

FOUR CORNERS CAPITAL MANAGEMENT, LLC

FORM ADV – PART 2A

BROCHURE

2005 Market Street, Philadelphia, PA 19103

(215) 255-2300

www.delawareinvestments.com

June 30, 2016

This brochure provides information about the qualifications and business practices of Four Corners Capital Management, LLC (“FCCM”). If you have any questions about the contents of this brochure, please contact us at (215) 255-2300. 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.

FCCM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about FCCM is available on the SEC’s website at www.adviserinfo.sec.gov.

Four Corners Capital Management, LLC – Form ADV Part 2A

Item 2 – Material Changes

The United States Securities and Exchange Commission (“SEC”) requires that Four Corners Capital Management, LLC (“FCCM”) provide our clients with a summary of any material changes made to FCCM’s Form ADV Part 2A (the “Brochure”) since the date of our last annual update. Our goal when preparing our Brochure and this summary of material changes is to provide you with easy-to-understand “plain English disclosure,” using an easy-to-read format and definite, concrete, and understandable words.

FCCM’s previous annual update to our Brochure was filed with the SEC on June 26, 2015. We’ve summarized the material changes to this Brochure since that filing below. We urge you to carefully review this and all subsequent summaries of material changes, as they may contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest and disciplinary history.

A complete copy of our Brochure may be requested by calling (215) 255-2300. Our Brochure is also available free of charge on the SEC’s website at www.adviserinfo.sec.gov.

Since our last annual update on June 26, 2015, FCCM has made the following material changes to our Brochure:

- Item 4 – Advisory Business
 - Macquarie Bank Limited (MBL) has been removed from Item 4. Due to restructuring, MBL no longer falls under the definition of *Related Person* in relation to Registrant.
 - Item 4 has been updated to reflect FCCM’s current assets under management as of March 31, 2016.
- Item 9 — Disciplinary Information
 - Item 9 has been updated to reflect the fact that in July 2015, FCCM entered into a settlement of an administrative proceeding with the SEC. The SEC’s Order found that FCCM violated Section 9(a) of the 1940 Act due to advising or sub-advising registered investment companies (“Fund Service Activities”) from April 1, 2015 through May 15, 2015 without exemptive relief. Due to an injunction against an affiliate of FCCM on April 1, 2015, FCCM required exemptive relief under Section 9 of the 1940 Act to continue to be eligible to provide Fund Service Activities after April 1, 2015. On May 15, 2015, the SEC staff, acting under delegated authority from the SEC, granted temporary exemptive relief from Section 9(a) of the 1940 Act with respect to the Injunction. On July 6th, 2015, the SEC issued temporary exemptive relief and a notice of application for permanent exemptive relief from Section 9(a) of the 1940 Act with respect to the injunction. On August 3, 2015, the SEC granted to FCCM permanent exemptive relief from the provisions of Section 9(a), indicating

that the SEC has determined that FCCM have met the standard for receiving exemptive relief. Without admitting or denying the validity of the SEC's findings, FCCM agreed to pay a penalty of \$20,000.

FCCM does not believe that the settlement order described above has materially adversely affected FCCM's ability to service its clients. The statutory disqualification related to affiliated activity and not to personnel of or services provided by FCCM. Further, neither FCCM nor any of its current or former directors, officers or employees was involved in any way in the matters that led to the injunction against the affiliate. In addition, the matters that led to the injunction against the affiliate did not involve any Fund or client or the assets of any Fund or client managed or sub-advised by FCCM.

In addition to the material changes outlined above, FCCM has made certain non-material changes to this Brochure, including stylistic and formatting revisions designed to improve the accessibility and utility of this Brochure.

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Item 4 – Advisory Business

FCCM Capital Management, LLC (“FCCM” or “Registrant”) manages investment advisory accounts on a discretionary basis for private investment partnerships, unregistered pooled investment funds (commonly referred to as “CLOs” or “CDOs”), institutional private accounts and registered investment companies. FCCM may serve as adviser or sub- adviser and may, with client approval, engage other firms to act as sub- adviser of a portion of accounts that it manages. FCCM has been in business since 2003 and is a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”).

