. Mutual Funds pay a management fee, pursuant to an investment management agreement. See *Item 5 – Fees and Compensation* of this Brochure for information about BPCFA's compensation as an investment adviser to U.S. Mutual Funds. For additional detail on these services and fees, please refer to the U.S. Mutual Funds governing documents (i.e., prospectus and statement of additional information).

BPCFA acts as a portfolio consultant to an unaffiliated multi-series unit investment trust ("UIT"), which is an investment company registered under the Investment Company Act of 1940, as amended. Pursuant to a portfolio consulting agreement, BPCFA, in acting as a portfolio consultant, provides asset allocation services to the UITs sponsor, TSC Distributors, LLC ("TSC"). TSC is a broker-dealer registered under Exchange Act and a registered broker-dealer member FINRA. TSC is not affiliated with BPCFA, its affiliates, or any of its Clients. BPCFA does not execute transactions for any of its Clients through TSC. See *Item 5 – Fees and Compensation, Other Compensation* of this Brochure for information about BPCFA's compensation as a portfolio consultant to UITs.

Conflicts Related to Affiliations and Other Legal Restrictions

BPCFA may be restricted by law, regulation, or contract as to how much of a particular security it may invest in on behalf of a Client, and as to the timing of a purchase or sale. For example, holdings of a security on behalf of BPCFA's Clients may, under some SEC or state regulations, be aggregated with the holdings of that security by its affiliates. These holdings on an aggregate basis, could exceed certain regulatory reporting thresholds unless BPCFA, as well as its affiliates, monitors and restricts additional purchases.

From time to time, certain employees and affiliates of BPCFA may serve as directors and officers of, and provide advice to, privately held or publicly traded companies in which BPCFA's Clients invest. Clients should be aware that the receipt of non-public information by BPCFA's related persons regarding these companies could preclude BPCFA from effecting discretionary transactions on behalf of Clients in certain securities of these issues.

In addition, BPCFA may from time to time engage third-parties to provide certain consulting and strategic advisory services with respect to BPCFA and/or its affiliates. In consideration of such services, BPCFA may provide office space, administrative support and other benefits to such persons.



Item 11 Code of Ethics

BPCFA maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its code of ethics. The code of ethics applies to each employee of BPCFA and any other “access person” as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of BPCFA’s standard of business conduct.

A complete copy of BPCFA’s code of ethics (“Code of Ethics”) is available upon request to Clients or prospective clients.

The Code of Ethics is based upon the premise that all BPCFA personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of BPCFA; (3) observe BPCFA’s personal trading policies so as to avoid “front-running” and other conflicts of interests between BPCFA and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by BPCFA’s Chief Compliance Officer, and that personnel who violate the Code of Ethics are subject to sanctions by BPCFA, up to and including termination.

Standards of Conduct: BPCFA and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and BPCFA or Client.

Ethical Business Practices: Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Payments to government officials or government employees are prohibited except for political contributions approved by our Chief Compliance Officer. BPCFA seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from (i) participating in online blogging and communication with the media, unless approved by the Chief Compliance Officer, and (ii) spreading of false rumors pertaining to any publicly traded company.

Confidentiality: Employees must maintain the confidentiality of BPCFA’s proprietary and confidential information, and must not disclose that information unless the necessary approval is obtained. BPCFA has a particular duty and responsibility, as investment adviser, to safeguard Client information. Information concerning the identity and transactions of Clients is confidential, and such information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.

Gift and Entertainment Policy: Access persons are permitted, on occasion, to accept gifts and invitations to attend entertainment events. When doing so, however, employees should always act in BPCFA’s best interests and that of its Clients and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of BPCFA’s business relationship. Under no circumstances may (i) gifts of cash or cash equivalents be accepted or (ii) may any gifts be received in consideration or recognition of any services provided to or transactions entered into by, Client accounts.



Personal Trading

Personal Trading Policy: In general, no access person may acquire, directly or indirectly, any beneficial ownership in any “reportable security” without first obtaining the prior written approval of the Chief Compliance Officer or his delegate. Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are reviewed by the Chief Compliance Officer or his delegate for compliance with the personal trading policy and applicable SEC rules and regulations.

BPCFA’s principals and employees and certain of their affiliates may from time to time purchase or sell for their own personal accounts financial instruments that are recommended to, or purchased or sold on behalf of Clients’ accounts. The Firm’s principals and employees may also take investment positions in their personal accounts that are different from, or contrary to, those taken by Client accounts; however, they generally are not permitted to trade ahead of Client accounts. BPCFA’s principals and employees may frequently engage in the purchase and sale of public and private securities and other financial instruments for their own personal accounts, including financial instruments that are recommended to, owned by or purchased or sold on behalf of Client accounts. The personal trading activities of BPCFA’s principals, employees and affiliates may raise various actual and potential conflicts of interest. The Firm has implemented various compliance policies and procedures, including personal trading and reporting policies, in an attempt to reduce, mitigate or address any such actual or potential conflicts of interest. For example, as noted above, all access persons generally are required to obtain the prior written consent of the Chief Compliance Officer before buying or selling any “reportable security.” The percentage of time spent by BPCFA’s principals on personal trading does not, in the case of any such person, exceed 15% of such person’s professional time.

Whenever the Chief Compliance Officer determines that one of BPCFA’s affiliates or employees is in possession of material non-public information regarding an issuer, such issuer may either be placed on a restricted list or a watch list. When a company is placed on a watch list or restricted list, all employees are prohibited from personal trading in securities of those companies.

Prohibition against Insider Trading: BPCFA forbids any access person from trading, either personally or on behalf of others, including Clients advised by BPCFA, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as “insider trading”. The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics.

Reporting Requirements: In compliance SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with BPCFA, within 10 days of opening a new account, and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.

Privacy Policy: BPCFA has adopted a privacy policy that explains the manner, in which BPCFA collects, utilizes and maintains nonpublic personal information about Clients. BPCFA recognizes and respects the privacy concerns of their potential, current and former Clients. BPCFA is committed to safeguarding this information. As a member of the financial services industry, BPCFA will provide this Privacy Policy for



informational purposes to Clients and employees and will distribute and update it as required by law. The Privacy Policy is also available to upon request.

Collection of Information and Disclosure of Nonpublic Personal Information: To provide Clients with effective service, BPCFA may collect several types of nonpublic personal information about Clients, including: (i) information from forms that Clients may fill out, such as subscription forms, questionnaires and other information provided by Clients in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; (ii) information Clients may give orally; (iii) information about transactions within BPCFA, including account balances, investments and withdrawals; (iv) information about the amount Clients have invested, such as initial investment and any additions to and withdrawals from an investment in the Clients; and (v) information about any bank accounts Clients may use for transfers to or from separately managed accounts (if applicable).

Disclosure of Nonpublic Personal Information: BPCFA does not sell or rent Client information. BPCFA uses this information to conduct business with its Clients: (i) to develop or enhance its products and services; (ii) to understand the financial needs of its Clients so that BPCFA can provide such Clients with quality products and superior service; and (iii) to protect and administer its Clients' records, accounts and funds. BPCFA does not disclose nonpublic personal information about its Clients to nonaffiliated third parties or to affiliated entities, except as permitted or required by law. For example, BPCFA may share nonpublic personal information in the following situations: (i) to service providers in connection with the administration and servicing of BPCFA; this may include attorneys, accountants, auditors and other professionals. BPCFA may also share information in connection with the servicing or processing of Client transactions; (ii) to affiliated companies in order to provide Clients with ongoing personal advice and assistance with respect to the products and services Clients have purchased through BPCFA and to introduce Clients to other products and services that may be of value to such Clients; (iii) to respond to a subpoena or court order, judicial process or regulatory authorities; (iv) to protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and (v) upon consent of a Client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the Client.

