

**Item 1** Cover Page

**Company name:** Daiwa Asset Management (America) Ltd.

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New York, NY 10005-3538

**Phone number:** (212) 612-6250

**Website address:** We do not have a website.

**Date of this brochure:** June 29, 2016

**This brochure provides information about the qualifications and business practices of Daiwa Asset Management (America) Ltd. (“DAMA” – we primarily refer to ourselves in this brochure by “we,” “us,” “our” or similar terms). If you have any questions about the contents of this brochure, please contact us using one of the methods listed above.**

**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 us also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2** Material Changes

The following material changes have been made to our brochure since the last annual update to our brochure was filed on June 30, 2015:

- we added additional disclosures regarding potential conflicts of interest in Item 10 and Item 11; and
- we added disclosure regarding our trade sequencing policies in Item 12.

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#### **Item 4**            Advisory Business

We are a New York corporation established in 1990. We are wholly owned by Daiwa Asset Management Co. Ltd. (“DAM”), which in turn is wholly owned by Daiwa Securities Group Inc. (“DSG”). DSG is a public company in Japan.

DAM has engaged us to manage on a discretionary basis six Japanese investment funds that DAM advises, interests in which are sold in Japan. These six funds invest primarily in companies listed on Latin America exchanges. DAM may in the future engage us to manage other client portfolios. For these six funds we have contracts with unaffiliated subadvisers that provide us additional investment research and information.

In addition, DAM has engaged us to provide securities analysis and nondiscretionary advice to DAM with respect to securities of all kinds that are publicly traded in the United States, Latin America, and Canada in connection with DAM’s discretionary management of eight other Japanese investment funds, interests in which are sold in Japan. DAM has also engaged us to provide nondiscretionary advice and trading services with respect to DAM’s discretionary management of a healthcare focused investment vehicle that includes only the investment capital of DAM and/or its affiliates.

We tailor our investment management services for the funds we manage, or for which we provide analyses and nondiscretionary advice to DAM, to conform to the parameters that DAM specifies, including with regard to the kind of securities in which a fund invests and positional limits, and we anticipate that that we will similarly tailor our services if engaged to manage other portfolios.

We also provide certain other portfolio oversight services (but not investment advice) to DAM, as described below in Item 10 under “Other Financial Industry Activities and Affiliations.”

As of March 31, 2016, we had \$ 134,975,527 in assets under management on a discretionary basis; and \$225,925,245 in assets under management on a nondiscretionary-basis.

#### **Item 5**            Fees and Compensation

In the case of our discretionary management of investment funds, our usual fees are computed at an annualized percentage of the value of the assets we manage. Our fees are subject to negotiation depending on the size of the account under management and typically range from (1) a flat fee of 56 basis points on all assets under management to (2) 56 basis points on assets up to a specified level with fees ranging as low as 46 basis on assets above a specified level (for example, in one case above 30 billion yen).

In the case of the analysis and nondiscretionary advisory services we provide to DAM, DAM pays us a fee equal to our allocated compensation costs for employees engaged in providing those services plus 5%.

Our fees are for investment management and advisory services only and include neither custodial fees, which are charged by the custodian selected by the fund, nor transaction fees or

commissions incurred in connection with purchases and sales of securities for a fund's account. Our practices relating to the selection of brokers and dealers and related fees are described below in Item 12 under "Brokerage Practices."

DAM generally pays our fees quarterly in arrears, but a different payment schedule may be negotiated. If termination occurs prior to the end of a calendar quarter, a final fee is normally payable on a pro-rata basis.

Our fees are paid directly by DAM, which collects fees from its client funds.

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

Neither we nor any of our supervised persons accept performance-based fees.

#### **Item 7** Types of Clients

As explained above under "Advisory Services," we provide investment advisory services only to fund portfolios specified by DAM. We do not have any other clients (other than the funds) and have no requirements for opening or maintaining an account.

