



FORM ADV PART 2A

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This brochure provides information about the qualifications and business practices of Chatham Capital Group, Inc. If you have any questions about the contents of this brochure, please contact us at 912-691-2320 or www.chathamcapitalgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Chatham Capital Group is also available on the SEC's website at www.adviserinfo.sec.gov.

Although Chatham is a registered investment adviser, registration does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

Pursuant to SEC rules, this Item discusses specific material changes that were made to this Brochure since our last annual update on March 10, 2016 to provide clients with a summary of such changes. When required or appropriate, we will also provide clients interim summary updates of material changes to our Brochure.

The following are the material changes since March 10, 2016:

Chatham's assets under management increased from \$392 million on December 31, 2015 to \$418 million, including \$841K in non-discretionary assets, on December 31, 2016.

Chatham entered into a new solicitation arrangement with J. Stephan & Company, Inc.

At any time, without charge, clients may request a copy of our current Brochure, which includes all material changes since the previous Brochure, or a summary of material changes to the previous Brochure by contacting Chatham Capital Group, Inc. at 912-691-2320 or www.chathamcapitalgroup.com.

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ITEM 4: ADVISORY BUSINESS

Chatham Capital Group's principal office is in Savannah, GA, with a second office on Hilton Head Island, SC. The firm was founded in 1996 by Frederick L. Muller; L. Guy Palmer, II; and Bruce D. Fielitz. Chatham has been a registered investment adviser with the Securities and Exchange Commission since 1996. Chatham has always been 100% owned by its operating principals. The present owners are Frederick R. Muller, Philip B. Palmer, William J. Fielitz, and Jason G. Allen. Frederick L. Muller and Bruce D. Fielitz remain involved in the business as non-owner principals. All principals act as portfolio managers. Chatham has four additional employees, including a portfolio manager and administrative staff.

Chatham manages investment portfolios for clients. As of December 31, 2016, Chatham managed \$417,552,616 of client assets on a discretionary basis and \$841,281 of assets on a non-discretionary basis. Most clients are high net worth individuals for whom Chatham manages one or more personal portfolios including trusts and retirement accounts. Chatham also manages some endowment/foundation portfolios, pension and profit sharing plans, and corporate portfolios. The standard minimum account size for separately-managed portfolios is \$1 million. In addition, Chatham also manages four private funds. Investors can invest in the private funds with amounts less than \$1 million. Each private fund imposes a standard minimum investment amount as specified in the respective offering document.

Separately-managed portfolios are tailored to the individual financial needs of each client. Based on a client's risk tolerance, income requirements, and other factors, Chatham establishes an asset allocation policy spelled out in the client's Financial Policy Statement and manages the portfolio in line with that policy. Individual securities are selected on the basis of the purpose they serve in meeting a client's needs and objectives. Portfolio managers have periodic meetings with clients during the year to stay abreast of any changes that might be relevant to long-term planning, risk tolerance, portfolio diversification, and asset allocation decisions. If a client wishes to impose specific restrictions on Chatham's management of his or her portfolio (e.g., no tobacco stocks), he or she must inform Chatham of this restriction in advance and a notation to that effect will be made in the client's Financial Policy Statement. If Chatham tracks (but does not manage or otherwise provide advice on or charge a fee for) other assets of certain clients in order to be aware of such clients' overall asset allocation and risk profile, it is able to depict that client's complete holdings on consolidated reports.

Either Chatham or a client may terminate an advisory agreement upon written notice at any time. However, if Chatham's registration as an investment adviser under the Advisers Act is suspended or revoked, the agreement will be terminated automatically.

ITEM 5: FEES AND COMPENSATION

For most clients, Chatham calculates its fee based upon a percentage of the market value of that client's assets under management. Management fees are calculated quarterly in arrears on the last business day of the calendar quarter.