Protection of Client Information: BPCFA's policy is to require that all employees, financial professionals and companies providing services on its behalf keep Client information confidential. BPCFA maintains safeguards that comply with federal standards to protect Client information. BPCFA restricts access to the personal and account information of Clients to those employees who need to know that information in the course of their job responsibilities. Third parties with whom BPCFA shares Client information must agree to follow appropriate standards of security and confidentiality. BPCFA's privacy policy applies to both current and former Clients. BPCFA may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

Changes to Privacy Policy: BPCFA may make changes to its privacy policy in the future. BPCFA will not make any change affecting any Client without first sending to that Client a revised privacy policy describing the change.

Potential Conflicts

BPCFA, its affiliates and their respective officers, directors, trustees, stockholders, members, partners and employees and their respective funds and investment accounts (collectively, the "Related Parties") engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This



section describes various potential conflicts that may arise in respect of the Related Parties, as well as how we address such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the foregoing potential conflicts of interest will be discussed and resolved on a case by case basis. Our determination as to which factors are relevant, and the resolution of such conflicts, will be made using our best judgment, but in our sole discretion. In resolving conflicts, we will take into consideration the interests of the relevant clients, the circumstances giving rise to the conflict and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

Allocation of Investment Opportunities

BPCFA acts as investment adviser to Client's that have similar investment objectives and pursue similar strategies. Certain investments identified by BPCFA may be appropriate for multiple Clients. Investment decisions for such Clients are made by BPCFA in their best judgment, but in their discretion, taking into account such factors as they believe relevant. Such factors may include investment objectives, regulatory restrictions, current holdings, availability of cash for investment, the size of investments generally, risk-return considerations, tax consequences, and limitations and restrictions on a Client's account that are imposed by such Client. In addition, if it is fair and reasonable that certain Clients are fully filled of their appetite before others (e.g., for tax considerations, to avoid de minimis partial allocations, to cover or close out an existing position to mitigate risk or losses, etc.), then these Clients may receive full or disproportionate allocations, with the remaining amounts allocated in accordance with normal procedures among the other participating Clients. One or more of the foregoing considerations in this paragraph may (and are often expected to) result in allocations among accounts other than on a *pari passu* basis. Accordingly, particular investment may be bought or sold for only one Client or in different amounts and at different times for more than one but less than all Clients, even though it could have been bought or sold for other Clients at the same time. Likewise, a particular investment may be bought for one or more Clients when one or more other Clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more Clients on the same date. There can be no assurance that a Client will not receive less (or more) of a certain investment than it would otherwise receive if BPCFA did not have a conflict of interest among Clients.

In effecting transactions, it is not always possible, or consistent with the investment objectives of BPCFA's various Clients, to take or liquidate the same investment positions at the same time or at the same prices. Certain investment restrictions may limit BPCFA's ability to act for a client and may reduce performance. Regulatory and legal restrictions (including restrictions on aggregated positions) may also restrict the investment activities of BPCFA and result in reduced performance.

BPCFA seeks to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities for its Clients, including the allocation of limited investment opportunities. BPCFA's allocation policy is based on a fundamental desire to treat each Client account fairly over time.

In addition to the investment strategies implemented by the portfolio managers for each of BPCFA's Clients, such portfolio managers may also give trading desk personnel of the Firm general authorization to enter into a limited amount of short-term trades (purchases expected to be sold within 15 business days) in debt instruments on behalf of such Clients. Over time, it is expected that these trades will not exceed 2% of each such Client's assets. Such investments executed by

authorized traders are generally allocated on a weighted rotational basis, based on the AUM of the accounts eligible to participate in such investment opportunities.

It is BPCFA's general policy to allocate investments among the accounts of its Clients in a manner which it believes to be fair and equitable. Allocations of investment opportunities should not be based on any of the following, or similar, reasons: (i) to generate higher fees paid by one account over another, or to produce greater fees to BPCFA; (ii) to develop a relationship with a Client or prospective Client; or (iii) to compensate a Client for past services or benefits rendered to the Company or any Employee of BPCFA or to induce future services or benefits to be rendered to BPCFA or any Employee of BPCFA.

BPCFA's policy, where an opportunity to purchase or sell an investment is appropriate for more than one Client, is to aggregate Client orders when doing so is likely to result in a better overall price or reduced cost for the Client trade. Consistent with its fiduciary duties, BPCFA allocates trades to its Clients on an equitable basis as set forth in this policy. Each Client who participates in an aggregated order participates at the average price with all transaction costs shared on a pro rata basis pursuant to these written procedures.

As stated above, in determining how an investment opportunity is allocated, BPCFA may take into account the following considerations: (i) the size, nature and type of investment or sale opportunity; (ii) the investment guidelines and restrictions of the Client; (iii) regulatory and contractual requirements; (iv) pre-determined tactical plan of a Client or Clients and corresponding capital commitments; (v) the cash position of the Client; (vi) liquidity needs/constraints of the Client; (vii) asset/liability management; (viii) minimum trade denominations; (ix) a determination by the portfolio manager that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Clients; (x) restrictions under ERISA or other applicable regulations; (xi) tax issues; (xii) the size of a Client's account; (xiii) client risk tolerance; and (xiv) such other factors as the portfolio manager deems relevant.

If all investment orders placed for Client accounts cannot be fully executed under prevailing market conditions, then the securities traded should be allocated among Client accounts a manner BPCFA deems to be equitable, taking into account the size of the order placed for each account and any other relevant factors.

Client directed or other restrictions may affect the allocation of an order. If a Client directed restriction is placed on a particular security or group of securities the order will be allocated to the other participating accounts as described above.

BPCFA formulates written allocation plans in the form of order memoranda based on the investment guidelines, current exposure levels of each Client and other factors set forth above across the various Client accounts including any ERISA Accounts. When a new investment is being made, BPCFA allocates investment opportunities among those Clients based upon the percentages determined by the plan. See *Item 11 – Code of Ethics* of this Brochure for more information about Allocation of Trades and potential conflicts of interest, including policies and procedures, which are designed to minimize conflicts of interest.

Investment Negotiation

In order to ensure compliance with Section 17(d) under the 1940 Act whenever an investment professional proposes to negotiate a term other than price for an investment (including any amendments), he/she must check to see if the investment (or any other position in the issuer's capital structure) is held (or proposed to be invested) in any BPCFA managed pooled investment vehicle that is a registered investment company (e.g., U.S. Mutual Funds).

If the investment is held in any BPCFA managed pooled investment vehicles that is a registered investment company, that person must contact the Chief Compliance Officer for guidance.

- (i) The transaction is generally permitted if all accounts are in the same part of the capital structure and participate in the investment pro rata
- (ii) Alternatively, impose "Chinese Wall" between retail/institutional investment decision-making

One person can negotiate, provided final investment decision still made separately. May also consult outside counsel and/or the Trust board for guidance.

Capital Structure Conflicts

Conflicts will arise in cases when Clients of BPCFA invest in different parts of an issuer's capital structure, including circumstances in which one or more Clients own private securities or obligations of an issuer and other Clients may own public securities of the same issuer. In addition, one or more Clients may invest in securities, or other financial instruments, of an issuer that are senior or junior to securities, or financial instruments, of the same issuer that are held by or acquired for, one or more other Clients. If such issuer encounters financial problems, decisions related to such securities (such as over the terms of any workout or proposed waivers and amendments to debt covenants) will raise conflicts of interests. For example, a Client holding debt securities of the issuer may be better served by a liquidation of the issuer in which it may be paid in full, whereas a Client holding equity securities of the issuer might prefer a reorganization that holds the potential to create value for the equity holders.

In the event of conflicting interests within an issuer's capital structure, BPCFA will generally pursue the strategy that it believes will maximize value for Client accounts overall (without regard to the nature of the accounts involved or fees received from such accounts):

- This strategy may be recommended by one or more investment professionals of the Firm;
- A single person may represent more than one part of an issuer's capital structure;
- The recommended course of action will be presented to BPCFA's Investment Committee for final determination as to how to proceed

BPCFA may elect, but is not required, to assign different teams to make recommendations for different parts of the capital structure as the Investment Committee determines in its discretion.