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

The specified investment goals and strategies for the funds we manage on a discretionary basis, or for which we provide analyses and nondiscretionary advice to DAM, are to achieve investment returns above a defined benchmark (individually specified for each fund) through short and long-term investments in securities or related instruments. We implement the strategies, subject to sector specifications and positional limits that DAM specifies to us. We do not engage in short sales or related strategies designed to profit from decreases in an investment's value.

The securities with respect to which we provide management, analyses or advice are all publicly traded, either on exchanges or over-the-counter.

We use fundamental analysis. Our main sources of information consist of financial newspapers, magazines, company visits and interviews with company's top executives, research materials prepared by others, annual reports, prospectuses and company press releases.

#### **Investment Risks**

Investing in securities of any kind involves risks of loss that clients must be willing to bear. There is no guarantee that the investment strategy selected by a client will result in the client's investment objective being met, nor is there any guarantee of profit or protection from loss. Past performance is no guarantee of future results. Clients and potential clients should consider the following factors:

*Investment Selection.* We may select investments in part on the basis of information and data filed by the issuers of those securities with various government regulators or made directly available to us by the issuers of securities or through sources other than the issuers. Although we seek to evaluate that information and data and seek independent corroboration when we consider it appropriate and when it is reasonably available, we may not be in a position to confirm the completeness, genuineness or accuracy of that information and data, and, in some cases, complete and accurate information will not be readily available. The likelihood that clients will realize income or gains depends on our skill and expertise.

*Future Regulatory Change is Impossible to Predict.* The securities markets are subject to comprehensive statutes, regulations and margin requirements. In addition, regulatory authorities and securities exchanges are typically authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of securities is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on a client's account is impossible to predict, but could be substantial and adverse.

*Investments in Smaller Companies.* Certain of the funds that we manage, or with respect to which we provide analyses and advice, may invest in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification and competitive strengths of larger companies. These factors make smaller companies far more likely than their larger counterparts to experience significant operating and financial setbacks that threaten their short-term and long-term viability. In addition, in many instances the frequency and volume of trading in their securities is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations, and exiting investments in such securities at appropriate prices may be difficult, subject to substantial delay or impossible. When making large sales on behalf of a client, we may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities. While the nature of our strategies may reduce some of the risks associated with investing in less mature companies, these risks cannot be eliminated.

*Debt and Other Income Securities.* We provide analyses and nondiscretionary advice to DAM with respect to fixed-income and adjustable rate securities.

Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. The level of interest rates at various maturities is affected by macroeconomic factors relating to economies generally, such as the level of inflation, and by governmental policies that can be difficult to predict. In addition,

interest rate levels at differing maturities do not necessarily vary in a predictable pattern. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar. Furthermore, debt security markets are typically “dealer” markets and, depending upon the security in question, may be subject to wide variations in quoted prices and not offer predictable levels of liquidity, especially with respect to complex structured debt products.

*Non-U.S. Exchanges and Markets.* The investment strategies of the funds that we manage on a discretionary basis involve trading on non-U.S. exchanges and markets in Latin American countries. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. or Japanese exchanges and is frequently less regulated. For example, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants as do U.S. or Japanese exchanges and regulation by the SEC and Japanese regulators. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some non-U.S. exchanges are “principals’ markets” in which settlement is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Investments in non-U.S. markets are also subject to the risk of fluctuations in the exchange rate between the local currency and the dollar or yen and to the possibility of exchange controls. Foreign brokerage commissions and other fees are also generally higher than in the United States.

*Non-U.S. Investments.* Investment in non-U.S. issuers or securities principally traded outside the United States and Japan are likely to involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments and possible difficulty in obtaining and enforcing judgments. Furthermore, issuers of such securities are subject to different, often less comprehensive accounting reporting and disclosure requirements. The securities of some foreign companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. and Japanese securities and securities markets.