FCCM’s principal owners (those owning more than 25% of the firm) are Delaware Asset Advisers (a series of Delaware Management Business Trust), Delaware Investments Management Company, LLC., Delaware Management Holdings, Inc., Macquarie Affiliated Managers (USA), Inc., Macquarie Affiliated Managers Holdings (USA), Inc., Macquarie FG Holdings, Inc., Macquarie Equities (US) Holdings Pty Limited, Macquarie Group (US) Holdings No. 1 Pty Limited., Macquarie Corporate International Holdings Pty, Limited, Macquarie Corporate Holdings Pty Limited, Macquarie Financial Holdings Pty Limited, and Macquarie Group Limited.

Typically, FCCM exercises discretionary authority over client accounts, subject to guidelines provided by the client. Such guidelines may include, among other things, issuer and industry diversification, issuer credit ratings and leverage limits. Investment advisory contracts are for varying terms and fees and are determined through negotiation.

FCCM may also provide investment advice to a client that does not involve discretionary management of the investment portfolio. Such services may involve specific recommendations of investments that are not part of a program of continuous management of an investment portfolio. Additionally, FCCM provides advice and participates in the structuring and securitization of portfolios of assets generally comprised of senior secured corporate loans and other debt securities.

Assets Under Management

As of March 31, 2016, FCCM had assets under management of \$50,791,508.48, all of which was managed on a discretionary basis.

Item 5 – Fees and Compensation

FCCM charges its clients a base management fee for investment advisory services. This fee, charged in arrears, is expressed either as a percentage of gross or net assets under management. Gross and net assets may be calculated utilizing cost, par value, fair market value (or other mutually negotiated measures) of corporate loans, notes, high yield bonds, and/or other debt securities. In some cases performance fees may also be charged in addition to the base management fee. These fees are in accordance with Rule 205-3 under the Investment Registrants Act and are typically based on achieving returns exceeding a specified yield or hurdle rate (e.g. an achieved IRR or short term interest rate, usually based on LIBOR or some equivalent). FCCM’s clients currently pay a fee of 60 basis points of gross assets under management. Specific fee arrangements, including the amount,

timing and basis of calculation, are determined through negotiations with clients. These negotiations are influenced by various factors, including the investment advisory services to be rendered, the size of the account, the participation of the client in other advisory programs at FCCM and its affiliates and other assets of the client managed by FCCM. Fees associated with the structuring of certain types of investment accounts are charged based upon many factors and are separately negotiated; FCCM does not have a fee schedule for such non- advisory related services.

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

Performance-Based Fees

FCCM generally does not seek to, but it may, enter into performance fee arrangements with qualified clients. Such fees are subject to individualized negotiation with each such client and are structured in conformity with the Advisers Act and the available exemptions thereunder.

In each instance where FCCM charges a performance-based fee, FCCM will seek a contractual representation from the client that it is qualified to be charged such a fee. FCCM will also disclose the risks, including conflicts of interest and operation of the performance fee, to clients, usually in the investment advisory contract.

Side-by-Side Management

Performance-based fee arrangements such as those discussed above may create potential conflicts of interest because FCCM would manage accounts with such fee arrangements side-by-side with accounts that are charged a standard fee based on assets under management.

The existence of performance-based fee arrangements may create an incentive for FCCM to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

FCCM has a fiduciary duty to provide unbiased advice and to disclose any material conflicts of interest to its clients, as mandated under the Advisers Act. Furthermore, it is FCCM's goal to act in good faith and to treat all client accounts in a fair and equitable manner over time, regardless of the client's strategy, fee arrangements, or the influence of a client or client's beneficiaries.

FCCM employs various controls to assist in the disclosure and management of potential conflicts of interest and maintains policies (including its Code of Ethics and a trade allocation policy) that are designed to mitigate any such conflicts. Item 11 of this Brochure, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" provides more detailed information on the Code of Ethics. In instances where unique requirements or restrictions are required due to the identification of different conflicts,

FCCM will typically establish additional policies and controls or develop alternate processing requirements to assist in the mitigation of these conflicts.

Some members of FCCM's investment team may also serve on the investment team for one or more other wholly-owned subsidiaries of the Macquarie Group ("Participating Affiliates") that provide investment advisory services to funds and managed accounts. Such services ("Non-FCCM Advised Accounts") may be offered both domestically and outside of the United States. FCCM and the Participating Affiliate may give advice or take action with respect to the investments of client accounts and Non-FCCM Advised Accounts that may not be given or taken with respect to other client accounts with similar investment programs, objectives, and strategies. Accordingly, client accounts with similar strategies may not hold the same securities or instruments or achieve the same performance.