In the event any Related Parties serve on the Board of the subject company, they should recuse themselves from voting on any Board matter with respect to a transaction that has an asymmetrical impact on the capital structure.

- Related Party board members may still make recommendations to the Investment Committee.
- If any such persons are also on the Investment Committee, they may recuse themselves from the Investment Committee's determination.

BPCFA may use external counsel for guidance and assistance.

Position Conflicts

Another type of conflict may arise if BPCFA cause one Client account to buy a security and another Client account to sell or short the same security. Currently, such opposing positions are not permitted within the same account or within any accounts managed by the same portfolio manager without prior trade approval by the Chief Compliance Officer. In addition, transactions in investments by one or more affiliated Client accounts may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of other Client accounts.

Generally, BPCFA does not purchase, sell or hold securities on behalf of Clients contrary to the current recommendations made to other affiliated Client accounts. However, because certain Client accounts may have investment objectives, strategies or legal, contractual, tax or other requirements that differ (such as the need to take tax losses, realize profits, raise cash, diversification, etc.), BPCFA may purchase, sell or continue to hold securities for certain Client accounts contrary to other recommendations. In addition, BPCFA may be permitted to sell securities or instruments short for certain Client accounts and may not be permitted to do so for other affiliated Client accounts.

Principal Trading

In the event there is a situation in which BPCFA has an ownership interest in certain private pooled investment vehicles and it is determined that BPCFA is a related person by its ownership of greater than 25% of such entity, such private pooled investment vehicle is considered a "Principal Account."

To the extent there is a situation and BPCFA wishes to trade an asset from a Client account to or from a Principal Account (a "Principal Cross Trade"), the SEC has stated that the Principal Cross Trade may only occur if the Client account on the other side from the Principal Account consents to the trade after a disclosure by BPCFA of all material facts. BPCFA's Compliance Manual sets forth procedures for executing both cross trades and principal cross trades.

Cross Trading

In an effort to reduce transaction costs, increase execution efficiency, and capitalize on timing opportunities, BPCFA may execute cross trades, or sell a security for one affiliated Client to another affiliated Client, without interposing a broker-dealer. All cross trades are subject to the cross trade procedures set forth in BPCFA's Compliance Manual. Cross trades, however, may present an inherent conflict of interest because BPCFA and/or its affiliates represent the interest of the buyer and seller in the same transaction. As a result, Clients involved in a cross trade bear the risk that

the price obtained from a cross trade may be less favorable than if the trade had been executed in the open market. See *Item 11 – Code of Ethics, Cross Trades* of this Brochure for more information regarding potential conflicts of interest, including policies and procedures, which are designed to minimize conflicts of interest. In addition, see *Item 12 – Brokerage Practices* of this Brochure for more information about Cross Trade.

Conflicts Related to Investment Activities

As discussed in *Item 10 Other Financial Industry Activities and Affiliations* of this Brochure, BPCFA is affiliated with TBP and shares employees Mr. David Meaney and Mr. Brian Bradshaw, who also serve as portfolio managers with respect to TBP's Clients. Messrs. Meaney and Bradshaw are principals of TBP and each directly own approximately 10% of TBP. Messrs. Meaney and Bradshaw ("Related Advisors"), in their capacity as portfolio managers, provide investment advisory and other services to both TBP's Clients and BPCFA's Clients.

The Related Advisors may buy or sell the same securities for a TBP Clients' account that they buy or sell for a BPCFA Clients' account or engage in the same or similar investment strategies as BPCFA Clients. TBP also may receive greater management or performance-based fees or incentives in connection with managing certain TBP Client accounts than from other BPCFA Client accounts. In addition, if the Related Advisors allocate a Client's assets among pooled vehicles managed by the Related Advisors, they may have an incentive to allocate assets into vehicles that produce the greatest fees for the Related Advisors. Each of these situations give rise to a potential conflict of interest in the allocation of investment opportunities. In addition, the Related Advisors have an incentive to resolve conflicts of interest in favor of TBP Clients over BPCFA Clients. As previously described, the Related Advisors adopted trade allocation policies and procedures that seek to ensure fair and equitable access to investment opportunities for all accounts.

Trade Aggregation

In some circumstances, BPCFA may seek to buy or sell the same securities contemporaneously for multiple Client accounts. BPCFA may, in appropriate circumstances aggregate securities trades for a Client with similar trades for other Clients, but are not required to do so. In particular, BPCFA may determine not to aggregate transactions that relate to portfolio management decisions that are made independently for different accounts or if BPCFA determines that aggregation is not practicable, not required or inconsistent with Client direction. When transactions are aggregated and it is not possible, due to prevailing trading activity or otherwise, to receive the same price or execution on the entire volume of securities purchased or sold, the various prices may be averaged or allocated on another basis deemed to be fair and equitable. In addition, under certain circumstances, the Clients will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. The effect of the aggregation may therefore, on some occasions, either advantage or disadvantage any particular Client.

From time to time, aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all Client accounts seeking the investment opportunity or a Client may be limited in, or precluded from, participating in an aggregated trade as a result of that Client's specific brokerage arrangements. Also, an issuer in which Clients wish to invest may have threshold limitations or aggregate ownership interests arising from legal or regulatory requirements or company ownership restrictions, which may have the effect of limiting the potential size of the investment opportunity and thus the ability of the applicable Client to

participate in the opportunity. See *Item 11 – Code of Ethics* of this Brochure for more information about Trade Aggregation conflicts of interest, including policies and procedures, which are designed to minimize conflicts of interest.

Conflicts Related to Valuation

BPCFA may have a role in determining asset values with respect to Client accounts and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because BPCFA may be paid an asset-based fee on certain Client accounts. In order to mitigate these conflicts, BPCFA determines asset values in accordance with valuation procedures, which are set forth in BPCFA's Compliance Manual.

Conflicts Related to Investments in Affiliated Fund

BPCFA purchase for Client accounts interests in other pooled vehicles, including U.S. Mutual Funds, offered by Related Parties. Investment by a Client in such a vehicle means Related Parties receive advisory or other fees from the Client in addition to advisory fees charged for managing the Client's Account. The details of any possible fee offsets, rebates or other reduction arrangements in connection with such investments are provided in the documentation relating to the relevant Client account and/or underlying investment vehicle. In choosing between vehicles managed by Related Parties and those not affiliated with Related Parties, Related Parties may have a financial incentive to choose Related Parties-affiliated vehicles over third parties by reason of additional investment management, advisory or other fees or compensation Related Parties may earn. The potential for fee offsets, rebates or other reduction arrangements may not necessarily eliminate this conflict and Related Parties may nevertheless have a financial incentive to favor investments in Related Parties-affiliated vehicles. If BPCFA invest in an affiliated vehicle, a Client should not expect BPCFA to have better information with respect to that vehicle than other investors may have (and if BPCFA does have better information they may be prohibited from acting upon it in a way that disadvantages other investors).

Additionally, Related Parties may sponsor and manage funds and accounts that compete with BPCFA or make investment with funds sponsored or managed by third-party advisers that would reduce capacity otherwise available to the BPCFA's Clients.

Conflicts Related to Information Possessed by or Provided by BPCFA

Certain Related Parties may receive or create information (e.g., proprietary technical models) that is not generally available to the public. BPCFA has no obligation to provide such information to Clients or effect transactions for Clients on the basis of such information and in many cases BPCFA will be prohibited from trading for the same Clients based on the information. Similarly, some Clients may have access to information regarding Related Parties' transactions or views that is not available to other Clients, and may act on that information through accounts managed by persons other than Related Parties. Such transactions may negatively impact other Clients (e.g., through market movements or decreasing availability or liquidity of securities).