*Emerging Markets.* The risks of foreign investments described above apply to an even greater extent to investments in emerging markets, including certain Latin American countries. The securities markets of emerging market countries are generally smaller, less developed, less liquid and more volatile than the securities markets of the U.S., Japan and other developed foreign markets. Disclosure and regulatory standards in many respects are less stringent than in the United States and developed foreign markets. Accounting and auditing standards in many

markets are different, and sometimes significantly differ from those applicable in the United States, Europe or Japan. In particular, the accounting standards with respect to inflation have to be clearly understood in order to analyze a balance sheet. Frequently there is substantially less publicly available information about companies located in emerging markets than there is about companies in more developed jurisdictions. There also may be a lower level of monitoring and regulation of securities markets in emerging market countries, and the activities of investors in those markets and enforcement of existing regulations has been extremely limited.

Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of these countries also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of countries with emerging markets may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other costs relating to investment in foreign markets may be more expensive in emerging markets than in many developed foreign markets, which could reduce a client's income from those securities.

In many cases, governments of emerging countries continue to exercise significant control over their economies, and government actions relative to the economy, as well as economic developments generally, may affect the capacity of issuers of emerging country debt instruments to make payments on their debt obligations, regardless of their financial condition. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments or other similar developments that could affect investments in those countries. There can be no assurance that adverse political changes will not cause an investor to suffer a loss of any or all of its investments and, in the case of fixed-income securities, interest thereon.

Many emerging countries are undergoing important political and economic changes that are making their economies more free-market oriented. However, there could be future political and economic changes that may return the situation to closed and centrally controlled economies with price and foreign exchange controls. Many of these countries lack the legal, structural and cultural basis for the establishment of a dynamic, orderly, market-oriented economy. Many of the promising changes that are being seen at present could be reversed, causing significant impact on a client's investment returns.

*Settlement Risk.* Settlement and clearance procedures in certain foreign markets differ significantly from those in the United States and Japan. Foreign settlement and clearance procedures and trade regulations also may involve certain risks (such as delays in payment for or delivery of securities) not typically associated with the settlement of U.S. and Japanese investments. At times settlements in certain foreign countries have not kept pace with the number of securities transactions. If we cannot arrange to settle a trade or settlement is delayed in a purchase of securities, a fund we manage may miss attractive investment opportunities and certain of its assets may be uninvested with no return earned thereon for some period. If we cannot arrange to settle or settlement is delayed in a sale of securities, a fund may lose money if

the value of the security then declines or, if it has contracted to sell the security to another party, the fund could be liable for any losses incurred.

*Currency Risk.* The value of a client's account may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when a client's investments are changed from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. Such changes generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments.

*Foreign Taxes.* It is possible that certain dividends and interest directly or indirectly received by a client from sources within foreign countries will be subject to withholding taxes imposed by those countries. In addition, a client may be subject to capital gains taxes in some of the foreign countries where we purchase and sell securities on the client's behalf. Tax treaties between certain countries and Japan may reduce or eliminate such taxes. Depending on the investment strategy selected it may be impossible to predict in advance the rate of foreign tax a client will directly or indirectly pay since the amount of the client's assets to be invested in various countries may not be known. Clients and potential clients should consult their own tax advisors about such matters.

## **Item 9** Disciplinary Information

An investment adviser must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. We do not have any disclosure items.

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

As noted above under "Advisory Business," we are wholly owned by DAM, which in turn is wholly owned by DSG. As our parent, DAM controls our business and determines what we do and which DAM clients we serve. DSG also owns and controls other advisory firms, broker-dealers, investment banks and service providers (together with DSG, DAM and us, the "DSG Group"), and certain members of the DSG Group invest proprietary and/or client assets. The various activities and interests of DSG Group could give rise to potential conflicts of interest between or among the DSG Group and its clients or have other negative effects on its clients (including our clients). For example:

- we may invest a client's assets in the securities of a company that receives brokerage services from the DSG Group;
- a member of the DSG Group could invest proprietary assets in a security, and that investment could negatively impact the price of another security held by a client; or



- a member of the DSG Group could invest client assets in a security in which a member of the DSG Group has already invested, solely for the purpose of increasing the value of the DSG Group's investment.