For separately-managed portfolios, Chatham's standard fee schedule is:

- 1.00% on the first \$2.5 million in assets
- 0.90% on the next \$2.5 million in assets
- 0.65% on the next \$5.0 million in assets
- 0.50% on the next \$10.0 million in assets

For small cap institutional separate portfolios, Chatham's standard fee schedule is:

- 0.90% on the first \$10 million in assets
- 0.80% on the next \$10 million in assets
- 0.70% on assets over \$20 million

Fees may be negotiable and family-related portfolios may have their assets combined and prorated for billing purposes. The fee schedule is discounted by 10% for eleemosynary (charitable) accounts.

Chatham deducts its investment advisory fees directly from client portfolios where clients have provided prior written authorization for this option. Clients are also offered the option of being billed by Chatham and paying their fees directly (instead of having them deducted from their portfolio) if they prefer. In the event of termination of an advisory relationship, Chatham prorates the advisory fee for the period in which services were rendered. Chatham also prorates the advisory fee at the outset of the relationship, when appropriate.

For each private fund, the investment management fee is 1.0% of the market value of the fund's assets. The fee is payable quarterly in arrears in an amount equal to 0.25% of the market value of the private fund's assets as of the last day of each calendar quarter. Fees are deducted directly from the relevant fund's assets. The offering documents of each private fund should be consulted for a complete description of fees charged to that fund.

Certain investments, such as publicly traded mutual funds and exchange-traded funds (ETFs), contain imbedded operational and management fees that are borne by the clients. In addition to Chatham's advisory fee, brokerage and other transaction costs are borne by clients directly. For more information on brokerage, see ITEM 12: BROKERAGE PRACTICES. Clients may also be required to pay other fees, such as custodial fees, annual account maintenance fees, and miscellaneous fees (e.g. wiring fees) as charged by their specific custodian.

For occasional special projects, Chatham may charge fees at an hourly billing rate depending on the scope of the assignment. Any such fees would be laid out in advance and agreed upon in writing with the client.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Not applicable.

ITEM 7: TYPES OF CLIENTS

As stated in ITEM 4: ADVISORY BUSINESS, Chatham manages investment portfolios for different types of clients. Most clients are high net worth individuals for whom Chatham manages one or more personal portfolios including trusts and retirement accounts. Chatham also manages some endowment/foundation portfolios, pension and profit sharing plans, and corporate portfolios. In addition, Chatham provides investment advice to its private funds and serves as general partner for both of its partnerships.

The standard minimum account size for separately-managed portfolios is \$1 million. Investors can invest in one or more of Chatham's private funds with amounts less than \$1 million. Minimum investment amounts may be waived at the sole discretion of Chatham.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Chatham brings a significant amount of investment experience and wealth management expertise to each client relationship. Chatham's rigorous investment advisory process is the result of this experience, as well as the formal training of the principals. Through its ongoing research process, Chatham's investment team identifies investments that meet its selection criteria for inclusion in client portfolios and maintains a master list of equities that are approved for purchase. In addition, Chatham conducts asset allocation meetings where the principals revise asset allocation policy based on a rigorous assessment and evaluation of relevant capital markets data. Chatham focuses on asset allocation as the primary determinant of portfolio return.

Investments in the capital markets involve risk of loss of principal that all clients should be prepared to bear. Investing in equities involves price volatility and the risk of losing a substantial amount of its value. Although bonds usually have less price volatility than equities, their risk includes credit and duration/interest rate risk in rising rate environments. Chatham attempts to minimize the investment risk inherent in the capital markets through diversification. However, Chatham offers no guarantee to clients that their portfolios will grow in value or that their results will meet or exceed certain market benchmarks. Investment results will vary from year to year, and are likely to be negative in some years.

As mentioned in ITEM 4: ADVISORY BUSINESS, Chatham tries to be cognizant of a client's overall assets when structuring his or her investment portfolio. The nature of outside holdings, and their size, will often impact what sort of portfolio Chatham will construct and manage for a client. For example, Chatham might recommend an all-equity portfolio for a client who holds a large portfolio of fixed income securities elsewhere. Or Chatham might recommend a reduced weighting in equities for a client who has a significant ownership interest in a private business or investment real estate.