Conflicts Related to BPCFA's Relationships with Third Parties

BPCFA may advise third-parties regarding valuation, risk management, transition management and potential restructuring or disposition activities in connection with proprietary or Client

investments, which may create an incentive to purchase securities or other assets from those third parties or engage in related activities to bid down the price of such assets, which may have an adverse effect on a Client.

BP capital may work with pension or other institutional investment consultants and such consultants may also provide services to BPCFA. Consultants may provide brokerage execution services to Related Parties and Related Parties may attend conferences sponsored by consultants. BPCFA also may be hired to provide investment management or other services to a pension or other institutional investment consultant that works with a Client, which may create conflicts.

Related Parties may in-source or out-source to third parties certain processes or functions, which may give rise to conflicts. There may be conflict when negotiating with third-party service providers if Related Parties bear operational expenses of various Clients to the extent that a given fee structure would tend to place more expense on Clients for which Related Parties have a greater entitlement to reimbursement or less expense on Clients for which Related Parties have lesser (or no) entitlement to reimbursement. Related Parties may provide information about a Client's portfolio positions to unrelated third parties to provide additional market analysis and research to Related Parties and they may use such analysis to provide investment advice to other Clients.

Related Parties may purchase information (such as periodicals, conference participation, papers, surveys) from professional consultant firms, and such firms may have an incentive to give favorable evaluations of Related Parties to their Clients.

In selecting broker-dealers that provide research or other products or services that are paid with soft dollars, conflicts may arise between BPCFA and a Client because BPCFA may not produce or pay for these benefits but may use brokerage commissions generated by Client transactions. Soft dollar arrangements may also give BPCFA an incentive to select a broker-dealer based on a factor other than the BPCFA's interest in receiving the most favorable execution. Conflicts of interest related to soft dollar relationships with brokerage firms may be particularly influential to the extent that BPCFA uses soft dollars to pay expenses it might otherwise be required to pay itself. Furthermore, research or brokerage services obtained using soft dollars or that are bundled with trade execution, clearing, settlement or other services provided by a broker-dealer may be used in such a way that disproportionately benefits one Client over another (e.g., economics of scale or price discounts). For example, research or brokerage services paid for through one Client's commission may not be used in managing that Client's account. Additionally, where a research product or brokerage service has a mixed-use, determining the appropriate allocation of the product or service may create conflicts. See *Item 12 – Brokerage Practices* of this Brochure for information regarding BPCFAs' use of soft dollars.

Conflicts may arise where BPCFA has the responsibility and authority to vote proxies on behalf of its Clients. Please refer to *Item 17 – Voting Client Securities* of this Brochure for information regarding the policies and procedures governing BPCFAs' proxy voting activities.

Related Parties may serve on the boards of directors and/or investment committees of external organizations, including those organizations that are currently or may become Clients of Related Parties, and such service may present conflicts of interest to the extent the employee become aware of material non-public information and may be unable to initiate some transactions for other Clients while in possession of that information.

BPCFA may conduct business with institutions such as broker-dealers or investment banks that invest, or whose clients invest, in pooled vehicles sponsored or advised by BPCFA, or may provide other consideration to such institutions or recognized agents, and as a result BPCFA may have a conflict of interest in placing its brokerage transactions.

Related Parties may receive stock options from companies, the securities of which may be held in accounts of Related Parties' Clients, in exchange providing consulting work, including but not limited to, advisory services and financial services, for those companies.

Other Accounts and Relationships

As part of our regular business, BPCFA and its Related Parties hold, purchase, sell, trade or take other related actions both for their respective accounts and for the accounts of their respective Clients, on a principal or agency basis, subject to applicable law including Section 206(3) of the Advisers Act, with respect to loans, securities and other investments and financial instruments of all types. The Related Parties also provide investment advisory services, among other services, and engage in private equity, real estate and capital markets-oriented investment activities. The Related Parties will not be restricted in their performance of any such services or in the types of debt, equity, real estate or other investments which they may make. The Related Parties may have economic interests in or other relationships with respect to investments made by Clients. In particular, but subject to BPCFA's personal trading policy the Related Parties may make and/or hold an investment, including investments in securities, that may compete with, be *pari passu*, senior or junior in ranking to an, investment, including investments in securities, made and/or held by Clients or in which partners, security holders, members, officers, directors, agents or employees of such Clients serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in restrictions on transactions by Clients and otherwise create conflicts of interest for Clients. In such instances, the Related Parties may in their discretion make investment recommendations and decisions that may be the same as or different from those made with respect to Client investments, subject to the capital structure conflicts procedures discussed above. In connection with any such activities described above, but subject to BPCFA's personal trading policy the Related Parties may hold, purchase, sell, trade or take other related actions in securities or investments of a type that may be suitable for Clients. Subject to BPCFA's personal trading policy, the Related Parties will not be required to offer such securities or investments to Clients or provide notice of such activities to Clients. In addition, in managing Client portfolios, BPCFA may take into account its relationship or the relationships of its affiliates with obligors and their respective affiliates, which may create conflicts of interest. Furthermore, in connection with actions taken in the ordinary course of business of BPCFA in accordance with its fiduciary duties to its Clients, BPCFA may take, or be required to take, actions which adversely affect the interests of its Clients.

The Related Parties have invested and may continue to invest in investments that would also be appropriate for Clients. Such investments may be different from those made on behalf of Clients. No related advisor nor any Related Party has any duty, in making or maintaining such investments, to act in a way that is favorable to Clients or to offer any such opportunity to Clients, subject to BPCFA's allocation policy and personal trading policy. The investment policies, fee arrangements and other circumstances applicable to such other parties may vary from those applicable to Clients. Any Related Party may also provide advisory or other services for a customary fee with respect to investments made or held by Clients, and no stockholders nor Clients shall have any right to such fees except to the extent the governing documents of the applicable Client expressly provide

otherwise. Any Related Party may also have ongoing relationships with, render services to or engage in transactions with other Clients, who make investments of a similar nature to those of Clients, and with companies whose securities or properties are acquired by Clients and may own equity or debt securities issued by Clients. In connection with the foregoing activities any Related Party may from time to time come into possession of material nonpublic information that limits the ability of BPCFA to effect a transaction for Clients, and Client investments may be constrained as a consequence of BPCFA's inability to use such information for advisory purposes or otherwise to effect transactions that otherwise may have been initiated on behalf of its Clients.

Although the professional staff of BPCFA will devote as much time to Clients as they deem appropriate to perform their duties, the staff may have conflicts in allocating its time and services among Client accounts.

The directors, officers, employees and agents of the Related Parties may, subject to applicable law, serve as directors (whether supervisory or managing), officers, employees, partners, agents, nominees or signatories, and receive arm's length fees in connection with such service, for Clients or any Related Party, or for any Client joint ventures or any affiliate thereof, and no Clients nor their stockholders shall have the right to any such fees except to the extent the governing documents of the applicable Client expressly provide otherwise.

The Related Parties serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as Clients, or of other investment funds managed by BPCFA. In serving in these multiple capacities, they may have obligations to other Clients or investors in those entities, the fulfillment of which may not be in the best interests of Clients or their stockholders. Clients may compete with other entities managed by BPCFA for capital and investment opportunities.

There is no limitation or restriction on BPCFA with regard to acting as investment manager (or in a similar role) to other parties or persons. This and other future activities of Related Parties may give rise to additional conflicts of interest. Such conflicts may be related to obligations that BPCFA or its affiliates have to other Clients.