The activities of the DSG Group may also place limits on a client fund's activities. For example, in the regular course of their investment banking businesses, members of the DSG Group represent potential purchasers, sellers and other parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise to transactions that are suitable for a fund. In such a case, a brokerage client would typically require a member of the DSG Group (and their affiliates) to act exclusively on its behalf, thereby precluding a fund from participating in such transactions. The DSG Group will be under no obligation to decline any such engagements in order to make an investment opportunity available to a fund.

In connection with its investment banking and other businesses, the DSG Group may come into possession of information that limits its ability to engage in potential transactions. The funds' activities may be constrained as a result of the inability of DSG Group personnel to use such information. For example, certain DSG Group employees may be prohibited by law or contract from sharing information with other DSG Group employees who participate in a fund's investment team. Additionally, there may be circumstances in which one or more of certain individuals associated with DSG Group will be precluded from providing services related to the funds' activities because of certain confidential information available to those individuals or to other parts of the DSG Group.

However, other than sharing certain back office facilities (for example, human resources and information technology) that are provided by DAM in Japan, we do not have relationships that are material to our business practices with any other DSG subsidiary or entity controlled by DSG, and, subject to the discussion below under Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Other Trading Activities of Our Affiliates," we, DSG and its subsidiaries and controlled entities have firewalls and other procedures in place to prevent our advisory personnel from having knowledge of those entities' activities or taking their interests and practices into account in connection with our investment management activities. Further, investments made by the DSG Group (for itself and on behalf of its clients) are typically in liquid securities of companies with higher market capitalizations, and therefore it would be unlikely that an investment made on behalf of a client would affect the prices of any securities held by a DSG Group member.

Other than our engagement by DAM, as described above in Item 4 under "Advisory Business," and the possibility that we may utilize broker-dealer subsidiaries of DSG to conduct transactions on behalf of the funds we manage, as further described below in Item 13 under "Brokerage Practices," we do not have arrangements in connection with our investment advisory business with firms controlled by DSG, except that we sublease an office from Daiwa Capital Markets (America), a DSG subsidiary.

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

### Code of Ethics

We maintain a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel, requires compliance with federal securities laws and addresses conflicts that arise from personal trading by advisory personnel. Our Code of Ethics also includes anti-money laundering procedures, a privacy policy and policies and procedures to prevent insider trading. We will provide a copy of our Code of Ethics to clients upon request.

Our Chief Compliance Officer has been charged with the general duty of administration and application of our Code of Ethics, subject to the supervision of our Board of Directors.

In the event of any violation of our Code of Ethics, we may impose such sanctions as we deem appropriate (including, without limitation, a letter of censure or suspension or termination of employment).

### Personal Trading

Our directors, officers, certain employees and other specified persons (“supervised persons”) who may be aware that one of our managed or advised accounts is purchasing or selling a particular security or has such a purchase or sale under consideration may not engage in securities transactions (except with respect to certain excepted securities) without preclearance, and generally may not engage at all in transactions in securities in which a managed or advised account has or may acquire an interest. Each supervised person is subject to reporting requirements in respect of purchases or sale of securities in which he or she (or other persons covered by the reporting requirements in the Code of Ethics) has or acquires any direct or indirect beneficial ownership.

### Principal Trades

DAM, its subsidiaries and any other entities controlled by DAM may buy or sell securities for their own accounts, may act as dealers in securities that we determine to buy or sell for the account of a fund we manage, and with such a fund’s consent, may engage in a “principal transaction” for such a security with the fund’s account. Before such a principal transaction is settled, in accordance with Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, we will disclose to the fund in writing the capacity in which our affiliate is acting, including relevant information to allow the fund to assess the desirability of the trade from the fund’s perspective, and will obtain the consent of the fund to such transaction. A conflict of interest may exist in a principal trade because of the incentive to generate a profit by buying or selling from inventory.

