

Form ADV Part 2A: Firm Brochure

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Halcyon Liquid Strategies IC Management LP is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Halcyon Liquid Strategies IC Management LP. If you have any questions about the contents of this brochure, please contact us at (212) 303-9498. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Halcyon Liquid Strategies IC Management LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This is an annual update of our brochure. There have been no material changes since our last filing.

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1. Advisory Business

Halcyon Liquid Strategies IC Management LP (referred to as “IC Management”) was founded in November 2013 and its affiliate, Halcyon Liquid Strategies UCITS Management LP (referred to as “UCITS Management”) was founded in August 2014 and is a relying adviser with respect to IC Management’s registration. IC Management and UCITS Management are investment advisory services firms focusing on highly liquid investment strategies for registered investment company clients (referred to as “RICs”) and UCITS sub-fund clients respectively. (The registrant and its relying adviser, collectively and to the extent required by context, individually, are referred to as “Halcyon” or “we”). IC Management provides investment advisory services pursuant to sub-advisory agreements with unaffiliated investment managers on behalf of certain series of open-end investment companies registered under the Investment Company Act of 1940, as amended. UCITS Management provides investment advisory services pursuant to a sub-investment management agreement with an unaffiliated investment manager on behalf of certain portfolios of a UCITS sub-fund.

Halcyon is affiliated with Halcyon Asset Management LLC, a leading global asset management firm for private investment funds. Halcyon’s regulatory assets under management are estimated to be \$216,507,704 as of December 31, 2014. Halcyon and its affiliates (referred to as the “Halcyon Group”) manage approximately \$11 billion in client assets as of March 1, 2015 for a diverse group of advisory client funds and accounts whose investors include leading public and private pension funds, endowments, foundations, financial institutions, insurance companies, funds of hedge funds, and high-net-worth individuals. Halcyon Group’s advisory client funds have investors in the United States, Canada, Latin America, the United Kingdom, Continental Europe, the Middle East, Asia, and Australasia. Halcyon is headquartered in New York. John M. Bader serves as Chairman and Kevah Konner as Vice Chairman. Kevah Konner and Todd Solomon serve as the Portfolio Managers for Halcyon. The sole limited partner of Halcyon is Halcyon Liquid Strategies LP, and Halcyon Liquid Strategies GP LLC is the general partner of Halcyon. The Halcyon Group draws on the skills and experience of approximately 125 employees, approximately 50 of whom are investment professionals.

Halcyon focuses primarily on public equities where there may be structural market inefficiencies and on situations where its research suggests the risk is less asymmetric than for similar investments. These investments may include long/short strategies; relative value opportunities; opportunistic, liquid credit strategies; and other strategies.

We tailor advisory services to the individual needs and specified investment mandates of our clients. We adhere to the investment restrictions set forth in the sub-advisory agreement with the investment manager of each client. Subject to the requirements of the sub-advisory agreements, we have full discretionary authority over the investment program of the assets allocated to us by the investment manager of each client. We do not participate in wrap fee programs.

2. Fees and Compensation

Halcyon receives compensation from the investment managers of the clients calculated as a percentage of the assets under management by Halcyon and in the case of a UCITS sub-fund, based on performance achieved for the client's account or certain interests in the client account. Neither Halcyon nor any of Halcyon partners and other Halcyon employees (referred to as "Employees") receives any transaction-based compensation for the sale of securities or other investment products.

The asset-based fees with respect to RICs are calculated by the RIC's principal investment manager on the average daily allocated assets in accordance with the relevant RIC's methodology and paid by the principal investment manager to Halcyon monthly or quarterly in arrears, subject to pro-rata in the event the relevant sub-advisory agreement is terminated before the end of the fee period.

The asset-based fees for the UCITS sub-fund are calculated monthly in arrears (pro-rated for any shorter periods), and performance-based fees are calculated annually and upon redemption of shares of the UCITS sub-fund. These fees are paid by the UCITS sub-fund to its investment manager, and a portion of these fees is then paid by the investment manager to Halcyon.