Consistent with each client's investment objectives, Chatham's portfolio managers consider both return and risk in the formulation of a suitable portfolio. Each portfolio manager may purchase approved equities in the portfolios he or she manages based upon each client's individual needs, risk tolerance, income requirements, etc. Additionally, portfolio managers consider and integrate relevant tax, estate, business, and family matters that have a bearing on portfolio construction. Chatham strives to keep portfolio turnover relatively low as frequent trading can adversely affect returns through increased brokerage and other transaction costs. Chatham generally does not make use of leveraged strategies, such as purchasing securities on margin. Chatham may occasionally use stock options in client portfolios for hedging purposes.

In addition to individual securities, Chatham purchases exchange-traded funds ("ETFs") in client portfolios and they may be an integral part of some clients' overall investment strategy. Chatham has found it beneficial and cost-effective to use them because ETFs enable quick and efficient investment in a given asset class, market sector, or geographic region, providing an instant diversification benefit with one transaction (instead of many) to implement a desired strategy, thus reducing costs. Imbedded management fees within the ETFs, however, may partially offset this advantage.

For each separately-managed portfolio, Chatham works with the client to determine how much of a portfolio should be placed in cash and other short-term instruments in order to meet anticipated withdrawal requirements. Chatham will generally keep at least that amount—more if market conditions warrant—in such instruments. In periods when no withdrawals are anticipated, the allocation will be based on risk considerations. This approach provides liquidity and staying power, helping client portfolios to make it through a market cycle without forced liquidations in down periods.

ITEM 9: DISCIPLINARY INFORMATION

Not applicable.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Not applicable.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

CODE OF ETHICS

Chatham has adopted a Code of Ethics that all employees are required to read, maintain familiarity with, and annually sign a statement to this effect. The Code addresses various issues including compliance with applicable federal securities laws, confidentiality,

conflicts of interest, personal trading, insider trading, gifts and entertainment, political and charitable contributions, and outside activities.

Chatham's Code of Ethics requires employees to be guided in their actions by the highest ethical and professional standards. Some of the general principles governing Chatham's Code are as follows:

1. The general conduct of employees must at all times reflect the professional nature of the business;
2. Employees must act within the spirit and the letter of all federal, state, and local laws and regulations pertaining to investment advisers;
3. The interests of Chatham's clients should take priority over personal interests;
4. Employees shall strictly follow the personal trading procedures outlined in the Code of Ethics prior to placing any securities transactions for direct or indirect personal gain;
5. When an employee finds that his or her personal interests may conflict with the interests of Chatham or its clients, he or she must report the conflict to the Chief Compliance Officer for instruction on how to proceed;
6. The recommendations and actions of Chatham on behalf of its clients are confidential and are private matters between Chatham and its clients;
7. Employees must strictly adhere to the policies and guidelines set forth in the Code of Ethics. Severe disciplinary actions, including dismissal, may be imposed for violations of the Code of Ethics.

A full copy of Chatham's Code of Ethics will be provided to any current or prospective client upon request.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

As previously mentioned, Chatham serves as the general partner for its two investment partnerships and, as such, has a vested interest in those partnerships. Chatham may recommend, when suitable, that clients invest money in these partnerships.

This could create a potential conflict of interest between Chatham and a client. Chatham addresses this conflict by making sure that client investments in the partnerships are made only when appropriate based on client-specific considerations, such as asset allocation, risk tolerance, etc.

PERSONAL TRADING

Chatham is keenly aware of potential conflicts of interest on the part of its employees regarding the purchase and sale of securities in their personal portfolios. Employees have a fiduciary duty to serve the best interests of Chatham's clients and not to engage in conduct that is in conflict with those interests.

Although Chatham employees can invest in the same (or related) securities invested in for clients, Chatham minimizes the potential conflicts of interest this may create by having various rules in place which govern the personal investing of Chatham employees.