Material Non-Public Information

There are generally no ethical screens or information barriers among BPCFA and certain affiliates of the type that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. If BPCFA, any of its personnel or affiliates were to receive material non-public information about an investment or issuer, or have an interest in causing a Client to acquire a particular investment, BPCFA may be prevented from causing the Client to purchase or sell such asset due to internal restrictions imposed on BPCFA. Notwithstanding the maintenance of certain internal controls relating to the management of material non-public information, it is possible that such controls could fail and result in BPCFA, or one of its investment professionals, buying or selling an asset while, at least constructively, in possession of material non-public information. In addition, while BPCFA and certain affiliates generally operate without information barriers on an integrated basis, such entities could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, BPCFA's ability to operate as an integrated platform could also be impaired, which would limit BPCFA's access to personnel of its affiliates and potentially impair its ability to manage Client investments.

Approach to Other Potential Conflicts

Various parts of this Brochure discuss potential conflicts of interest that arise from BPCFA's asset management business model. BPCFA discloses these conflicts due to the fiduciary relationship with its investment advisory Clients. As a fiduciary, BPCFA owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between the Firm and Clients; or between its employees and its Clients. Where potential conflicts arise, BPCFA will take steps to mitigate, or at least disclose, them. Conflicts that BPCFA cannot avoid (or chose not to avoid) are mitigated through written policies that BPCFA believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, using robust compliance practices, BPCFA believes that it has handle these conflicts appropriately. These interactions are not static; BPCFA's business is continually evolving and changes in the Firm's activities can lead to new potential conflicts. BPCFA reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.

Item 12 Brokerage Practices

As a general rule, BPCFA receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable investment management agreement, BPCFA's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are effected. BPCFA may also have the authority to enter into International Swap and Derivatives Association ("ISDA"), repurchase clearing, trading brokerage, margin future, options, or other types of agreements on behalf of BPCFA's Clients. In making decisions as to which securities are to be bought or sold and the amounts thereof, BPCFA is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless BPCFA and the Client have entered into a non-discretionary arrangement, BPCFA generally is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions.

Brokerage Selection

The overriding consideration in allocating Client orders for execution is the maximization of Client profits (or minimization of losses) through a combination of controlling transaction costs (including market impact) and seeking the most effective uses of a broker's capabilities. When BPCFA has the authority to select broker-dealers to execute transactions for its Clients, it seeks to obtain the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commissions or spread). In so doing, BPCFA considers all factors it deems relevant. Such factors may be either venue specific or transaction specific and may include, but are not limited to: (A) for venues: (i) execution capability including speed of execution, quality of communication links to BPCFA, clearance and trade settlement history and capability and ratio of complete versus incomplete trades; (ii) ability to handle large trades in securities having limited liquidity without undue market impact and ability to provide liquidity (as principal, agent or otherwise); (iii) access to market liquidity and quotation sources; (iv) financial condition of the counterparty, including reputation and creditworthiness; (v) responsiveness and reliability in executing trades, keeping records and accounting for and correcting administrative errors; (vi) ability to maximize price improvement opportunities, including the ability to provide ad hoc information or services; and (vii) ability to comply with all regulatory requirements; and (B) for transactions: (i) price and overall cost



of the transaction, including any related credit support; (ii) the size, type and timing of the transaction; (iii) existing and expected activity in the market for the security, including any trading patterns of the security and the particular marketplace; (iv) nature and character of the security or instrument and the markets on which it is purchased or sold; (v) value of research provided, if permitted under applicable law or regulation; (vi) fund or portfolio objectives or Client requirements (if permissible), as may be applicable; (vii) if applicable, Client-directed brokerage arrangements; and (viii) applicable execution venue factors.

BPCFA does not consider a broker-dealer's sales of BPCFA's affiliated products, including shares of U.S. Mutual Funds or any other advised investment company, when determining whether to select such broker or dealer to execute Client portfolio transactions. BPCFA may also enter into over-the-counter derivatives transactions generally on stocks, indices, interest rates, debt securities or currencies to seek to enhance the Client's portfolio return and attempt to limit downside risk. Counterparties to these derivatives transactions are selected based on a number of factors, including credit rating, execution prices, execution capability with respect to complex derivative structures and other criteria relevant to a particular transaction.

BPCFAs endeavor is to be aware of current charges assessed by relevant broker-dealers and to minimize the expense incurred for effecting portfolio transactions, to the extent consistent with the interests and policies of Client accounts. However, BPCFA will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction. Although BPCFA generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent as transactions that involve specialized services on the part of a broker-dealer generally result in higher commission rates or equivalents than would be the case with more routine transactions. BPCFA may pay higher commission rates to those brokers whose execution abilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results.

Unless inconsistent with the BPCFA's duty to seek best execution, BPCFA may direct a broker to execute a trade and "step out" a portion of the commission in favor of another broker that provides brokerage or research related services to BPCFA as described above. BPCFA may also use step out transactions in fulfilling a client-directed brokerage arrangement, to allow for an order to be aggregated, or for regulatory or other purposes. However, BPCFA does not enter into agreements with, or make commitments to, any broker-dealer that would bind BPCFA to compensate that broker-dealer, directly or indirectly, for Client referrals or sales efforts through placement of brokerage transactions; nor will BPCFA use step out transactions or similar arrangements to compensate selling brokers for their sales efforts. BPCFA's sponsored U.S. Mutual Funds have adopted procedures pursuant to Rule 12b-1(h) under the 1940 Act which provide that neither the funds nor BPCFA may direct brokerage in recognition of the sale of fund shares. Consistent with those procedures, BPCFA does not consider sales of shares of its U.S. Mutual Funds, as a factor in the selection of brokers or dealers to execute portfolio transactions. However, whether or not a particular broker or dealer sells shares of BPCFA's sponsored U.S. Mutual Funds neither qualifies nor disqualifies such broker or dealer to execute transactions for those U.S. Mutual Funds.

Soft Dollars

In those circumstances where more than one broker-dealer is able to satisfy BPCFA's obligation to obtain best execution, BPCFA may place a trade order on behalf of Client accounts with a broker-dealer that charges more than the lowest available commission cost or price. BPCFA may do this in exchange for



certain brokerage and research services provided either directly from the broker-dealer or through a third party ("Soft Dollar Arrangements"), provided that each of the following is met:

- BPCFA determines:
 - (i) The research or brokerage product or service constitutes an eligible brokerage or research service;
 - (ii) The product or service provides lawful and appropriate assistance in the performance of BPCFA's investment decision making responsibilities; and
 - (iii) In good faith the amount of Client commissions paid is reasonable in light of the value of the products or services provided.
- The brokerage or research is "provided by" a broker-dealer who participates in effecting the trade that generates the commission. BPCFA may not incur a direct obligation for research with a third party vendor and then arrange to have a broker-dealer pay for that research in exchange for brokerage commissions.
- BPCFA may only generate soft dollars with commissions in agency transactions. BPCFA may not use dealer markups in principal transactions to generate soft dollars. In addition, a trade for a fixed income security or over-the-counter ("OTC") security may be done on an agency basis only if the trader determines that it would not result in a broker-dealer unnecessarily being inserted between BPCFA and the market for that security.
- No soft dollars are generated on accounts for which:
 - (i) Investment discretion resides with the Client (i.e. non-discretionary accounts);
 - (ii) Client mandates restrict or prohibit the generation of soft dollar commissions;
 - (iii) The Client has a directed brokerage arrangement.
- The brokerage trade placed is for "securities" transactions (and not, for example, futures transactions).

If a Client account is under the custody of one brokerage firm and another brokerage firm is a selling group member for an underwriting syndicate, such a Client account may not be able to participate in the purchase of securities in the underwriting because the custodial brokerage firm was not a selling group member. In addition, to the extent that a Client directs brokerage trades to be placed with a particular broker, the allocation of securities transactions may be impacted.

BPCFA has entered into, and may enter into in the future, written or formal or informal agreements with brokers or third parties where the Firm may use "soft dollars" generated by Client accounts to pay for the research and/or related services provided by brokers described above. The term "soft dollars" refers to the receipt by us of products and services provided by brokers without any cash payment by the Firm, based on the volume of revenues generated from brokerage commissions for transactions executed for Clients' accounts. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).