FCCM and the Participating Affiliate may also advise client accounts with conflicting programs, objectives or strategies. These activities may also adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more client accounts. Finally, FCCM and the Participating Affiliate may have conflicts in allocating their personnel's time and services among client accounts. FCCM will devote as much time to each client account as it deems appropriate to perform its duties in accordance with its management agreement.

Item 7 – Types of Clients

In addition to banks, registered investment companies and corporations, FCCM's clients may include limited partnerships, public employee retirement associations and offshore special purpose vehicles ("SPVs") specifically designed for investment in CLO/CDO transactions and other pooled investment accounts. FCCM advises accounts that will either purchase a portfolio of assets directly or acquire the risk of a reference portfolio of assets indirectly through total return swap agreements or similar financing arrangements as described above. Typically, FCCM clients are classified as sophisticated investors and have substantial experience investing in the senior secured corporate loan or other financial and debt markets.

FCCM may also count as clients, certain affiliated firms or entities that control or are under common control with FCCM. The Registrant's ultimate parent is Macquarie Group Limited ("MGL"), a multi-national financial services company. Therefore, the Registrant is affiliated with a number of entities that provide, and/or engage in commercial banking, insurance, brokerage, investment banking, financial advisory, broker-dealer activities (including sales and trading), hedge funds, real estate and private equity investing, in addition to the provision of investment management services to institutional and individual investors.

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

Methods of Analysis and Investment Strategies

In addition to the better known sources of information, FCCM analysts may speak with individuals familiar with the assets such as other analysts, knowledgeable persons at the

underwriters of the assets (sales staff), and corporate officers. They may also attend facility tours or participate in meetings among prospective bank group participants. FCCM analysts may also consult with the agent banks related to prospective investments or with commercial lenders regarding certain credit lending opportunities.

The investment strategies used to implement investment advice given to clients may include long-term purchases (securities held at least one year), short-term purchases (securities sold within one year), trading (securities sold within 30 days), or managing reference assets under total return swaps. In some instances, FCCM's clients may employ leveraging techniques in connection with their managed accounts. Generally in these instances, the portfolio managed by FCCM serves as collateral for the indebtedness incurred by the client. If appropriate and authorized by the client, FCCM may seek to minimize currency and interest rate risk through various hedging techniques. These hedging techniques may consist of investments in derivative instruments, such as forward foreign currency contracts, currency and interest rate options, currency and interest rate futures, currency and interest rate swaps and other techniques including financing of assets according to their unique currency and/or interest rate characteristics.

Material Risks of Investment

As with any investment, there is no guarantee that your investment managed by FCCM will achieve its investment objective. You could lose your entire investment and you alone will bear any such losses. The value of your investment may be affected by one or more of the risks outlined below, any of which could cause the value of your investment to decline.

FCCM does not primarily recommend any individual type of security. The material risks from FCCM's fixed income strategies and/or the securities that it recommends include the following:

Market risk — The risk that all or a majority of the securities in a certain market - like the stock or bond market - will decline in value because of factors such as adverse political or economic conditions, future expectations, or investor confidence or heavy institutional selling.

Credit risk — The risk that an issuer of a debt security, including a governmental issuer, may be unable to make interest payments and repay principal in a timely manner.

Bank loans and other direct indebtedness risk — The risk that the portfolio will not receive payment of principal, interest, and other amounts due in connection with these investments and will depend primarily on the financial condition of the borrower and the lending institution.

Interest rate risk — The risk that securities will decrease in value if interest rates rise. The risk is generally associated with bonds.

High yield bond ("junk bond") risk — The risk that high yield securities, commonly known as "junk bonds", are subject to reduced creditworthiness of issuers; increased risk of default and a more limited and less liquid secondary market than higher rated securities; and

greater price volatility and risk of loss of income and principal than are higher rated securities.

Prepayment risk — The risk that the principal on a bond that is held by a fund will be prepaid prior to maturity at a time when interest rates are lower than what that bond was paying. A fund may then have to reinvest that money at a lower interest rate.

Liquidity risk — The possibility that securities cannot be readily sold within seven days at approximately the price at which a portfolio has valued them.

Government and regulatory risk — The risk that governments or regulatory authorities have, from time to time, taken or considered actions that could adversely affect various sectors of the securities markets.