Clients are responsible for all of their costs and expenses, including payment of brokerage commissions, transfer fees, registration costs, registration costs, interest on debit balances or borrowings, commitment fees, reasonable legal fees of the client in connection with its holding of or restructuring of portfolio securities or other investments or the enforcement of its rights relating thereto, but not for research-related purposes (unless specifically permitted in the relevant sub-advisory agreement), withholding or transaction-related taxes and other similar costs and transaction-related expenses and fees, custodian fees and expenses arising out of transactions effected on behalf of the clients, and to the extent permitted by the relevant sub-advisory agreement, fees, expenses and profit-sharing payments due to unaffiliated advisors, sub-advisors, consultants, lawyers and finders (which do not offset the management fees of Halcyon), specific expenses incurred in obtaining or maintaining systems, research and other information utilized with respect to the clients' investment program.

When Halcyon incurs expenses on behalf of multiple clients, we allocate the expenses among the applicable clients in a fair and equitable manner and consistent with the clients' governing documents. We typically allocate expenses directly related to a specific investment among clients based on the relative value of the positions being acquired, held or sold, and shared expenses not directly related to a specific investment are generally allocated based on the relative net asset value of client accounts to the extent the relevant sub-advisory agreement permits to charge such expenses to the client. However, we may apply other expense allocation formulas and methods at our discretion. We cannot guarantee the accuracy of all expense allocations and are not financially responsible for incorrect allocations in the absence of a breach of the standard of care set forth in the relevant sub-advisory agreement.

For more information on brokerage transactions and costs, please see Section 9: Brokerage Practices.

3. Performance-Based Fees and Side-By-Side Management

Halcyon does not receive performance-based compensation in connection with its sub-advisory services to RICs, but receives performance-based compensation in connection with its services to UCITS sub-funds. In addition, Halcyon's affiliates receive performance-based compensation for their services to other clients which may invest in the same positions as Halcyon's clients. There is a potential conflict of interest in favoring clients subject to performance compensation over those that are not subject to performance-based compensation. The Halcyon Group's investment allocation policy prevents Halcyon and its affiliates from taking compensation into account when allocating limited investment opportunities.

4. Types of Clients

We provide advisory services solely to RICs and UCITS sub-funds by entering into sub-advisory agreements with their investment managers.

5. Method of Analysis, Investment Strategies, and Risk of Loss

- A. Halcyon focuses primarily on public equities where there may be structural market inefficiencies and on situations where its research suggests the risk is less asymmetric than for similar investments. These investments may include long/short strategies; relative value opportunities; opportunistic, liquid credit strategies; and other strategies,

Halcyon's investment, research, and risk management processes are systematic and institutionalized. Halcyon's dynamic approach to portfolio construction is based on bottom-up position comparison with a top-down overlay. Halcyon's investment process begins with idea generation. Halcyon's investment professionals generate proprietary screens and mine relationships with sell- and buy-side analysts, company contacts, news media and other sources. Our research process involves fundamental analysis and valuation, constituency analysis, legal and regulatory evaluation, consideration of tax and accounting issues, as well as timing estimation. Investment decisions are made on a bottom-up basis by the Portfolio Managers at the Investment Committee meeting each morning and throughout the day, in the context of new information, conclusions and market conditions. Positions across strategies are repeatedly compared based on their changing relative risk-reward ratios and compete for capital accordingly. Maximum position sizes are based on downside analysis. The positions are executed by Halcyon's trading desk.

- B. Halcyon's dedication to the rigorous management of risk within and across subsets of its portfolios is designed to identify and address appropriately the sorts of risk inherent in the types of transactions in which we participate. However, despite our risk management process, investing in any securities or other assets involves a risk of loss that our clients and the investors in our clients must be prepared to bear.

Examples of potential areas of risk associated with the investment strategy in which we engage are:

High Turnover. Halcyon trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate may be significant, potentially involving substantial brokerage commissions, related transaction fees, and expenses and financing charges.

Equity Securities Generally. We engage in trading equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on numerous occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.