Using “soft dollars” to obtain investment research and/or related services creates a potential conflict of interest between BPCFA and its Clients’ accounts, because the “soft dollars” may be used to acquire such products and services that are not exclusively for the benefit of the Client accounts that paid such commissions and that may primarily benefit BPCFA. To the extent that BPCFA is able to acquire these products and services without expending BPCFA resources (including management fees paid by Client accounts), BPCFA’s use of “soft dollars” would tend to increase its profitability. Furthermore, BPCFA may have an incentive to select or recommend brokers based on its interest in receiving research or other products or services, rather than on its Clients’ interest in receiving most favorable execution. BPCFA may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits. BPCFA does not, however, negotiate higher rates on fees and expenses to be paid by Clients in exchange for lower rates on fees and expenses to be paid by BPCFA.

Research services furnished by brokers through whom BPCFA effects securities transactions may be used in servicing all of BPCFA’s Clients’ accounts, and not all such services may be used in connection with the accounts which paid commissions to the broker providing such services. The Firm seeks to allocate soft dollar benefits among client accounts in a fair and equitable manner under the circumstances, but there can be no assurance that we will be successful in this regard.

During the last fiscal year, BPCFA acquired research and an order management system with Client brokerage commissions.

Section 28(e) of the Exchange Act, provides a safe harbor to advisers who use soft dollars generated by Client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to BPCFA in the performance of investment decision-making responsibilities. BPCFA intends that any soft dollars that it receive in connection with Client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act. Examples of eligible services and products include independent stock research, economic research, research in specific industry sectors, real time feeds, newswires, strategic analysis, and back office systems.

Brokerage for Client Referrals

In selecting or recommending brokers, BPCFA does not consider whether it or its Related Persons receive Client or investor referrals from such brokers.

Directed Brokerage

BPCFA does not routinely recommend, request or require that a Client direct the Firm to execute transactions through a specified broker-dealer. In situations where a Client has directed BPCFA to place trades with a particular broker-dealer, BPCFA may not be free to seek the best price, volume discounts or best execution by placing transactions with other broker-dealers. Additionally, as a result of directing BPCFA to place trades with a particular broker-dealer, a disparity in commission charges may exist between the commissions charged to Clients who direct us to use a particular broker-dealer and those Clients who do not direct us to use a particular broker-dealer as well as a disparity among the brokers to which different Clients have directed trades.



Aggregation of Orders

Orders of Clients may be combined (or “bunched”) when possible to obtain volume discounts resulting in a lower per share commission. Please see *Item 11 – Code of Ethics, Trade Aggregation* of this Brochure for more information regarding BPCFA’s trade aggregation procedures.

IPO/Limited Offering Allocations

Clients may from time to time participate in an initial public offering (an “IPO”), or other types of limited offerings, if the portfolio manager managing the portfolio believes that the offering is an appropriate investment based on the portfolio’s investment restrictions, risk profile, asset composition and/or cash levels. Clients must be eligible to receive allocations of IPOs pursuant to relevant FINRA regulations. In the event that BPCFA reasonably determines that a Client is not eligible to receive IPO allocations pursuant to these regulations or does not have reasonable assurances that the Client is eligible to receive allocations, BPCFA may prohibit the Client’s account from receiving any allocations of an available offering. BPCFA’s IPO/limited offering allocation procedures generally require all shares to be allocated on a pro-rata basis to all participating eligible accounts based on the total assets of each account. In certain circumstances, BPCFA may deviate from a pro-rata allocation to account for allocation sizes that are deemed by investment personnel to be de minimis for certain eligible accounts or to address situations specific to individual accounts (e.g., cash limitations, position weightings, etc.). BPCFA cannot assure, in all instances, participation in IPOs or limited offerings by all eligible accounts. In the event an eligible account does not participate in an offering, BPCFA does not reimburse for opportunity costs. See *Item 11 – Code of Ethics, Allocation of Investment Opportunities* of this Brochure for more information regarding potential conflicts of interest.

Cross Trades

In its discretion, BPCFA may, but is not required to, engage in “cross trades”, whereby BPCFA causes one of its Clients to sell a security and another of its Clients to purchase the same security at or about the same time, provided such transaction is in the best interests of both accounts and is consistent with BPCFA’s best execution obligations. Cross trades may be used in an effort to obtain best execution because cross trades can potentially reduce transaction costs and increase execution efficiency. Cross trades present potential conflicts of interest. For example, there is a risk that the price of a security bought or sold in a cross trade may not be as favorable as it might have been had the trade been executed in the open market. Additionally, there is a potential conflict of interest when a cross trade involves a Client account on one side of the transaction and an account in which BPCFA has substantial ownership or a controlling interest (such as a newly-formed sponsored Fund) or an account in which BPCFA receives a higher management fee on the other side of the transaction.

To address these potential conflicts, BPCFA maintains policies and procedures, which require that all cross trades are made at an independent current market price and are consistent with Section 206 of the Advisers Act. In addition, if one of the parties to the cross trade is a registered investment company, the transaction must comply with procedures adopted under Rule 17a-7 under the 1940 Act. BPCFA does not permit cross trades with accounts subject to ERISA. While BPCFA generally does not execute cross trades among its sponsored U.S. Mutual Funds and other Client Accounts, BPCFA may execute cross trades among Separate Accounts and/or other accounts managed by BPCFA. See *Item 11 – Code of Ethics, Cross Trades* of this Brochure for more information regarding potential conflicts of interest.



ADRs

In certain circumstances, BPCFA may invest Client assets in ADRs. When doing so, depending upon the existence and/or liquidity of the ADR and other factors, these trades may be executed in the U.S. or in a non-U.S. market. When trades are executed in non-U.S. markets, non-U.S. securities will be acquired and broker-dealers or other securities intermediaries will convert these non-U.S. securities into U.S. ADRs (denominated in U.S. dollars). Broker-dealers or other securities intermediaries may charge commissions, conversion and/or other fees for converting the securities into ADRs, all of which will be included (i.e. netted) into the price of the securities. These conversion fees may be negotiable, may vary, and typically are paid by the Clients.

Additionally, BPCFA may convert a non-U.S. security to an ADR that would be considered highly illiquid when traded in the U.S. This may make it difficult to liquidate a position when Clients close an account, transfer the assets to another firm, request a withdrawal or other transaction that requires the security be traded domestically versus in the foreign security market. The liquidity, or lack thereof, of the converted ADRs in the U.S. market could result in a transaction price that differs substantially from the transaction price that could be obtained if that same security was transacted in the non-U.S. market.

Company Errors

Trade errors may occur either in the investment decision-making process (e.g., a purchase of a security or an amount of security that violates a client's investment restrictions) or in the trading process (e.g., a buy order executed as a sell, the purchase or sale of a security other than what was intended, or trading an incorrect quantity of securities). Internal or clerical mistakes that affect the investment or trading process and have a financial impact to a Client will also be treated as trade errors.

A "trade error" will generally be defined as a transaction that is executed in a manner that was not intentional and results in a corrective action being taken. Any mistakes that do not affect the investment decision-making or trading process, or cause a violation of a Client's investment policies or restrictions, and do not cause gain or loss to the Client, will not be treated as trade errors.

BPCFA's traders will be responsible for notifying the Chief Compliance Officer promptly of the circumstances of any trade error. Traders will discuss any action taken to correct a trade error (e.g. selling a security in the open market) and/or any other corrective action with the Chief Compliance Officer prior to its implementation as to whether such action is appropriate.

If a third party creates the error, BPCFA will look to the third party to take corrective action. Broker-dealers may be held responsible for a portion of any loss resulting from a trade error if actions of such broker-dealer contributed to the error or the loss. BPCFA will require broker-dealers to assist in rectifying a trade error on favorable terms if their actions or inactions contributed to the error or the resulting loss. A broker may absorb the loss from a trade error caused by the broker. BPCFA will not direct brokerage commissions to brokers, or to enter into other reciprocal arrangements with brokers, in order to induce a broker to absorb a loss from a trading error caused by BPCFA. No soft-dollars may be used to satisfy any trade errors. In addition, the Firm may not use the securities in one Client's account to settle the trade error in another Client's account.

