



**Item 1 – Cover Page**

888 Seventh Avenue, 31st Floor

New York, New York 10019

212-482-1600

[www.adventcap.com](http://www.adventcap.com)

August 4, 2017

This Brochure provides information about the qualifications and business practices of Advent Capital Management, LLC (“Advent”). If you have any questions about the contents of this Brochure, please contact us at 212-482-1600. 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.

Advent is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Advent is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Advent is required to identify and discuss any material changes since its last annual update of this Brochure on March 24, 2016. In our opinion, material information in this Brochure that was not present in last year's Brochure appears in the following sections:

- Cover Page: Updated business address for Advent;
- Item 5: Updated information regarding Advent's fee arrangements;
- Item 10: Updated information regarding Advent's financial industry activities and affiliations; and
- Item 15: Updated information regarding Advent's custody arrangements.

Our Brochure and additional information may be requested by contacting our Client Advisory Group at 212-497-0649 or [ClientAdvisory@adventcap.com](mailto:ClientAdvisory@adventcap.com).

### **Item 3 – Table of Contents**

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9 – Disciplinary Information .....	22
Item 10 – Other Financial Industry Activities and Affiliations .....	23
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	24
Item 12 – Brokerage Practices .....	25
Item 13 – Review of Accounts.....	28
Item 14 – Client Referrals and Other Compensation.....	30
Item 15 – Custody .....	30
Item 16 – Investment Discretion.....	31
Item 17 – Voting Client Securities.....	31
Item 18 – Financial Information .....	32
Item 19 – Requirements for State Registered Advisers .....	32

## **Item 4 – Advisory Business**

Advent is a Delaware limited liability company and was founded in 1995 as a division of Utendahl Capital Management L.P. Advent became independent in 2001. As of December 31, 2016, Advent held approximately \$8.8 billion in regulatory assets under management. Tracy V. Maitland is the principal owner of Advent.

Advent invests primarily in convertible bonds, but its focus on capital structure research enables it to implement investment strategies that incorporate equities, preferred stock, high yield securities, corporate bonds and secured debt. Advent's proficiency in investing across the entire capital structure is driven by the strength of our proprietary fundamental, bottom-up credit and equity research.

Advent manages investment advisory accounts for individuals, pension and profit sharing plans, trusts, insurance companies, foundations, private funds and other businesses and institutions (collectively, "clients"), as further described in Item 7 of this Brochure. Advent will typically exercise investment discretion, including, but not limited to, the type and amount of securities and other financial instruments purchased and sold, subject to the client's current investment guidelines. Advent may invest client assets in any combination of the following types of investments on a long or short basis in accordance with applicable investment guidelines: domestic and foreign securities; convertible securities; high yield securities; common stock; preferred stock; warrants; bank loans and loan participations; debt securities; equity options; swaps; futures; contracts; options on futures contracts; other derivatives; when-issued, delayed-delivery and forward-commitment transactions; restricted securities; illiquid securities and special opportunity investments. Clients may impose restrictions on the types of securities as well as specific companies in which they do not want to invest.

Advent also participates in wrap fee programs. Advent's portion of the fees paid by wrap program participants is negotiated between Advent and the sponsor of the wrap fee program, and is paid to Advent directly by the sponsor. The main difference in how Advent manages wrap fee programs versus its other accounts is that in some cases Advent is prohibited from effecting certain types of transactions with the broker-dealer that is the sponsor of the wrap fee program, or certain of its broker-dealer affiliates. Another difference is that wrap program accounts may trade less frequently than other accounts. Because of these differences, wrap program participants may not participate in certain aggregated orders in which other Advent clients participate, and this may result in the transactions of such wrap program participants being executed at different prices and in different amounts than the aggregated transactions involving other Advent clients.

Advent manages both long-only investment strategies as well as alternative or hedge fund investment strategies. These strategies are described in Item 5 of this Brochure.