Non-Controlling Investments. We typically make non-controlling investments and, therefore, may have a limited ability to protect its investments and may be adversely affected by actions taken by the majority equity holders of the portfolio companies in which it invests.

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

Small and Medium Capitalization Companies. We may invest a portion of our clients' assets in the securities or other instruments of companies with small to medium-sized market capitalizations. While Halcyon believes such securities or other instruments often provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities or other instruments of larger companies. For example, prices of small-capitalization and even medium-capitalization securities or other instruments are often more volatile than prices of large-capitalization securities or other instruments and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In

addition, due to thin trading in the securities or other instruments of some small-capitalization companies, an investment in those companies may be illiquid.

Interest Rate Fluctuations. The prices of securities or other investments tend to be sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the corresponding prices of positions to move in directions which were not initially anticipated. For example, as interest rates rise, the market value of fixed income securities and similar assets tends to decrease. Conversely, as interest rates fall, the market value of fixed incomes securities and similar assets tends to increase. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose clients to losses.

Investments in Unregistered Securities. We may invest a portion of our clients' assets in unregistered securities or other instruments, including investments in new and early stage companies or companies undergoing operational or financial restructuring, which may involve a high degree of business and financial risk that can result in substantial losses. Because of the possible absence of a liquid trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly traded securities or other instruments. Although these securities or other instruments may be resold in privately negotiated transactions, the prices realized on these sales could be substantially less than those originally paid by our clients. Further, companies whose securities or other instruments are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities or other instruments.

Competition. The success of investments typically depends on our ability to identify or exploit opportunities more efficiently than other market participants. The ability to do so may be adversely affected as a result of the highly competitive nature of the asset management industry.

Leverage. Subject to legal and contractual restrictions and applicable law, Halcyon generally has the discretion to use borrowing and other forms of leverage, including through the use of derivative instruments in our strategies. While the use of leverage can amplify the profit on successful investments, it can also amplify the losses incurred on unsuccessful investments.

Limited Liability and Indemnification. Each sub-advisory agreement limits the instances in which Halcyon may be held liable. In addition, Halcyon and its affiliates are entitled to indemnification by each client with respect to their services in the absence of a breach of Halcyon's standard of care, which can result in significant financial burden borne by the client.

Conflicts of Interest. As described elsewhere in this brochure, Halcyon is subject to various conflicts of interest as a result of our management of multiple clients, the nature of our compensation arrangements, and our relationship with the affiliated management companies and other accounts managed by them. The existence of these conflicts of

interest may influence the independence of Halcyon's judgment. This brochure and other Halcyon Group materials contain information about how Halcyon manages these conflicts.

The offering documents for clients and the summary of risk factors that we provide to our clients contain a discussion of various risk considerations that is more extensive in scope and depth than the foregoing summary.

6. Disciplinary Information

There have been no legal or disciplinary events involving Halcyon or any of our Managing Principals or executive officers that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

7. Other Financial Industry Activities and Affiliates

Halcyon is affiliated with the following management companies, which are Halcyon's related persons: Halcyon Asset Management LLC, Halcyon Loan Management LLC, Halcyon Asset-Backed Advisors LP, Halcyon Long/Short Management LP, and Halcyon Long Duration Recoveries Management LP. Each of these entities is separately registered with the Securities and Exchange Commission as an investment adviser, and information concerning each of these entities and all of its relying advisers (if any) is included in its own Form ADV Part 1 and Part 2. Halcyon is also affiliated with Halcyon Structured Asset Management L.P. and HJS Management LP. In addition, Halcyon is affiliated with Halcyon Asset Management (UK) LLP and Halcyon Loan Advisors (UK) LLP, which is authorized and regulated by the Financial Conduct Authority of the United Kingdom.