### Agency Cross Transactions

In general, we do not knowingly engage in agency cross transactions (i.e., transactions between accounts we, or we and one of our affiliates, manage in which we or one of our affiliates is paid a

brokerage fee). We will not engage in such a transaction without obtaining consent in the same manner that applies in the case of principal transactions.

### Other Trading Activities of Our Affiliates

DSG has many subsidiaries and controlled entities in the financial industry, including other investment advisers and broker-dealers. Those entities may engage in transactions in the same securities that we buy and sell on behalf of our fund clients, both as principals for their own account and as brokers or advisers for other customers or clients. Those transactions may occur at or about the same time as the transactions we engage in for our clients, and the investment position or action may be different from, or inconsistent with, an action or position taken for or recommended to one of our fund clients, resulting in potential adverse impact, or in some instances benefit, to one or more affected accounts. We do not have advance knowledge of those transactions, and those affiliates do not have advance knowledge of the transactions in which we engage on behalf of our clients. As a result of sharing by DAM and its subsidiaries of certain back office facilities in Japan, personnel who engage in back-up trade reconciliation and certain other administrative activities have retrospective access to information concerning client trades on the part of DAM and all of its subsidiaries; however, neither DAM nor its other subsidiaries engage in transactions in the same kind of securities that we trade on behalf of our clients. We, DSG and its subsidiaries and controlled persons also have firewalls and other procedures in place to prevent our and their personnel from gaining or utilizing information about our and their respective principal and client transactions and transactions that are being considered, either as principals or on behalf of our or their respective clients. (See Item 10 above for additional disclosures related to trading activities of our affiliates.)

## **Item 12 Brokerage Practices**

### Broker Selection and Evaluation

DAM specifies to us the broker-dealers that we are permitted to use to execute transactions on behalf of the funds we manage, taking into account our broker-dealer evaluations. We may recommend brokers to DAM to execute transactions with respect to the funds for which we provide analyses or recommendations. Using the broker-dealers approved by DAM, we seek to execute securities transactions in such a manner that the total cost or proceeds in each transaction for the portfolios we manage is the most favorable considering all of the relevant circumstances.

Our selection of an executing broker is not based solely upon whether the broker offers the lowest possible commission cost (or transaction fee), but rather whether the transaction represents the best qualitative execution, taking into consideration the overall level of customer service and various factors. The brokers on our approved list do not provide execution-only services, and we almost always pay the same level of brokerage commissions to all brokers that we use on behalf of our clients in a particular country. Among the factors we consider in broker selection are the responsiveness of the broker to us in connection with transactions for our clients, promptness of execution, quality of execution, cost, reputation, financial responsibility and research-related services that the broker furnish to us.

While we do not maintain “soft dollar” arrangements, we may take into account the quality of research or recommendations provided by brokers in recommending that the broker be placed on the DAM-approved list. That research may include the type of research materials that fall within the safe harbor for the use of soft dollars established by Section 28(e) of the Securities Exchange Act of 1934, including, among others, analyses and reports concerning issuers, industries, securities and economic factors.

We also have a committee, consisting of our President, head trader, Chief Compliance Officer and Director of Research and Investments, that evaluates brokers on at least a semi-annual basis, makes recommendations to DAM concerning the addition or deletion of brokers from DAM’s approved list. In generating our recommendations to DAM, that committee assesses the quality of the research services that we obtained from various brokers during the previous year, and that assessment is one of the factors we consider in selecting the brokers we recommend and will use (subject to the possible occurrence of developments with respect to a particular broker that may lead us to stop using that broker and, perhaps, to recommend the substitution of a new broker on the approved broker list). This may give us an incentive to recommend a broker on the basis of the research it provides rather than on the basis of execution capabilities. However, we do not otherwise take into account the particular research we receive from a broker in selecting brokers to effect client transactions. During our last fiscal year most of the brokers on the DAM-approved list provided us with research services that factored into our recommendations.