No employee may execute a transaction in an individual security which is currently being purchased or sold, or which is under consideration for purchase or sale by Chatham, until after the client transactions are completed (next business day). This includes, but is not limited to, purchases, sales, call options, and put options. Employees must have all transactions for covered securities approved before initiating a personal trade. The trade must be executed before the close of trading on the approval date. Additional restricted activities include pre-clearance of private placements and prohibitions against purchasing IPOs, engaging in short sales, and purchasing from or selling securities to clients.

Each employee's monthly (or quarterly when not available monthly) transaction statements are submitted to Chatham's Compliance Department for review as part of the monitoring process. Applicable records are maintained by Chatham. Occasionally, Chatham's investment team may identify and consider for purchase a security that is already owned in a personal portfolio(s) of one or more of its portfolio managers. In such cases, Chatham considers only the investment merits of the security in its decision to purchase the security for client portfolios.

ITEM 12: BROKERAGE PRACTICES

In reviewing broker-dealers and negotiating what is reasonable compensation, Chatham considers a wide range of criteria including, for example, execution capabilities, commission rates, services provided to clients, and broker-dealer factors, such as financial stability. Chatham also considers the size of the transaction, the difficulty of execution, the operational facilities of the broker-dealers, the risk to such a broker-dealer of positioning a block of securities, and the overall quality of brokerage services provided by brokerage firms.

Referrals may be a consideration in the selection of brokerage arrangements. For example, in the unusual case where a broker-dealer recommends that a client hire Chatham for investment advisory services, it is likely (though not required) that this broker-dealer will be retained by the client to hold custody of the assets and receive the trading commissions. As per usual practice, Chatham and the client would name this broker-dealer in the advisory agreement signed by both parties. The commission paid under such an arrangement may be higher than if a different broker-dealer had been selected and the client is made aware of this but wishes to maintain the broker-dealer relationship for personal reasons.

SOFT DOLLAR PRACTICES

Chatham has no formal soft dollar arrangement with any brokers-dealers, but does receive research and other offered products or services other than execution ("soft dollar benefits"), such as web seminars, incidental to a client's custodial relationship with the firm. The research and brokerage services Chatham received gratis in the past year from broker-dealers that execute client trades, included items such as research reports on industries, companies, specific securities, the stock market, the bond market, the US economy, and global economies.

When Chatham uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Chatham receives a “soft dollar benefit” because it does not have to produce or pay for the research, products, or services. As a result, Chatham has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the clients’ interest in receiving most favorable execution.

In some cases, the commission rates charged by broker-dealers who provide research and brokerage services may be higher than the rates charged if such services were not provided. The research and brokerage services furnished by broker-dealers may be used in servicing multiple clients, and not all such research and brokerage services will be used in connection with the account(s) that paid commissions to the broker-dealers providing that research and brokerage services. As such, Chatham does not seek to allocate “soft dollar benefits” to clients proportionately to the commissions the accounts generate.

DIRECTED BROKERAGE

Chatham clients use a variety of different broker-dealers and custodians. At the beginning of their advisory relationship, and after discussion with the portfolio manager, the client decides which firm they will use for custody and brokerage. A large majority of Chatham’s clients decide that their brokerage and custody be placed with a particular firm based on discussions with Chatham which address, among other things, services to be provided and the costs thereof, and the various brokerage options available. Most client accounts at Chatham are non-institutional and relatively small, so it is more economical for these accounts to receive custody services through a brokerage firm than to pay separately for custodial and brokerage services with two different entities.

Clients agree to direct their trades to the custodian named in their advisory agreement. They are therefore subject to the fees charged by that custodian, even though lower fees and better execution may be available from other custodians.

Clients should be aware that directing Chatham to use a particular broker-dealer to execute transactions for their accounts may result in: (1) higher transaction costs for the client; (2) the client foregoing benefits from savings on execution costs that Chatham might be able to obtain for other clients; (3) the client not being able to participate in a new issue of securities; and (4) the client’s trades being placed after similar trades are placed with other broker-dealers. As a result of the foregoing, Chatham’s ability to secure the most favorable execution for the client may be partially or wholly limited by the nature of the directed brokerage arrangement and Chatham may not achieve executions of the nature, quality, speed, or price that it might otherwise achieve. In other words, by clients directing brokerage, Chatham may be unable to achieve most favorable execution of client transactions and this practice may be costlier.