Our investment professionals participate in managing the portfolios of more than one advisory client and in many instances, on behalf of more than one investment advisory entity. As a result, they do not devote their exclusive attention to any single advisory client or any single management company. Mindful of the presence of potential conflicts of interest, Halcyon seeks to act fairly when allocating investment opportunities. Halcyon has adopted written policies and procedures that are designed to ensure fair allocations over time. In particular, our policy prevents us from taking into account fee or other compensatory differences in allocating an investment opportunity.

The investment activities of one or more advisory clients of the Halcyon Group can result in the imposition of restrictions on the flexibility of other clients. For example, if the Halcyon Group obtains material non-public information concerning a company on behalf of an advisory client in connection with a privately negotiated transaction, other advisory clients may be unable to trade in securities of the same company in the public markets. In addition, such accounts may compete with the RICs and UCITS sub-funds for investment opportunities or otherwise pursue different interests within the same portfolio companies to the extent permitted by applicable law, including investing in securities of the same companies with different seniority, participating in litigation or pursuing activist tactics. Requirements imposed by the Investment Company Act with respect to

Halcyon's investment activities may indirectly result in some prohibitions and restrictions on the investment activities of one or more advisory clients of the Halcyon Group, and in seeking to minimize these restrictions when possible, consistent with applicable law and its internal policies, Halcyon may determine not to invest in a position on behalf of a RIC even if such position is appropriate for a RIC.

Halcyon does not plan to engage in cross trades among accounts managed by it or by the Halcyon Group. However, to the extent permitted by the relevant sub-advisory agreement and to the extent Halcyon determines to engage in any such transaction, it will do so only upon a determination that such transaction is in the best interests of each of the participating client accounts and with the consent of the relevant client if consent is required by applicable law, contract or in other appropriate circumstances as determined by Halcyon. In addition, any cross trades affecting RICs are subject to the requirements of Rule 17a-7 under the Investment Company Act of 1940, as amended. See also Section 9: Trade Aggregation and Allocation.

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

- A. Halcyon and its affiliated management companies have adopted a Code of Ethics in accordance with legal requirements. The Code of Ethics is designed to ensure that the interests of Employees do not conflict with the interests (including transactions) of our clients. The Code of Ethics is based on the principle that Halcyon and its Employees owe a fiduciary duty to our clients and their investors. Thus, Employees must, among other things, (i) place the interests of our clients and their investors first, (ii) avoid taking inappropriate advantage of their positions within Halcyon, and (iii) conduct their personal securities and other investment transactions in full compliance with the Code of Ethics. Policies adopted by Halcyon with which all Employees (and, in certain circumstances, members of their families and other related persons) must comply include, but are not limited to, preapproval of certain personal investment transactions by the Chief Compliance Officer or her designee, annual certification of compliance with the Code of Ethics and requiring brokers to provide Halcyon with duplicate confirmations of all personal transactions and other periodic personal account statements. Halcyon provides a copy of its Code of Ethics to any client, any investor, or any prospective client or investor that requests one, and a copy of its Code of Ethics is filed with the registration statement of each RIC that it advises or subadvises.
- B. Employees do not recommend to advisory clients, nor do they buy or sell for clients, securities or other instruments in which they have a material financial interest. Halcyon's related persons invest personally in some of our clients. These investments could theoretically pose a conflict of interest with our other advisory clients because officers and Employees may be motivated to allocate time, attention, and/or investment opportunities to the clients in which they invest at the expense of other clients. Halcyon has adopted written policies and procedures governing the allocation of investment opportunities among clients in a fair and equitable manner.