## **Item 5 – Fees and Compensation**

Advent's fee arrangements vary by client and are based on a number of different factors, including the services performed, type of investment mandate and account/relationship size. To the extent permitted under the Investment Advisers Act of 1940, as amended (the "Advisers

Act”), or the applicable provisions of the Investment Company Act of 1940, as amended (the “Investment Company Act”) in the case of registered investment companies, Advent may negotiate and charge asset-based fees and/or performance fees or incentive allocations (collectively, “performance compensation”).

The following table sets forth a basic description of certain advisory fee arrangements. Advent’s advisory fees are negotiated in certain circumstances and arrangements with any particular client may vary from the compensation described in the table. Minimum account size may be waived.

	Strategy	Vehicle(s)	Securities	Mgt Fee	Perf Fee	Min.
Hedge Fund Strategies	Advent Global Partners	Separate Accounts Onshore/ Offshore Feeders	Convertibles, Derivatives, Short Equities	1%	20%	\$25MM \$3MM
	Global Opportunity Strategy	Separate Accounts	High Yield, Convertibles, Bank Loans, Derivatives, Equities	2%	20%	\$25MM
	Global Event Driven	US Mutual Fund	Convertibles, Derivatives, Equities, High Yield	0.75% on 1 <sup>st</sup> \$50MM 0.65% over \$50MM up to 300MM 0.60% in excess of \$300MM	NA	Varies by share class
Long Only Strategies	Balanced Convertible Strategy	Separate Accounts	Convertibles	Sep Accts: 0.80% <25MM; 0.65% Next 25MM; 0.55% Next 50MM; 0.50% Next 100MM+	NA	\$10MM
	Investment Grade Convertible Strategy	Separate Accounts	Convertibles	Sep Accts: 0.65% <25MM; 0.55% Next 25MM; 0.50% Next 50MM; 0.45% Next 100MM+	NA	\$10MM
	Global Balanced Convertible Strategy	Separate Accounts	Global Convertibles	Sep Accts: 0.90% <25MM; 0.75% Next 25MM; 0.60% Next 50MM; 0.50% Next 100MM+	NA	\$25MM
	Phoenix Convertible Income Strategy	Separate Accounts	Income Convertibles	Sep Accts: 1.00% < 25MM; 0.80% Next 25MM; 0.65% Next 50MM; 0.55% Next 100MM+	NA	Sep Accts: \$10MM
		Wrap Fee Accounts		Wrap fees vary by sponsor		Wrap: \$250k
	Global Phoenix Convertible Income Strategy	Separate Accounts  SICAV-SIF UCITS	Income Convertibles	Sep Accts: 1.00% < 25MM; 0.80% Next 25MM; 0.65% Next 50MM; 0.55% Next 100MM+  Fund: 0.70%  Fund: 0.90%	NA	Sep Accts: \$25MM;  Fund: \$1MM  Fund: \$5MM
	High Yield Strategy	Separate Accounts	High Yield	Sep Accts: 0.50% <50MM; 0.45% Next 150MM 0.40% >200MM	NA	\$20MM

\* The Advent Hedged Convertible Strategy was renamed Advent Global Partners in January 2016.

Advent manages open-end and closed-end registered investment companies. Advent negotiates its fee arrangements for these funds directly with their respective board of trustees. The wrap fee programs in which Advent participates generally have a minimum account size of \$500,000 and are subject to fees established by the wrap plan sponsor.

Advent may be paid performance compensation in connection with one or more separate accounts, private funds or other pooled investment vehicles. Our performance compensation arrangements are structured in compliance with Section 205(a)(1) of the Advisers Act or available exemptions thereunder, such as the exemption for arrangements with qualified clients set forth in Rule 205-3 under the Advisers Act. Please refer to Item 6 of this Brochure for additional information about Advent's performance compensation arrangements.

Advisory fee arrangements are documented in the client's investment management agreement. Advent bills its fees in arrears on a quarterly basis or to a very limited degree on a monthly basis. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Client accounts that commence or end during a calendar quarter will be charged a prorated fee.