Chatham has a Trading Review Committee that periodically evaluates items related to Best Execution (e.g. commissions charged, services provided, etc.) and communicates its findings to clients on an annual basis. Client feedback is encouraged.

ITEM 13: REVIEW OF ACCOUNTS

Chatham's portfolio managers speak with and/or meet with clients on a regular basis to review their portfolio and discuss any changes in personal circumstances. At least once a year, Chatham provides each separately-managed client with a copy of the Financial Policy Statement that governs the management of his or her portfolio. Chatham revises this document based on discussions with the client and feedback received from the client regarding any changes in circumstances. Chatham may make more frequent changes to this document based on information received in the interim. The portfolio manager seeks to ensure that the information remains accurate.

Portfolios are reviewed continuously by the respective portfolio manager and are reviewed periodically as a group. Circumstances giving rise to individual or group reviews include, by way of example, a shift in market conditions, a change in Chatham's asset allocation policy, a pending buy or sell transaction, a change in a client's circumstances or risk tolerance parameters, or a significant cash deposit/withdrawal.

For clients with separately-managed portfolios, Chatham produces detailed quarterly reports with information regarding holdings, asset allocation, performance, gains/losses, benchmark returns, Chatham's current investment outlook, etc. These reports replicate some of the information that is shown on the monthly statements that clients receive directly from their custodian. Chatham reports performance information to clients on a quarterly basis using time-weighted returns, a common industry standard.

Clients invested in Chatham's private funds also receive quarterly reports from Chatham. These show the holdings of the private fund, its quarterly investment performance, Chatham's investment outlook for the asset class in question, and the client's current market value. Clients invested in Chatham's private funds do not receive monthly custodial statements for the fund. (See ITEM 15: CUSTODY.)

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Chatham has entered into fully disclosed solicitation arrangements, which entail a sharing of fees, with the following entities and individual and shares fees in the following manner:

Southeastern Investment Management, LLC	30% of fee collected
Lucas & Associates CPAs, PC	30% of fee collected
Silverstone Advisors, Inc.	25% of fee collected
J. Stephen & Company, Inc.	25% of fee collected
Eric W. Zimmerman	50% of fee collected

These relationships are governed by Rule 206(4)-3 under the Investment Advisers Act of 1940. Accordingly, Chatham has created a separate disclosure document spelling out the fact that investment management fees will be shared between Chatham and the relevant

solicitor on an ongoing basis. Clients must sign and date this document prior to, or at the time of, entering into an agreement with Chatham for investment management services.

Chatham is the investment manager for these clients and is fully responsible for investment research and management of the portfolios. The solicitors listed above will identify potential clients who have need of professional investment advisory services and refer these potential clients to Chatham. As compensation for the referrals, Chatham shares fees with the respective solicitors.

Clients should be aware of the potential conflicts of interest that these solicitation arrangements may present. For example, the sharing of investment management fees gives these solicitors an incentive to recommend that Chatham be hired and, once hired, continue to be retained. Another example of a potential conflict of interest is the fact that Southeastern Investment Management, LLC, with which Chatham has this solicitation arrangement, is an affiliate of KRT CPAs, a Savannah-based accounting firm which Chatham uses for its own corporate accounting work and for some accounting work (but not audits) on its private funds.

Lucas & Associates is a Savannah-based accounting firm that recommends certain clients to Chatham. Silverstone Advisors and J. Stephan & Company recommend certain institutional clients to Chatham for small cap investing. Eric W. Zimmerman is the managing director of McKinley & Company, LLC and is a registered representative of MidAtlantic Securities.