Valuation risk — The possibility that a less liquid secondary market, as described above, makes it more difficult for a series to obtain precise valuations of the high yield securities in its portfolio.

Item 9 – Disciplinary Information

In July 2015, Registrant entered into a settlement of an administrative proceeding with the SEC. The SEC's Order found that Registrant violated Section 9(a) of the 1940 Act due to advising or sub-advising registered investment companies ("Fund Service Activities") from April 1, 2015 through May 15, 2015 without exemptive relief. Due to an injunction against an affiliate of Registrant on April 1, 2015, Registrant required exemptive relief under Section 9 of the 1940 Act to continue to be eligible to provide Fund Service Activities after April 1, 2015. On May 15, 2015, the SEC staff, acting under delegated authority from the SEC, granted temporary exemptive relief from Section 9(a) of the 1940 Act with respect to the Injunction. On July 6th, 2015, the SEC issued temporary exemptive relief and a notice of application for permanent exemptive relief from Section 9(a) of the 1940 Act with respect to the injunction. On August 3, 2015, the SEC granted to Registrant permanent exemptive relief from the provisions of Section 9(a), indicating that the SEC has determined that Registrant has met the standard for receiving exemptive relief.

On the basis of the Order and Offers of Settlement by Registrant, the SEC found that: 1) Registrant served or conducted Fund Service Activities as of April 1, 2015 and, notwithstanding the entry of an Injunction against an affiliate of Registrant on that date and the resulting statutory disqualification of Registrant, continued to engage in Fund Service Activities after April 1, 2015 without exemptive relief; 2) as a result of the entry of the Injunction against the affiliate, Sections 9(a)(2) and 9(a)(3) of the 1940 Act together also prohibited Registrant from engaging in Fund Service Activities as of April 1, 2015; 3) Registrant did not contact SEC staff to begin the process of obtaining exemptive relief until April 7, 2015; and 4) as a result of the conduct described above, Registrant violated Section 9(a) of the 1940 Act. Without admitting or denying the validity of the SEC's findings, Registrant agreed to pay a penalty of \$20,000.

Registrant does not believe that the 2015 settlement order described above has materially adversely affected Registrant's ability to service its clients. The statutory disqualification related to affiliated activity and not to personnel of or services provided by Registrant.

Further, neither Registrant nor any of their current or former directors, officers or employees was involved in any way in the matters that led to the injunction against the affiliate. In addition, the matters that led to the injunction against the affiliate did not involve any Fund or client or the assets of any Fund or client managed or sub-advised by Registrant.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer Registrations

Certain of our management persons and other employees are registered representatives of Delaware Distributors, L.P. (“DDL”), an affiliated SEC-registered broker-dealer.

Other Registrations

Neither Registrant nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Material Affiliated Relationships

Registrant is affiliated with DDL. Registrant has a relationship with Delaware Management Business Trust’s (“DMBT”) Delaware Asset Advisers Series (“DAA”), in that DAA is the sole owner of the Registrant. DMBT is an SEC-registered investment adviser.

Through DAA, Registrant is owned by Macquarie Group Limited (“MGL”). MGL is a global provider of banking, financial, advisory, investment and funds management services and has various entities registered throughout the globe. Registrant will from time to time enter into agreements and arrangements with certain MGL entities as is appropriate with applicable law.

Additionally, through the ownership of Registrant by MGL, Macquarie Bank Limited, an Australian Registered Bank, is an indirect owner of Registrant.

Recommendation of Other Investment Advisers

Registrant does not recommend or select other investment advisers for its clients where Registrant receives compensation directly or indirectly from such other investment adviser for recommending or selection the other investment adviser that creates a material conflict of interest. However, Registrant may enter into sub-advisory agreements with other investment advisers.

Item 11 – Code of Ethics

Code of Ethics

FCCM has adopted a Code of Ethics (the “Code”) and other policies and procedures relating to, among other things, portfolio management and trading practices, personal investment

transactions, and insider trading, that outline standards of employee conduct and are designed to prevent and/or resolve conflicts of interest with respect to our clients. FCCM's Code is available to any current or prospective client upon request.

All FCCM employees are provided with a copy of the Code at the time they are hired and each employee must certify annually that they understand and are in compliance with the provisions of the Code. Employees are also promptly notified of any material changes to the Code and must certify that they understand any changes that are imposed.