Item 13 Review of Accounts

BPCFA's Investment Committee has the responsibility to exercise and maintain prudent supervision and control of the Client's investments and portfolios. The Investment Committee continuously reviews and insures the investment policies, guidelines, and objectives for each Client's general investment strategy are achieved and attained per the Client's investment policies, guidelines, and objectives as stated in the Client's governing documents. The Investment Committee maintains prudence and effectiveness of each investment of the Client and formulates and oversees the investment policies and management of the Client's assets, and periodically reviews investment strategies and investment performance. In carrying out its duties the Investment Committee provides recommendations on investment opportunities through a stringent due diligence process to identify investment opportunities that meet the Client's stated investment objective and goals; reviews individual investment performance and recommends changes when appropriate; and works closely with staff to ensure that the investment objectives are being met as stated in the Client's governing documents. In monitoring the Client's portfolio of investments, the Investment Committee ensures (i) the management of investments and capital actions are in compliance and consistent with attainment of the Client's investment policy, financial objectives and strategy goals, and (ii) the Client's portfolio is in compliance with legal and regulatory requirements. The review process is further augmented by regular quarterly meetings between the portfolio manager, the Investment Committee and the Chief Compliance Officer. U.S. Mutual Funds are also reviewed on a periodic basis by the U.S. Mutual Funds' Boards of Directors or Trustees, as applicable. The Chief Compliance Officer also performs ongoing reviews of all such accounts for compliance with investment policies and restrictions. In addition to, and not as a substitute for the foregoing, additional reviews are conducted in accordance with Client requests as set forth in the relevant investment management agreement.

The Investment Committee is comprised of Messer's Toby Loftin, David Meaney, Brian Bradshaw, Mark Laskin, Mark Easterbrook, Billy Bailey, Tim Dumois and the Chief Compliance Officer, Patrick Hurley. The Investment Committee meets frequently, if not daily, by meeting in person, telephone conference, or other interactive electronic communication to discuss market conditions, portfolio analysis, and investment transaction matters.

Nature and Frequency of Reporting

The frequency and nature of reports prepared for Clients varies depending on each Client's requirements and interests. BPCFA provides and may in the future provide certain information and documentation to certain Clients that are not distributed or otherwise made available to other Clients. Clients generally receive monthly or quarterly written reports showing portfolio activities and performance on a current and year-to-date basis. These written reports typically disclose all holdings in the Client's account, including cash, together with cumulative year-to-date information about dividends and interest realized by the account. BPCFA may furnish certain account transaction and portfolio holdings to institutional Clients such as U.S. Mutual Funds and Separate Accounts and their service providers on a more frequent basis. Depending on the type of account, BPCFA may also provide oral and/ or written presentations about the account's performance on a periodic basis. BPCFA will also provide Clients, upon request, other information regarding their portfolio within the parameters of its compliance policies. Face-to-face meetings or teleconferences are held at least annually with each Client. Clients may request a meeting with BPCFA at any time.

With respect to the Separate Accounts, the qualified custodian generally provides each advisory Client, on at least a quarterly basis, an account statement identifying the amount of the funds and securities in the Clients' account(s) and any transactions in the Clients' account(s) during the applicable calendar quarter.



Clients are urged to compare any account statements that they receive from BPCFA with the account statements that it receives from its qualified custodians.

Item 14 Client Referrals and Other Compensation

Payments to BPCFA By A Non-Client In Connection With Advice Provided to A Client

Certain retirement and/or pension plan sponsors may pay management/performance fees in connection with advice provided by BPCFA to such plan directly to BPCFA instead of having the management/performance fee deducted from the retirement or pension plan assets.

Solicitation, Introduction or Placement Arrangements

From time to time, BPCFA may compensate certain affiliated and unaffiliated persons or entities for Separate Account referrals or introductions to BPCFA or placements of interests in U.S. Mutual Funds, in compliance with applicable law, including circumstances where, in connection with discrete advisory transactions, BPCFA will pay or split a portion of the fees with an unaffiliated third-party for assisting in obtaining a specific Client. The material terms of such arrangements will be disclosed to relevant Clients or investors. BPCFA will inform each Separate Account investor and any other Client that is the subject of such solicitation services that the third-party solicitor will be compensated by the Separate Account investor, the Client or BPCFA, as the case may be. The name of the third-party providing the services will also be disclosed to each relevant Separate Account investor and any other Client that is the subject to such solicitation services, along with the nature of any affiliation between the third-party and BPCFA.

With respect to Client solicitation arrangements, Rule 206(4)-3 of the Advisers Act (the “Cash Solicitation Rule”) requires that, among other things, compensation to a solicitor be made pursuant to a written agreement and, for third-party solicitor arrangements, that the solicitor provide to each person solicited for BPCFA’s advisory services, a written disclosure statement (the “Solicitor’s Disclosure Statement”) and this Brochure (or alternate brochure required or permitted to be provided). The Solicitor’s Disclosure Statement contains important information with respect to, among other things, the material terms of the solicitor’s compensation from BPCFA, the nature of any relationship or affiliation between the solicitor and BPCFA, whether the Client bears any costs with respect to the solicitation and whether the fees paid by such a Client may differ from fees paid by other similarly situated Clients who are not so introduced, as a result of the solicitation, and these Solicitor’s Disclosure Statements should be reviewed carefully by prospective Clients.

As discussed in *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure, each affiliated person who participates in the marketing and distribution of shares of the U.S. Mutual Funds are registered representatives of Foreside Fund Services, LLC and hold FINRA licenses but do not receive any compensation from Foreside Fund Services, LLC. These affiliated person are compensated directly by BPCFA and are not paid from any advisory Client account. Receiving (or the prospect of receiving) compensation may provide an incentive for employees to favor sales of strategies that generate a higher rate of revenue and for which they receive a higher compensation rate.

From time to time, BPCFA may compensate certain unaffiliated broker-dealers (e.g., Palmetto Advisory Group, MidAmerica Financial Services, Inc. and TSC Distributors, LLC) (“Wholesalers”) for the marketing and distribution of shares of the U.S. Mutual Funds, in compliance with applicable law. Each Wholesaler is compensated by BPCFA for providing such service, pursuant to an agreement between BPCFA and each



individual Wholesaler. The Wholesalers are not affiliated with BPCFA, its affiliates, or any of its Clients. BPCFA does not execute transactions for any of its Clients through the Wholesalers.

Consistent with BPCFA's policy and applicable regulation, BPCFA from time to time also pays for, or reimburses broker-dealers to cover various costs arising from, or activities that may result in, the sale of advisory products or services, including: (i) Client and prospective Client meetings and entertainment; (ii) sales and marketing materials; (iii) educational and training meetings or entertainment activities with the registered representatives of such broker-dealers and other personnel from entities that distribute BPCFA products and/or services; and (iv) charitable donations in connection with events involving personnel or Clients of entities that distribute BPCFA's products and/or services.

Further, from time to time, BPCFA may have arrangements in place to purchase services, publications, general consulting advice, conference attendance, or limited advisory services from third-party consultants. Generally, these consultants do not solicit Clients on behalf of BPCFA or its affiliates, but may recommend BPCFA or its affiliated investment advisers to their Clients. To the extent BPCFA enters into a referral arrangement with third-party consultants, such arrangement will be made in accordance with the Cash Solicitation Rule.

As stated in *Item 12 – Brokerage Practices*, BPCFA may allocate portfolio transactions to broker-dealers who provide research and/or related services.