Advent's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which are borne by the client. Clients may incur certain charges imposed by custodians, broker-dealers, and other third parties such as custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, or other transaction-related charges, fees or taxes. A client may be subject to additional administrative and extraordinary expenses, as well as professional provider fees (e.g., accounting, tax and legal).

Such commissions, charges, fees or taxes may be exclusive of and in addition to Advent's fee, and Advent does not receive any portion of such expenses. Please refer to Item 12 of this Brochure for additional information about brokerage and other transaction costs.

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

Advent has entered into performance compensation arrangements with certain clients. Our performance compensation arrangements are structured in compliance with Section 205(a)(1) of the Advisers Act or available exemptions thereunder, such as the exemption for arrangements with qualified clients set forth in Rule 205-3 under the Advisers Act. Performance compensation arrangements for separately managed accounts are individually negotiated with the underlying clients. Performance compensation arrangements for private funds and other pooled investment vehicles are described in the offering document and/or the investment management agreement. In measuring a client's assets for calculation of performance compensation, Advent generally includes realized and unrealized capital gains and losses.

Generally speaking, the Advent portfolio managers and traders who implement long-only investment strategies for clients (collectively, “Long-Only Clients”) are different from the portfolio managers and traders who implement hedged or alternative investment strategies for clients (collectively, “Hedge Fund Clients”). A small number of portfolio managers and traders direct or participate in investment decision-making for both Long-Only Clients and Hedge Fund Clients. Advent’s research, trading and portfolio management personnel (collectively, the “Investment Team”) work in the same physical space (whether in New York or London) and have full access to all holdings and pending trades of Long-Only Clients and Hedge Fund Clients through Advent’s order management system. Long-Only Clients are charged an asset-based fee and most do not pay performance compensation, while Hedge Fund Clients pay performance compensation in addition to an asset-based fee. The payment of performance compensation by Hedge Fund Clients could create an incentive for Advent to preferentially allocate more favorable investment opportunities to Hedge Fund Clients, to the detriment of Long-Only Clients, which in almost all cases pay only an asset-based fee. Advent seeks to mitigate these potential conflicts through implementation of its Code of Ethics and other compliance policies and procedures (collectively, the “Compliance Manual”) to ensure compliance with its fiduciary obligations, the federal securities laws and other applicable laws and regulations. For example, portfolio managers and traders are required to:

- Act solely for the benefit of each client with undivided loyalty and to place the client’s interests above their own interests;
- Deal fairly and equitably with clients;
- Not favor one client over another client;
- Adhere to the client’s investment guidelines, restrictions and risk constraints;
- Avoid or seek to mitigate conflicts of interest; and
- Allocate in a fair and equitable manner among all clients all investment advisory recommendations and all aggregated orders for multiple clients (“aggregated orders”) for the purchase or sale of securities.

Another potential conflict of interest relates to short sales. Hedge Fund Clients may sell short equity or debt securities for purposes of hedging an existing position, and in some cases to express a directional view. Long-Only Clients do not sell short securities and on any trading day may buy, hold or sell securities that are being sold short by Hedge Fund Clients on the same trading day. Because of these various transactions for different clients, Advent could be viewed as having a potential conflict of interest if it sells short securities for one client while causing another client to hold the same securities long, despite having compelling contractual and fiduciary obligations (such as fulfilling a client’s investment guidelines and limitations) or other reasons for engaging in these seemingly inconsistent transactions. In addition, Advent could be seen as harming the performance of a Long-Only Client for the benefit of a Hedge Fund Client if the short-selling transactions for the Hedge Fund Client cause the market value of the shorted securities to move lower prior to the time the Long-Only Client executed its same-day sale of the same securities. Finally, Advent could be seen as benefitting Hedge Fund Clients at the expense

of Long-Only Clients if it intentionally caused Long-Only Clients to purchase the same securities that Hedge Fund Clients shorted for the purpose of causing the market value of the securities to increase, thereby increasing the value of the short positions to the Hedge Fund Clients. Each of these potential conflicting transactions is inconsistent with the fiduciary duties of the members of the Investment Team and is prohibited by Advent's Code of Ethics. Moreover, based on its historical experience in managing the assets of Hedge Fund Clients across multiple investment strategies, Advent does not believe that its short sales of securities for Hedge Fund Clients are reasonably likely to have a material adverse effect on the market value of such securities in the hands of Long-Only Clients, taking into account the aggregate size of the short positions and the market capitalization of the shorted securities.