The Code and supporting operational procedures (the "Handbook") contain a detailed description of FCCM's requirements for and monitoring of personal securities transactions executed by FCCM employees. Employees who wish to trade in securities for their personal investment accounts must follow the Code, which contains pre-clearance procedures, reporting requirements, and other provisions that restrict personal trading by employees. All employees are required to disclose their personal brokerage accounts upon hire and to submit duplicates of their broker account statements and trade confirmations. Certain employees of FCCM may maintain non-discretionary accounts with unaffiliated third parties and such accounts may not be subject to all of the Code's requirements because these employees have granted discretion over their trading activity to a third party. While transactions in these accounts may be in direct competition or contravention of client transactions, any such activity is not FCCM employee-directed.

Under the Code, employees who are involved in researching or recommending securities are subject to more restrictive trading prohibitions. FCCM actively monitors the personal trading activity of its employees to detect and correct any violations of the Code. Regardless of these safeguards, personal transactions of FCCM's associated persons and personnel represent an inherent conflict of interest.

Potential Conflicts Relating to Advisory Activities

The results of FCCM's investment activities for a client may differ significantly from the results achieved by FCCM for other current or future clients. FCCM will manage the assets of a client in accordance with the investment mandate selected by that client. However, we may give advice or take action with respect to the assets of one client that may compete with the advice or investment action that we take on behalf of other clients. In particular, we may buy or sell positions for one client while we are pursuing a strategy on behalf of another client that is identical, different, or even opposite to the strategy pursued on behalf of the first client.

At times, FCCM and its affiliates may provide the initial seed capital in connection with the creation of a new investment product or style. Proprietary capital may not exhibit the same performance results as similarly managed client accounts for a variety of reasons, including regulatory restrictions on the type and amount of securities in which the proprietary capital may be invested, differential credit and financing terms, as well as any hedging transactions. While FCCM acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest.

MGL, its affiliates, directors, officers, and employees (collectively, the "Macquarie Group") are major participants in the global financial markets and may take part in, among other

things, advisory, transactional and financial activities and/or hold interests in securities and companies that may be directly or indirectly purchased or sold by FCCM for its clients' accounts. The global nature and size of the Macquarie Group may also influence vendor choice selection by FCCM which may have an impact on the services provided to FCCM clients. The investment activities of the Macquarie Group may limit the investment opportunities for FCCM's client accounts. For example, this may occur in certain regulated industries, private equity markets, emerging markets, and in certain futures and derivative transactions where restrictions may be imposed upon the aggregate amount of investment by affiliated investors or advisers. Present and future activities of the Macquarie Group, in addition to those described above, may also result in conflicts of interest that may be disadvantageous to FCCM's clients.

FCCM has established policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts of FCCM and the Macquarie Group's businesses. It is FCCM's policy that personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally without knowledge of the interests of proprietary trading and other operations of the Macquarie Group. Where FCCM's personnel are aware of material conflicts or potential conflicts among advisory accounts, or between advisory accounts and the Macquarie Group and/or personnel of the Macquarie Group, it is FCCM's policy to disclose the existence of such conflicts or potential conflicts through its Form ADV or otherwise to clients.

Investments in Affiliated Funds

At times, if permitted by relevant investment guidelines and applicable law, FCCM may purchase interests in mutual or other registered and unregistered funds or vehicles that are offered by FCCM or its affiliates for client accounts (including wrap program accounts) when we believe it is in the best interest of the relevant client to do so. 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 the underlying fund or vehicle.

In choosing between funds and managers affiliated with FCCM and those not affiliated with FCCM, we may have a financial incentive to choose FCCM-affiliated funds and managers over third parties by reason of the additional investment management, advisory, and other fees or compensation that we or our affiliates may earn. Under certain conditions, we may offset, rebate, or otherwise reduce our fees or other compensation with respect to these types of investments; however, this reduction or rebate, if available, will not necessarily eliminate the conflict and FCCM may nevertheless have a financial incentive to favor investments in FCCM-affiliated funds and managers. Furthermore, clients should not expect us to have better information with respect to FCCM-affiliated funds than other investors have. Even if we have such information, we may not be permitted to act upon it in a way that would disadvantage other investors in such funds.