ITEM 15: CUSTODY

Chatham is deemed to have custody of its clients' assets because it directly debits its investment advisory fees from client portfolios when clients provide written authorization to do so. Chatham does not however, maintain custody of client funds or securities, but rather uses a third-party brokerage firm or other qualified custodian (named in the client's advisory agreement) to maintain client funds and securities. This provides clients with an important protection and safeguard. Clients should receive monthly (or quarterly in some instances) statements from the entity that holds custody of their assets. In an annual mailing, clients are reminded to be sure they receive these statements, carefully review them, and compare them with reports from Chatham. If they are not receiving these statements, clients should contact their custodian and Chatham.

Chatham has custody of the private partnership assets because of its status as general partner. As a result, Chatham has the ability to direct payment of various expenses of the partnerships. Clients do not receive copies of the custodian statements for these partnerships, but only the quarterly reports produced by Chatham. Chatham believes it has minimized any risks inherent in this structure by engaging a third-party accounting firm (KRT CPAs) to verify information on a quarterly basis and engaging a separate third-party accounting firm to annually audit the books and records of the partnerships and to provide a copy of the annual audit report to all investors in the partnerships.

In the case of the group trusts, there is a third-party corporate trustee (Queensborough National Bank & Trust Company) who is responsible for maintaining books and records

of each group trust and for confirming the market value of the units in each. The corporate trustee has custody of the group trust assets. They must approve all movement of funds and will audit the trusts if/when required by law.

ITEM 16: INVESTMENT DISCRETION

Except as specifically instructed in writing by clients, Chatham has discretionary authority over client portfolios and, in its discretion, determines which securities are bought or sold for an account and the amount of securities bought and sold. In the advisory agreement, clients assign to Chatham a limited power of attorney for this function. Clients also sign brokerage paperwork to this effect. Each client portfolio is invested in accordance with that client's Financial Policy Statement. If a client wishes to impose specific restrictions on Chatham's management of his or her portfolio (e.g., no tobacco stocks), he or she must inform Chatham of this restriction in advance and a notation will be made in the client's Financial Policy Statement.

With respect to sales of securities, Chatham's portfolio managers generally take into account gains and losses, tax considerations, etc. For example, a portfolio manager may elect to hold positions in stocks that have been removed from the buy list, sell stocks that are still on the buy list, and/or retain stocks that were inherited with a new portfolio but are not on the buy list.

ITEM 17: VOTING CLIENT SECURITIES

Regarding voting client securities, Chatham has adopted its *PROXY VOTING POLICIES AND PROCEDURES*. Records are kept of how each proxy is voted. At any time, clients are free to contact Chatham, via phone, e-mail, or in person, with any questions they may have about a particular solicitation or the reasoning for a particular vote or to request a full copy of Chatham's *PROXY VOTING POLICIES AND PROCEDURES*.

Some clients wish to vote proxies themselves and have directed their custodians to send annual reports, proxies, and other corporate reorganization materials directly to them so they can do so. Chatham does not receive proxies for these clients. Clients wishing Chatham to vote their proxies must authorize their account custodians to have the proxy material sent to Chatham and then Chatham assumes the responsibility of voting proxies for them. Once Chatham assumes this responsibility, clients may not direct their votes in a particular solicitation without providing express written instructions.

Chatham attempts to vote all proxies prudently and solely in the best long-term economic interests of our clients. Chatham has designated a Proxy Administrator to evaluate and cast proxy votes in accordance with the guidelines and principles set forth in the *PROXY VOTING POLICIES AND PROCEDURES*. There may be occasions where the voting of proxies may present an actual or perceived conflict of interest between Chatham and its clients. In such cases, Chatham will not take into consideration any relationship that gives rise to such a conflict and will vote solely in the best interests of our clients. The Proxy Administrator will notify Chatham's Chief Compliance Officer of any direct, indirect or

perceived conflict of interest and the Chief Compliance Officer will direct the Proxy Administrator on how to resolve the conflict in the best interests of the client.

ITEM 18: FINANCIAL INFORMATION

Not applicable.

ITEM 19: REQUIREMENTS FOR STATE REGISTERED ADVISERS

Not applicable.