The Chief Compliance Officer of Advent conducts regular training of Investment Team members and also works with individuals on a one-on-one basis to ensure they understand and are adhering to their fiduciary and other legal responsibilities as well as Advent's Code of Ethics in managing client assets, including but not limited to appropriately managing Hedge Fund Clients side-by-side with Long-Only Clients. Client accounts are also reviewed to ensure they are being managed in compliance with Advent's allocation policies and procedures and the applicable investment guidelines.

## **Item 7 – Types of Clients**

Advent provides portfolio management services to high net worth individuals, public pension plans, charitable institutions, foundations, endowments, municipalities, insurance companies, registered investment companies (e.g., open-end funds and closed-end funds), private funds, trust programs, sovereign wealth funds, foreign funds such as UCITS and SICAVs, and other U.S. and non-U.S. institutions.

Advent generally requires, with some exceptions granted at the discretion of Advent, that investors open minimum accounts in accordance with the thresholds described in Item 5 of this Brochure. With limited exceptions where permitted by applicable law, Advent requires that its separate account clients and investors in its private funds be "qualified purchasers" as that term is defined in Section 2(a)(51) of the Investment Company Act (with the exception of certain Advent personnel who qualify as "knowledgeable employees" under Rule 3c-5 of the Investment Company Act).

When a client seeks to open an account, Advent may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other similar registration number) and other reasonably required information that will allow Advent to identify the client and comply with "know your customer" and anti-money laundering requirements. Advent may ask for information and documentation regarding the source of the funds to be invested. Advent also reserves the right to ask for additional information regarding the individuals who are beneficial owners of the client and/or exercise control over the client. Advent may also request such other information as may be necessary to comply with applicable law. Furthermore, Advent may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that client or investor. For certain clients, Advent may rely on the client's advisor, broker-dealer, administrator, transfer agent, custodian or placement agent to



obtain, verify and record the required information. These requests and verification activities also apply to investors in Advent's private funds and other pooled investment vehicles.

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

Since its inception, Advent's credit-driven research focus has been a large driver of our investment performance. Advent utilizes a dynamic bottom-up relative value approach to security analysis. We believe our focus and experience regarding investments in credit strategies helps us avoid defaults and better gauge probabilities of downgrades, early redemption and corporate event risk. Advent's investment strategies are described below and followed by a description of related investment risks.

Any investment in securities, whether through an account, a private fund, a registered investment company or another type of investment vehicle, and regardless of investment strategy, involves risk of loss that a client or investor should be prepared to bear. All investments made by Advent on behalf of a client risk the loss of capital. No guarantee or representation can be made that a client will achieve its investment objective or avoid substantial losses, including the potential to lose all invested capital. There can be no assurance that any Advent investment strategy will achieve a client's investment objective, avoid losses or generate returns that are commensurate with the risks of investing in the type of securities that Advent may select for the client.

### **ADVENT STRATEGIES**

- ***Advent Global Opportunity Strategy*** seeks to maximize returns through Advent's insights while mitigating risk. The strategy seeks to capture the best investment opportunities Advent identifies in any given economic environment and invest through multiple strategies, including, but not limited to, relative value credit, capital structure arbitrage, distressed, convertible arbitrage, event driven/catalyst driven credit and equities.
- ***Advent Global Partners*** uses a disciplined relative value approach to volatility and credit investing with an event driven bias. Advent implements a flexible multi-strategy approach to investing through several sub-strategies including, but not limited to, idiosyncratic volatility arbitrage, corporate transactions and event-driven opportunities, credit investing, short selling, and option/volatility arbitrage.
- ***Advent Convertible Absolute Return Strategy*** seeks to generate positive absolute returns (i.e., growth regardless of market conditions) through multiple strategies to trade and invest in convertible, equity-linked and other securities while taking advantage of inefficiencies in the convertible securities market. The sub-strategies include convertible arbitrage, convertible income investing, corporate transaction participation, event-driven opportunities, short selling and option/volatility arbitrage.
- ***Advent Global Event Driven Strategy*** seeks positive absolute returns by investing in securities of companies that are involved in a corporate or special situation event. These events may include stock repurchase programs, spin-offs, asset sales,