With this background, our trader who is responsible for executing a particular transaction selects the specific broker to be used on the basis of trading expertise in the transaction in question, including the ability to execute transactions with unusual characteristics (such as high volume or in low liquidity situations).

Subject to the policies described above, we may direct some trades on behalf of clients to brokers controlled by DSG. While in some cases it may be possible to effect particular transactions through other broker-dealers at lower commission cost, we believe the commissions charged by affiliated brokers are reasonable in relation to the full range and quality of services provided to us and are not higher than the commissions that would be charged by similar services by non-affiliated broker-dealers.

#### Soft Dollar Practices

Other than as described above, we do not utilize soft dollars to obtain any service. Research furnished by broker-dealers to us may be used in servicing all our accounts.

#### Trade Aggregation and Sequencing

We do not aggregate the purchase or sale of securities for the funds we manage. While aggregation may decrease the transactional expense to accounts that participate in an aggregated trade, we manage each fund on an individualized basis and do not believe we would obtain materially reduced transactional costs by seeking to engage in trade aggregation.

Our trade desk places orders with brokers for the securities trades of our clients in the order in which they are received from the portfolio managers for each client. Because we do not bunch the orders or average price the trades of clients, if a security being traded is common to more than one client account (including a client account that is a fund that includes the investment assets of our affiliates or employees (an “Affiliated Account”)), securities price fluctuations during the course of a day could cause one client account (including an Affiliated Account) trading in a particular security to receive a better or worse price than other client accounts trading in that same security. In addition, in certain instances, the fact that we do not bunch the orders of our clients may cause clients to pay higher commission and other transaction costs than would be the case if we bunched client orders and thereby obtained the benefits of lower pricing associated with larger combined orders.

### **Item 13**    Review of Accounts

Our President and Director of Research and Investments review all accounts that we manage, or with respect to which we provide analyses or recommendations, generally on a daily basis. The goal of the review is to ensure that we comply with the investment strategies and guidelines specified to us by DAM, that there is no conflict of interest between us (or our employees) and the fund in question and that there is no violation of U.S. securities laws and regulations.

Our President, Director of Research and Investments and Chief Compliance Officer will also engage in an immediate review in circumstances that raise a concern, such as when one of them is alerted to a of potential violation of our trading compliance rules, a possible deviation from applicable investment strategies and restrictions, the existence of a potential conflict of interest between us (or our employees) and the funds we manage (or with respect to which we provide analyses or advice), a possible violation of cash holding requirements or unusual portfolio performance.

We report to DAM on a monthly and semi-annual basis concerning the funds we manage and our assessment of their outlook.

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

We do not provide any compensation or economic benefit to any person for client referrals.

### **Item 15**    Custody

Neither we nor our affiliates have custody of the securities or other assets of the funds we manage or with respect to which we provide analyses or advice.

### **Item 16**    Investment Discretion

In the case of the fund portfolios that we manage for DAM on a discretionary basis, we have authority to determine the securities to be bought or sold and the amount of securities to be bought or sold on behalf of the fund. Our investment discretion is granted pursuant to the investment management agreement between us and DAM, under which DAM may place limitations on our authority and establish sector, diversification and other limitations.

**Item 17** Voting Client Securities

We do not have, and will not accept, authority to vote client securities. DAM receives proxy voting materials directly from the custodians for the funds that we manage or with respect to which we provide analyses or recommendations and may seek our voting recommendations. If we receive voting materials, we transmit them to DAM or another party designated as the party with voting authority.

**Item 18** Financial Information

We are not required to provide disclosure pursuant to this item.