Potential Restrictions and Conflicts Relating to Information Possessed or Provided by FCCM

Material Non-Public Information and Insider Trading

The wide range of banking, financial and investment advisory, broker-dealer and other financial and investment industry activities engaged in by the Macquarie Group throughout the world poses the prospect that FCCM and/or its affiliates will from time to time acquire confidential, material non-public information (“MNPI”) about issuers, corporations, or other entities and their securities. FCCM may not use MNPI obtained from any division of the Macquarie Group when making investment decisions relating to public securities for its clients. Additionally, FCCM may not be free to divulge or to act upon such information with respect to its activities and, on occasion, may be restricted from buying or selling certain securities on behalf of clients because of these circumstances. These restrictions may adversely impact the investment performance of client accounts. We have implemented procedures, including those described below relating to information barriers, that prohibit the misuse of such information by FCCM, our employees, and on behalf of our clients.

Information Barriers/Ethical Walls

The Macquarie Group, including FCCM, has internal procedures in place intended to limit the potential flow of any such non-public information should FCCM or any member of the Macquarie Group come into possession of material, non-public information. One such protective measure is the creation of ethical walls between and within the Macquarie Group’s various businesses, which serve as information barriers that prevent confidential or potentially price-sensitive information held within one business area in the Macquarie Group from being communicated to another business division. The Macquarie Group’s ethical walls are comprised of a combination of physical measures and employee conduct measures. Physical measures include the physical separation of business groups with appropriate security arrangements and security restrictions on computer files and databases. Employee conduct measures include policies designed to prohibit employees of a business division from communicating any price-sensitive information to employees on the other side of an ethical wall, and prohibitions on employees who are aware of price-sensitive information from engaging in activities involving the provision of securities advice, or trading on such information.

Other Trading Restrictions

In addition to the foregoing, FCCM maintains one or more restricted lists of companies whose securities are subject to certain trading prohibitions due to the business activities of FCCM and/or the Macquarie Group. We may restrict trading in an issuer’s securities if the issuer is on a restricted list or if we otherwise have MNPI about that issuer. A client’s account may be prohibited from buying or selling certain securities until the restriction is lifted, which could disadvantage the client’s account. In some cases, we may not initiate or recommend certain types of transactions, or may otherwise restrict or limit our advice relating to certain securities if a security is restricted due to MNPI or if we are seeking to limit receipt of MNPI.

Item 12 – Brokerage Practices

FCCM generally has discretionary authority to manage client portfolios, including the discretion to select, purchase, and sell loans, bonds and other permitted portfolio securities;

to determine the timing and terms of such transactions and to select the agent banks, dealers and brokers involved in such transactions. FCCM's investment discretion is, in all cases, limited by each client's investment guidelines and FCCM's policies and procedures.

When placing orders for corporate loans and asset-backed securities ("ABS"), which are generally privately negotiated principal transactions, FCCM selects the agent bank, dealer or other seller. The selection of the agent, dealer or other seller will depend in large part upon the best price obtainable. Other discretionary factors include: the desired timing of the trade, confidentiality, execution and operational capabilities, ongoing borrower due diligence, reputation for integrity and sound financial condition and practices. These are generally the same selection criteria used for securities transactions with brokers, as to which FCCM generally also exercises discretion. In broker transactions, FCCM exercises discretion to determine the commission rates, if any. FCCM may use affiliated agents or brokers as described herein, where permitted by applicable law.

Currently, FCCM does not receive research from brokers in return for generating commissions for such brokers (i.e., soft dollars). However, from time to time personnel of FCCM may attend conferences or similar functions sponsored by broker-dealers and other financial institutions.

In general, FCCM seeks to allocate the purchase and sale of assets to clients in a fair and equitable manner to quickly and prudently create a well-constructed, fully invested portfolio of corporate loans. Since FCCM's clients have varying investment restrictions and because of the constraining mechanics of the corporate loan and ABS market, allocation of trades through methods such as pro-rata allocation are not always feasible. Therefore, the allocation of corporate loan or ABS purchases and sales to various accounts is generally based on factors such as the client's investment restrictions and objectives, including expected liquidity and/or third party credit ratings, the client's acceptance or rejection of prospective investments, if applicable, and the relative percentage of invested assets of a client's portfolio, among others. Assets may be disproportionately allocated to accounts during their initial investment period (ramp up stage), notwithstanding that other accounts may also have assets available for investment. Such disproportionate allocation to accounts during the ramp-up process may have a detrimental effect on other accounts. Subject to the foregoing, whenever FCCM's clients have available funds for investment, investments suitable and appropriate for each will be allocated in a manner FCCM believes to be equitable to each, although such allocation may result in a delay in one or more client accounts being fully invested that would not occur if an allocation to other client accounts were not made. Moreover, it is possible that due to differing investment objectives or for other reasons, FCCM and its affiliates may purchase securities or loans of an issuer for one client and at approximately the same time recommend selling or sell the same or similar types of securities or loans for another client. For these and other reasons, not all portfolios will participate in the gains or losses experienced by other portfolios with similar investment objectives.