restructurings, merger and acquisition opportunities, security mispricings due to market volatility (such as geopolitical unrest), earnings related opportunities, opportunities dependent on specific economic climates, and investments driven by special features in bond indentures (such as ratchet clauses and poison puts).

- ***Advent Balanced Convertible Strategy*** seeks a high total return by investing in a portfolio of USD denominated convertible securities that provide equity-like returns, while seeking to limit downside risk.
- ***Advent Global Balanced Convertible Strategy*** seeks a high total return by investing in a portfolio of global convertible securities that provide equity-like returns, while seeking to limit downside risk.
- ***Advent Phoenix Convertible Income Strategy*** seeks income and capital gains by investing in a portfolio of “theoretically cheap” USD denominated convertible securities that trade close to their bond value, while seeking to limit downside risk.
- ***Advent Global Phoenix Convertible Income Strategy*** seeks income and capital gains by investing in a portfolio of “theoretically cheap” global convertible securities that trade close to their bond value, while seeking to limit downside risk.
- ***Advent Investment Grade Convertible Strategy*** seeks a high total return by investing in a portfolio of USD denominated investment grade convertible securities that provide equity-like returns, while seeking to limit downside risk.
- ***Advent High Yield Strategy*** seeks income and total return by investing primarily in high yielding corporate credit using fundamental and relative value analysis to identify undervalued securities.
- ***The Advent Claymore Convertible Securities and Income Fund (NYSE: AVK)*** is a publicly traded closed-end fund that seeks to provide total return through a combination of capital appreciation and current income.
- ***Advent Claymore Global Convertible Securities & Income Fund II (NYSE: AGC)*** is a publicly traded closed-end fund that seeks to provide total return through a combination of capital appreciation and current income.
- ***The Advent/Claymore Enhanced Growth & Income Fund (NYSE: LCM)*** is a publicly traded closed-end fund that seeks to provide current income and current gains from trading securities with a secondary objective of long-term capital appreciation.

## **RISK FACTORS**

### *Investment Strategy Risks*

Arbitrage Risks. The investment guidelines of a client may permit it to engage in capital structure arbitrage and other arbitrage strategies. The principal risk associated with arbitrage strategies is that the underlying relationships between securities in which a client takes investment positions may change in an adverse manner, in which case the client may realize losses. Arbitrage strategies entail other risks including the risk that external events, regulatory approvals and other factors will impact the consummation of announced corporate events and/or the prices of certain positions. In addition, hedging is an important feature of capital structure arbitrage. There is no guarantee that Advent will be able to hedge a client's portfolio in the manner necessary to successfully employ the client's strategy.

Bank Loans and Loan Participations. The investment guidelines of a client may permit it to acquire interests in bank loans and other debt obligations either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. Under a participation, a client generally will have rights that are more limited than the rights of the institution selling the participation (the "Participating Institution"), or of persons who acquire the loan by assignment. In a participation arrangement, a client typically has a contractual relationship with the Participating Institution, but not with the borrower. As a result, a client assumes the credit risk of the Participating Institution in addition to the credit risk of the borrower. In the event of the insolvency of the Participating Institution, a client may be treated as a general creditor of the Participating Institution and may not have a claim that is senior to the Participating Institution's interest in the loan.

In addition, when a client holds a participation in a senior loan, it may not have the right to vote on whether to waive enforcement of any restrictive covenant breached by a borrower. Participating Institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of a client and may not consider the interests of a client. A client may not benefit directly from the collateral supporting a senior loan in which it has purchased the participation, although Participating Institutions generally are required to distribute liquidation proceeds received by them pro rata among the holders of such participations.