Item 15 Custody

BPCFA does not act as custodian for Client assets. However, under Rule 206(4)-2 under the Advisers Act, BPCFA is deemed to have custody of certain Client assets. In the case of U.S. Mutual Funds, arrangements have been made with qualified custodians as disclosed in the U.S. Mutual Funds governing documents (i.e., prospectus and statement of additional information). In addition U.S. Mutual Funds obtain additional financial statements which statements are provided to investors no later than 120 days following the fiscal year end.

In the case of Separate Accounts, Clients may give BPCFA the power to withdraw funds or securities maintained with a custodian upon request. Without coming to a legal conclusion as to whether BPCFA would have custody over these assets, BPCFA operates as if it does have custody in such situations. Accordingly, any Separate Account Clients will receive account statements from their broker-dealer, bank, or qualified custodian and should carefully review those statements. Separate Accounts Clients should carefully review those statements and, to the extent BPCFA also delivers statements to such Clients, compare the BPCFA statement to the statements of the qualified custodian. For tax and other purposes, the custodial statement is the official record of a Separate Account Client's account and assets. Statements received from BPCFA may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities. See *Item 13 – Review of Accounts* of this Brochure for more information about BPCFA's account statements.



Item 16 Investment Discretion

As a general rule, BPCFA receives discretionary investment authority from its Clients at the outset of an advisory relationship. Depending on the terms of the applicable investment management agreement, BPCFA's authority may include the ability to select broker-dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at which transactions are effected. BPCFA may also have the authority to enter into International Swap and Derivatives Association ("ISDA"), repurchase clearing, trading brokerage, margin future, options, or other types of agreements on behalf of BPCFA's Clients. In making decisions as to which securities are to be bought or sold and the amounts thereof, BPCFA is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions. Unless BPCFA and the Client have entered into a non-discretionary arrangement, BPCFA generally is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions. See *Item 4 – Advisory Business* of this Brochure for additional information on Clients' ability to tailor investment guidelines. See *Item 12 – Brokerage Practices* of this Brochure for more information.

Item 17 Voting Client Securities

Securities held in Client Accounts

Clients may direct BPCFA to vote proxies or may retain the ability to vote proxies themselves. To the extent Clients retain the ability to vote proxies themselves, Clients will not receive information about their proxies from BPCFA. Instead, Clients should receive proxies from their custodian, transfer agent or other third-party service providers such as their proxy service provider. If Clients direct BPCFA to vote proxies on their behalf, the following policies and procedures apply.

BPCFA's proxy voting policy ensures proxies are voted on behalf of each Clients' account and in the best economic interests of such Client account, without regard to the interests of BPCFA, its affiliates or any other Client of BPCFA. BPCFA monitors corporate actions of those securities it has purchased on behalf of its Clients by utilizing a third party proxy management system provided by Institutional Shareholder Services Inc. ("ISS"). Receipt of proxy materials are logged into a proxy control sheet.

BPCFA will not accept direction as to how to vote individual proxies for which it has voting responsibility from any other person or organization (other than the research and information provided by ISS). Subject to specific provisions in a Client's account documentation related to exception voting, BPCFA only accepts direction from a Client to vote proxies for that Client's account pursuant to the BPCFA's Proxy Voting Guidelines (the "Guidelines") or ISS's recommendations, including recommendations under its Proxy Voter Services program. In addition, a Client may instruct BPCFA in its investment management agreement to vote all proxies strictly in accordance with the ISS Taft-Hartley voting guidelines (the "Taft-Hartley Guidelines").

ERISA Plan Policy

On behalf of Client accounts subject to ERISA, BPCFA seeks to discharge its fiduciary duty by voting proxies solely in the best interest of the participants and beneficiaries of such plans. BPCFA recognizes that the exercise of voting rights on securities held by ERISA plans for which BPCFA has voting responsibility is a fiduciary duty that must be exercised with care, skill, prudence and diligence. In voting proxies for ERISA accounts, BPCFA will exercise its fiduciary responsibility to vote all proxies for shares for which it has investment discretion as investment manager unless the power to vote such shares has



been retained by the appointing fiduciary as set forth in the documents in which the named fiduciary has appointed BPCFA as investment manager.

Securities held in U.S. Mutual Funds

In voting proxies for securities held by a U.S. Mutual Fund, BPCFA considers only the interests of the U.S. Mutual Fund and will vote such proxies in the best economic interests of such U.S. Mutual Fund. BPCFA resolves the conflict of interest by generally following the proxy voting recommendation of a disinterested third party such as ISS, Glass Lewis, or another institutional proxy research firm, unless the applicable fund portfolio manager determines that voting contrary to such recommendation is in the best interest of a particular retail account.

Should the U.S. Mutual Funds participate in a securities lending program under which shares of an issuer may be on loan while that issuer is conducting a proxy solicitation. Generally, if shares of an issuer were on loan during a proxy solicitation, the U.S. Mutual Fund could not vote the shares. Portfolio managers have discretion to instruct the lending agent to pull back the lent shares before proxy record dates and vote proxies if time permits.

Conflicts of Interest

BPCFA's Chief Compliance Officer is responsible for monitoring and resolving possible material conflicts with respect to proxy voting. Because the Guidelines are pre-determined and designed to be in the best interests of shareholders, application of the Guidelines to vote Client proxies should, in most cases, adequately address any possible conflicts of interest. Similarly, for Clients who have instructed BPCFA to vote proxies in accordance with the Taft-Hartley Guidelines, these guidelines are pre-determined by ISS. As a result, application of the Taft-Hartley Guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest. On a quarterly basis, the Chief Compliance Officer reviews records of votes that were cast inconsistently with the Guidelines and the related rationale for such votes. Additionally, and in instances where a portfolio manager has discretion to vote differently than the Guidelines and proposes to vote a proxy inconsistent with the Guidelines and a potential conflict of interest is identified, the Chief Compliance Officer reviews such proxy votes to determine whether the portfolio manager's voting rationale appears reasonable and no material conflict exists. A conflict of interest may exist, for example, if BPCFA has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. In addition, any portfolio manager with knowledge of a personal conflict of interest (i.e., a family member in a company's management) relating to a particular referral item shall disclose that conflict to the Chief Compliance Officer and may be required to recuse himself or herself from the proxy voting process. Issues raising possible conflicts of interest may be referred to the Chief Compliance Officer for resolution. If the Chief Compliance Officer does not agree that the portfolio manager's rationale is reasonable, the Chief Compliance Officer will refer the matter to the Investment Committee to vote the proxy. If a matter is referred to the Investment Committee the decision made and basis for the decision will be documented by the Chief Compliance Officer.

Reporting and Record Retention

Upon request, on an annual basis, BPCFA will provide its Clients with the proxy voting record for that Client's account. On an annual basis, BPCFA will provide its proxy voting record for each U.S. Mutual Fund for the one-year period ending on June 30th. In addition, each U.S. Mutual Fund's proxy voting record for the most recent 12-month period ended June 30th is available (i) without charge, upon request, and (ii) on



the SEC's website (<http://www.sec.gov>). Information as of June 30th each year will generally be available on or about the following August 31st. BPCFA retains proxy statements received regarding Client securities, records of votes cast on behalf of Clients, records of Client requests for proxy voting information and all documents prepared by BPCFA regarding votes cast in contradiction to the Guidelines. In addition, any document prepared by BPCFA that is material to a proxy voting decision such as the Guidelines, Chief Compliance Officer materials and other internal research relating to voting decisions will be kept. Proxy statements received from issuers are either available on the SEC's EDGAR database or are kept by a third party voting service and are available upon request. All proxy voting materials and supporting documentation are retained for a minimum of six years.

Item 18 Financial Information

BPCFA does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279.

BPCFA has discretionary authority or custody of Client funds or securities. There is no financial condition that is reasonably likely to occur that would impair the Firm's ability to meet contractual commitments to Clients. BPCFA has not been the subject of a bankruptcy petition during the past ten years.