FCCM may aggregate purchase or sale orders for loans in the secondary market for clients. FCCM's policy in the aggregation of such orders is that the aggregation benefits the clients and that the allocation be done under the policies described above. In addition, all clients receiving allocations of an aggregated order will incur an average price. FCCM will not

receive additional compensation and client funds will not be commingled in such aggregation.

In connection with the acquisition of corporate loans in primary transactions (i.e. where FCCM participates on behalf of clients in the original loan syndication), FCCM may make commitments to purchase loans for client accounts in amounts that exceed the amount available for investment at the time of anticipated settlement in the expectation that the amount that will be allocated to FCCM's clients will be less than the amount committed. In circumstances, if any, where the amount actually allocated to FCCM's clients in such primary transactions exceeds the assets anticipated to be available for investment on the settlement date for such syndication, FCCM will liquidate portfolio positions in amounts necessary to settle the primary transaction.

Item 13 – Review of Accounts

FCCM may manage multiple portfolios comprised principally of U.S. dollar denominated, floating rate, senior secured, commercial and industrial loans and notes. FCCM at times may manage portfolios that invest in high yield bonds, other debt instruments, loan based swaps and shares of closed-end mutual funds. FCCM also may advise to portfolios consisting of asset-backed securities.

Review of Accounts

Generally, client accounts and certain institutional accounts are reviewed on a daily basis. Each client is assigned to at least one portfolio manager, who is supported by various research personnel. These investment professionals meet periodically on both a formal and informal basis to discuss portfolio strategy, composition, security selection, industry/sector weightings and other topics relevant to managing the account. Reviews generally include: all new purchases and sales; portfolio characteristics; investment objective adherence; benchmark and peer comparison; and account dispersion. Security specific research is formally reviewed and revised, as necessary.

Other officers and employees of FCCM or certain of its related persons, including in-house legal, compliance, audit, and tax personnel, also review account matters as needed. Among the matters reviewed are the nature and amounts of portfolio holdings, adherence to investment objectives and policies, and compliance with statutory and regulatory requirements. Each account is also assigned to a client service officer, who acts as a liaison between the client, the internal portfolio management team, and other personnel. Performance on all accounts is computed monthly and is reviewed regularly by senior management of FCCM.

Content and Frequency of Reports Provided to Clients

Periodically, FCCM supplies various types of portfolio information to clients, as appropriate for the type of client and requested reporting frequency. Clients generally receive monthly and/or quarterly statements and reports that relate applicable account information on topics including, but not limited to, the following: portfolio holdings; portfolio valuation;

yield; credit quality and maturity; relative and absolute performance; trading and commission activity; and views on securities markets and the economy. Similar monthly information is provided to wrap fee program sponsors and may be made available to the clients within each wrap fee program. In addition to the foregoing, FCCM prepares and disseminates a variety of special reports in accordance with individual client specifications.

Item 14 – Client Referrals and Other Compensation

Compensation from Non-Clients

Due to the global nature of FCCM's investment advisory activities throughout the financial industry, FCCM may, at times, receive indirect economic benefits related to our advisory business as a whole, rather than any particular client (*e.g.*, a volume discount on costs associated with operation of services supplied by vendors). FCCM has adopted policies and procedures designed to ensure that the receipt of any such indirect economic benefit does not pose a conflict of interest or prevent us from acting in the best interests of our clients.