Bank loans may include loans of a type generally incurred by the borrowers thereunder in connection with highly leveraged transactions, often to finance internal growth, acquisitions, mergers, stock purchases or for other reasons. Such loans are typically private corporate loans negotiated by one or more commercial banks and syndicated among a group of commercial banks. In order to induce the banks to extend credit, and to offer a favorable interest rate, the borrower often provides the banks with extensive information about its business that is not generally available to the public.

Bank loans are typically at the most senior level of the capital structure, and are often secured by specific collateral, including, but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the obligor or its affiliates. Bank loans often provide for restrictive covenants designed to limit the activities of the borrower in an effort to protect the right of lenders to receive timely payments of interest and principal. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. Bank loans usually have shorter terms than more junior obligations and may require mandatory prepayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities.

Purchasers of bank loans are predominantly commercial banks, investment funds and investment banks. As secondary market trading volumes increase, new bank loans are frequently adopting a standardized documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, bank loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the bank loan market has been small relative to the high yield debt market.

Common Stock. The investment guidelines of a client may permit it to invest in or hold common stock. Common stock represents an equity or ownership interest in an issuer. Common stock typically entitles the owner to vote on the election of directors and other important matters, as well as to receive dividends on such stock. In the event an issuer is liquidated or declares bankruptcy, the claims of owners of bonds, other debt holders, and owners of preferred stock take precedence over the claims of those who own common stock. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various unpredictable factors including, but not limited to, perceptions or expectations regarding the following: the condition of the financial markets or a particular industry or sector; government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises.

Concentration. The investment guidelines of a client may permit it to concentrate its investments without limit in one or a few countries, industries or issuers. Accordingly, the negative impact of adverse movements or events in a particular country, industry or issuer could be considerably greater than if the client were not permitted to concentrate its investments to such an extent.

Convertible Securities. The investment guidelines of a client may permit it to invest in convertible securities. Convertible securities are hybrid securities that combine the investment characteristics of bonds and common stocks. Convertible securities typically consist of debt securities or preferred stock that may be converted (on a voluntary or mandatory basis) within a specified period of time (normally for the entire life of the security) into a certain amount of common stock or other equity security of the same or a different issuer at a predetermined price.

Convertible securities also include debt securities with warrants or common stock attached and derivatives combining the features of debt securities and equity securities. Other convertible securities with features and risks not specifically referred to herein may become available in the future. Convertible securities involve risks similar to those of both fixed income and equity securities. In a corporation's capital structure, convertible securities are senior to common stock, but are usually subordinated to senior debt obligations of the issuer.

The market value of a convertible security is a function of its "investment value" and its "conversion value." A security's "investment value" represents the value of the security without its conversion feature (i.e., a nonconvertible fixed income security). The investment value may be determined by reference to its credit quality and the current value of its yield to maturity or probable call date. At any given time, investment value is dependent upon such factors as the general level of interest rates, the yield of similar nonconvertible securities, the financial strength of the issuer, and the seniority of the security in the issuer's capital structure. A security's "conversion value" is determined by multiplying the number of shares the holder is entitled to receive upon conversion or exchange by the current price of the underlying security. If the conversion value of a convertible security is significantly below its investment value, the convertible security is likely to trade like nonconvertible debt or preferred stock and its market value will not be influenced greatly by fluctuations in the market price of the underlying security. In that circumstance, the convertible security takes on the characteristics of a bond, and its price typically moves in the opposite direction from interest rates. Conversely, if the conversion value of a convertible security is near or above its investment value, the market value of the convertible security is likely to be more heavily influenced by fluctuations in the market price of the underlying security. In that case, the convertible security's price may be as volatile as that of common stock. Because both interest rates and market movements can influence its value, a convertible security generally is not as sensitive to interest rates as a similar fixed income security, nor is it as sensitive to changes in share price as its underlying equity security. Convertible securities are often rated below investment grade or are not rated, and they are generally subject to a high degree of credit risk.