- C. Halcyon has a comprehensive set of procedures in place to ensure that we address any potential conflicts that may arise between Employees and clients when investing in the same securities or instruments and to align incentives properly. The Code of Ethics generally provides that, subject to certain limited exceptions that do not pose potential conflicts of interest and as otherwise authorized in writing by the Chief Compliance Officer or her designee, no Employee may purchase or direct transactions for the purchase of securities and other instruments in personal accounts. The sale of securities or other instruments by an Employee is subject to preapproval from the Chief Compliance Officer or her designee, subject to limited exceptions. The Code of Ethics also provides that all Employees must notify Halcyon of all relevant existing personal accounts and must obtain approval from the Chief Compliance Officer or her designee prior to the opening of a new personal account. Copies of confirmations of all relevant personal transactions and any other information reflecting account or transactional activity involving personal accounts must be provided to Halcyon. In the limited circumstances in which personal trading activities are permitted, the Chief Compliance Officer or her designee approves all relevant proposed transactions involving personal accounts prior to execution. The Chief Compliance Officer or her designee also conducts a quarterly review of personal accounts to examine relevant trades executed during the previous quarter and related statements to determine whether all the accounts are maintained in compliance with the requirements and restrictions described above. To the extent there is any finding relating to personal trading activity that is inconsistent with this policy, Halcyon will investigate and, as with any breach of the firm's policies, a violation is subject to disciplinary action, including dismissal.

9. Brokerage Practices

In selecting broker-dealers and determining the reasonableness of their commissions for our clients' transactions, Halcyon takes into account a number of factors, including the following: ability to secure future investment opportunities; quality and reliability of brokerage services; commissions or other fees for executing the orders; price; the broker's or dealer's facilities; financial responsibility; the ability of the broker or dealer to effect transactions, particularly with regard to aspects such as timing, order size and execution of orders; and the research and other investment-related services provided by the broker or dealer to Halcyon in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended (or in the case of certain instruments for which the "safe harbor" is not available, Halcyon will evaluate the amount of spread charged in relation to the value of the research and other brokerage services provided) to enhance its general portfolio management capabilities, notwithstanding the fact that specific clients may not be direct or exclusive beneficiaries of these services. Halcyon executes trades for advisory clients with broker-dealers with which Halcyon has other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in advisory client entities. We do not take client or investor referrals into account in selecting broker-dealers.

Halcyon does not utilize "soft dollar" commissions to purchase third-party research and other services. We do, however, consider a broker-dealer's proprietary research in selecting broker-dealers and determining the commission rates. Accordingly, Halcyon

may cause a client to pay a commission for effecting a transaction for the advisory client in excess of the amount another broker or dealer would have charged for effecting that transaction, where it determines in good faith that this commission is reasonable in relation to the value of the brokerage and/or research services the broker or dealer provides to Halcyon. Halcyon does not put a specific dollar value on the research or brokerage services of any broker or dealer and does not allocate the relative costs or benefits of research, because Halcyon believes that the research received is, in the aggregate, of assistance in fulfilling Halcyon's overall responsibilities to its advisory clients.

The Halcyon Group's Broker Review Committee meets quarterly to ensure that our obligation to seek best execution in trading activities for the benefit of all advisory clients is being met. The Broker Review Committee, the members of which include various officers and Employees, review internally generated records and externally prepared reports bearing on the selection of broker-dealers, including: the approved list of executing brokers; best execution worksheets completed by traders; commission reports; gift and entertainment logs; purchase and sale activity and fair value of portfolio related to each executing broker; reports analyzing the Halcyon Group's use of broker-dealers and; a report containing the results of a broker vote by certain Halcyon Group investment professionals. The research services that broker-dealers might provide include written information and analyses concerning specific investments, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. In some cases, research services that are generated by third parties may be provided by or through the brokerage firm to which commissions are paid. Using client transactions to obtain research and other benefits which Halcyon does not have to buy or produce on its own may create incentives that could result in conflicts of interest. When Halcyon uses client markups or markdowns to obtain research products and services, it receives a benefit because it does not have to produce or pay for the research products and services. The availability of these benefits creates the potential that we might be influenced to select one broker-dealer rather than another to perform services for clients based on our interest in receiving the products and services rather than on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers. To mitigate risks of conflicts of interest, Halcyon does not permit clients to direct us to execute transactions through a specified broker-dealer.

Trade Aggregation and Allocation

The Halcyon Group has adopted comprehensive policies regarding trade aggregation and allocations of investments. Where appropriate, transactions for our advisory clients and advisory clients of our affiliated management companies are aggregated for execution purposes, so long as Halcyon determines in good faith that aggregation is likely to result in relatively better prices, lower commission expenses, beneficial transaction timing or a combination of these and other factors, provided that Halcyon is not required to aggregate any trades. If purchases or sales of assets for multiple clients are effected simultaneously,

and to the extent aggregate transactions are executed at slightly different prices, the average transaction price is used instead.