Compensation for Client Referrals

FCCM will, from time to time, pay compensation for client referrals or the promotion of financial products advised by FCCM, pursuant to applicable laws and regulations. Such compensation may be paid to: FCCM's employees; FCCM's affiliates or their employees; and/or third parties, including investors, authorized dealers and other financial institutions or intermediaries (collectively, "Intermediaries"). Such payments may compensate Intermediaries for marketing and other services intended to assist in the distribution and marketing of financial products advised by FCCM and/or investment advisory services provided by FCCM, among other things, and may create an incentive for an Intermediary to highlight, feature or recommend such products or services.

The aforementioned payments will differ by Intermediary and are negotiated based on a range of factors, including but not limited to, ability to attract and retain assets, target markets, customer relationships, quality of service and industry reputation. To the extent that FCCM enters into these types of arrangements, we fully intend to comply with the disclosure requirements and all other requirements under applicable law.

FCCM or an affiliate will provide introductions to prospects and clients to its affiliates in connection with the affiliate potentially providing various investment management services to such clients.

Item 15 – Custody

FCCM does not act as a custodian for client assets. However, under Rule 206(4)-2 (the "Custody Rule") of the Advisers Act, FCCM may be deemed to have custody of client assets.

To the extent FCCM could be deemed to have custody, FCCM will seek to address the situation promptly in light of relevant facts and circumstances. Client funds and securities are held by a qualified custodian appointed by clients pursuant to a separate custody

agreement or may be held by the clients themselves. The services and fees of such a qualified custodian are separate from our fees and clients are responsible for independently negotiating custody agreements and fees.

Clients will receive account statements directly from their custodian and may also receive certain statements from FCCM. Clients are strongly urged to review those statements carefully to ensure they appropriately reflect the activity in their account. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If a client does not receive custodial statements, the client should contact its FCCM account representative. We will work with the client and the client's custodian to ensure that the client receives this information.

Item 16 – Investment Discretion

FCCM only provides discretionary advisory services to a client after signing a written investment management agreement or other document showing the client's grant of investment discretion or other relevant authority. In exercising this discretionary investment authority, FCCM adheres to the investment policies, limitations, and restrictions of the account.

FCCM's discretionary investment authority may be limited by:

- Investment or style mandate;
- Client-imposed restrictions on investments;
- Governing documents (e.g., mutual fund prospectus), if applicable;
- Regulatory and/or statutory restrictions;
- Applicable internal FCCM restrictions or policies designed to address potential conflicts of interest; and
- Macquarie Group imposed restrictions.

Item 17 – Voting Client Securities

Due to the nature of the assets that FCCM manages, it is unlikely that FCCM will receive any proxy solicitations. However, in rare cases, FCCM may receive proxy solicitations concerning various proposals being submitted to stockholders of companies whose shares may be held by the accounts managed by FCCM. FCCM has certain fiduciary responsibilities in connection with voting stock held for its clients, and has therefore instituted procedures designed to ensure these responsibilities are carried out in a timely and consistent manner.

Proxy voting decisions are made by the portfolio managers, who, upon receiving a proxy solicitation, decide how the shares held by the accounts should be voted on each proposal, based upon a judgment of what result would be in the best financial interest of FCCM's clients.

From time-to-time, material conflicts of interest may arise between FCCM and those of its clients. In such event, FCCM will disclose in writing such material conflict to its client and

shall obtain client's consent prior to voting the proxy. In certain specified cases, or upon consultation with legal counsel, the portfolio manager may consult with the Compliance Officer prior to any vote on a particular proxy issue.

FCCM shall retain, subject to its normal record-keeping policy: (i) a copy of its proxy voting policy; (ii) proxy statements received for its clients and fund securities; (iii) records of votes cast on behalf of clients and funds; (iv) records of written requests for proxy voting information and any written response of FCCM to either a written or oral request; and (v) any documents prepared by FCCM that were material to making a proxy voting decision or that set forth the basis for such decision. Clients may, upon request to the Compliance Officer, obtain copies of reports setting forth the positions taken on all proxies voted with respect to such client's account.

In situations where the voting of a proxy involves one or more of the registered investment companies sub-advised by FCCM ("the Funds"), the proxy voting procedures adopted by the Funds' board will supersede the procedures adopted by FCCM.

Item 18 – Financial Information

FCCM does not require or solicit pre-payment of fees more than six months in advance if at all. FCCM generally bills clients in arrears on a monthly or quarterly basis, although certain clients may request that fees be paid in advance.

FCCM is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, nor has FCCM been the subject of a bankruptcy proceeding at any time during the past ten years.