Halcyon and its affiliated management companies, in their discretion, make investment decisions with respect to each client that may be the same as or different from those made for other advisory clients. The Halcyon Group's allocation policy requires Halcyon and its affiliated management companies to act fairly and equitably over time in allocating limited investment (and divestment) opportunities that may be suitable for multiple clients and to ensure that no client is intentionally or systematically favored at the expense of other clients, including as a result of better compensation arrangements or the level of proprietary capital invested in a client. Halcyon determines trade allocation prior to the execution and in the absence of other considerations and generally allocates each trade pro rata among all clients for which such trade is appropriate on the basis of the monthly opening capital balance of each participating client (factoring in redemptions and subscriptions). Halcyon makes non pro-rata allocations in light of a variety of relevant factors affecting client accounts, including account liquidity (including an account's cash availability, other liquidity obligations in light of investor redemptions, commitments to other investments, and availability of leverage); written investment restrictions contained in applicable investment management or other relevant operating agreements; investment strategies and time horizons; applicable legal and regulatory restrictions, including whether or not an account is deemed to be "plan assets" under ERISA; risk tolerance; advisory client approval (in the case of clients that retain a degree of investment discretion); tax considerations; applicable limitations on credit, clearing and custody; rounding to multiples of trading lot sizes or the avoidance of creating odd-lots; adjustments for accounts in ramp-up or wind-down phases; priority afforded to the clients of the management company generating the investment idea; and extraordinary corporate actions or corporate events impacting a proposed allocation. At Halcyon's discretion and subject to applicable law, clients' portfolios may be rebalanced to reflect capital changes at the beginning of each month.

10. Review of Accounts

- A. Halcyon has a Risk Management Committee that reviews the advisory clients' portfolios. The Risk Management Committee consists of the Portfolio Managers or their designees. The Risk Management Committee generally meets to review and recommend policy strategies that are consistent with the advisory clients' investment objectives and policies. The members of the Risk Management Committee consider macro-level economic and market trends and assess the advisory client portfolios, seeking to manage risk in a manner consistent with each client's operating agreements. This Risk Management Committee also reviews and adjusts limits to position size, industry exposure, capital structure, and other risk/reward metrics. In its analysis, the Risk Management Committee considers the strategy mix and the biggest risks among the holdings, taking into account macro-economic conditions, the regulatory framework, the political climate, and the potential for decline within companies and/or specific industries. The Portfolio Managers additionally review our advisory clients' portfolios on a regular basis and make day-to-day recommendations on behalf of each portfolio.

The Halcyon Group also actively manages counterparty, technology, and operational risk as well as conflicts of interest through various committees, including our Risk Management Committee, the Pricing Review Committee, the Information Technology Committee, the Broker Review Committee, the Client Relations Committee and the Conflicts Committee.

- B. We provide to our clients such information as may be required by them and agreed with them pursuant to the relevant sub-advisory agreement.

11. Client Referrals and Other Compensation

Halcyon does not, nor do any Employees, receive any economic benefit from non-clients for providing advisory services to our clients. Additionally, Halcyon is not affiliated with any broker-dealers.

12. Custody

Each client establishes accounts with its own qualified custodians, and neither Halcyon nor any of our affiliates has authority to deduct fees or other expenses from the managed account assets. Our managed account clients receive account statements directly from their own qualified custodians. We urge our clients to carefully review the statements they receive from their qualified custodians and compare them with the periodic reports we send them.

13. Investment Discretion

Scope of Authority

Halcyon accepts discretionary authority to manage assets under the sub-advisory agreements, subject to the requirements set forth in these agreements. We have the authority to determine, without obtaining specific client consent, which securities or other investments to buy or sell, the amount of securities or other investments to buy or sell, the broker through which we effect trades, if any, and the commission rates at which we effect trades. While we have been given this broad authority, Halcyon is committed to adhering to the investment strategy and investment guidelines specified by our clients. Halcyon's discretion over the accounts is limited by investment guidelines negotiated with the clients. Halcyon has processes and procedures in place to verify that it is complying with any client-imposed restrictions and adhering to each client's investment strategy and objectives. In particular, as discussed in more detail in Section 10, our Risk Management Committee reviews client accounts regularly to ensure that we are observing our clients' investment strategies and objectives.

Procedures for Assuming Authority

Prior to providing investment advice to clients, we require the client to appoint us as discretionary agent of each portfolio that we manage for our managed account client. This gives us complete discretionary authority to buy and sell any securities and other investments in the amounts and at the prices that we determine.

14. Voting Client Securities

Proxy Voting Policy

Halcyon's policy is to review each proxy or information statement on an individual basis and to base its voting or consent decision on its judgment about what will best serve the interests of its advisory clients. In determining how or whether to vote proxies or provide consents, Halcyon does not subordinate the economic interests of its advisory clients to the interests of other persons or to Halcyon's self-interest. Decisions are made by relevant Portfolio Managers and based on the financial interest of each advisory client in light of the specific applicable investment strategy. Each proxy proposal is considered on its own merits, and an independent determination is made whether to support or oppose management's position. Additionally, in certain circumstances, Halcyon may determine that it is in the best interests of its advisory clients not to vote or consent or that a vote or consent is not required, for example, where the clients' holdings are *de minimis*, when the proxy vote covers only routine corporate business, or where the advisory clients' positions were liquidated between the record date and the vote deadline.

Halcyon's Operations Manager or his designee notifies relevant Research Analysts of pending corporate actions involving the advisory client portfolios. The Research Analyst assigned to the transaction or security consults with a member of the Investment Committee who is responsible for the ultimate determination regarding the proper vote or consent and with the Chief Compliance Officer. If in reviewing the corporate action, the Chief Compliance Officer (in consultation with the Investment Committee or others) determines that a material conflict may exist between Halcyon's interests and those of its advisory clients, the Chief Compliance Officer will inform the Conflicts Committee of such potential material conflict. The Conflicts Committee will evaluate the potential or actual conflict and, in consultation with the member of the Investment Committee, will determine if a material conflict of interest exists, and if so will determine the appropriate course of action to resolve the conflict in the interests of its advisory clients. If a conflict cannot be resolved, the affected clients will be informed of the conflict and explicit voting instructions will be solicited.

If no material conflict exists, or has been resolved, a member of the Investment Committee will, in accordance with Halcyon's fiduciary duties, make a determination as to how to vote the proxy and communicate the decision to the Research Analyst. The Research Analyst will then communicate the decision by the member of the Investment Committee to the Operations Manager, typically prior to the close of business on the day prior to the vote deadline. The Operations Manager utilizes the website www.proxyvote.com to transmit the proxy vote or consent, and receives confirmation of the vote or consent from the website. Upon receipt of said confirmation, the Operations Manager forwards the confirmation to the Chief Compliance Officer or her designee. The Chief Compliance Officer or her designee retains this information for six years from the date the proxy vote or consent is executed.

Recordkeeping

Halcyon maintains the following records relating to proxy voting: copies of our proxy voting policies and procedures and any amendments; proxy statements received for client securities and other assets; records of proxy votes cast on behalf of our clients; records of written requests from clients for proxy voting information and our written responses to any written or oral requests; and any documents that our Employees prepared that were material to deciding how to vote proxies or that memorialize the basis for a proxy vote. Upon request, any of our clients or any of the investors in our clients can obtain (1) a copy of our proxy voting policies and procedures and (2) information concerning proxy votes on its behalf.

15. Financial Information

Halcyon does not require nor do we solicit prepayment of more than \$1,200 in fees from clients, six months or more in advance. Halcyon is not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients. Halcyon has never been the subject of a bankruptcy petition.