Although all markets are prone to change over time, the generally high rate at which convertible securities are retired (through mandatory or scheduled conversions by issuers or through voluntary redemptions by holders) and replaced with newly issued convertibles may cause the convertible securities market to change more rapidly than other markets. For example, a concentration of available convertible securities in a few economic sectors could elevate the sensitivity of the convertible securities market to the volatility of the equity markets and to the specific risks of those sectors. Moreover, convertible securities with innovative structures, such as mandatory-conversion securities and equity-linked securities, have increased the sensitivity of the convertible securities market to the volatility of the equity markets and to the special risks of those innovations, which may include risks different from, and possibly greater than, those associated with traditional convertible securities. A convertible security may be subject to redemption at the option of the issuer at a price set in the governing instrument of the convertible security. If a convertible security held by a client is subject to such redemption option and is called for redemption, the client must allow the issuer to redeem the security, convert it into the underlying common stock, or sell the security to a third party.

Because of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. During periods of rising interest rates, it is possible that the potential for capital gain on convertible securities may be less than that of a common stock equivalent if the yield on the convertible security is at a level that would cause it to sell at discount.

Convertible securities may or may not be rated within the four highest categories by Standard & Poor's Ratings Group ("S&P") and Moody's Investor Service ("Moody's") and are, therefore, not investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends, on those securities.

Securities that are rated BB or lower by S&P, or Ba or lower by Moody's, are often referred to in the financial press as "junk bonds" and may include securities of issuers in default. "Junk bonds" are considered by the rating agencies to be predominately speculative and may involve major risk exposures such as: (1) vulnerability to economic downturns and changes in interest rates; (2) sensitivity to adverse economic changes and corporate developments; (3) redemption or call provisions which may be exercised at inopportune times; and (4) difficulty in accurately valuing or disposing of such securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of a client's holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared, or the issuer enters into another type of corporate transaction which increases its outstanding securities.

Debt Securities. The investment guidelines of a client may permit it to invest in debt securities. A debt security, sometimes called a fixed income security, is a security consisting of a certificate or other evidence of a debt (secured or unsecured) on which the issuing company or governmental body promises to pay the holder thereof a fixed, variable, or floating rate of interest for a specified length of time, and to repay the debt on the specified maturity date. Some debt securities, such as zero-coupon bonds, do not make regular interest payments but are issued at a discount to their principal or maturity value. Debt securities include a variety of fixed income obligations, including, but not limited to, corporate bonds, government securities, municipal securities, convertible securities, mortgage-backed securities, and asset-backed securities. Debt securities include investment-grade securities, non-investment-grade securities, and unrated securities. Debt securities are subject to a variety of risks, such as interest rate risk, income risk, call/prepayment risk, inflation risk, credit risk, and (in the case of foreign securities) country risk and currency risk. The reorganization of an issuer under the federal bankruptcy laws may result in the issuer's debt securities being cancelled without repayment, repaid only in part, or repaid in part or in whole through an exchange thereof for any combination of cash, debt securities, convertible securities, equity securities, or other instruments or rights in respect of the same issuer or a related entity.

Derivatives. The investment guidelines of a client may permit it to invest in complex derivative instruments that seek to modify or replicate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in

the manner expected, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment. These risks include, for example and without limitation, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them, which can substantially magnify market movements and result in losses greater than the amount of the investment.

Emerging Markets. The investment guidelines of a client may permit it to have exposure to emerging markets. Investing in emerging market countries involves certain risks not typically associated with investing in the United States, and it imposes risks greater than, or in addition to, risks of investing in more developed foreign countries. These risks include, but are not limited to, the following: greater risks of nationalization or expropriation of assets or confiscatory taxation; currency devaluations and other currency exchange rate fluctuations; greater social, economic, and political uncertainty and instability (including amplified risk of war and terrorism); more substantial government involvement in the economy; less government supervision and regulation of the securities markets and participants in those markets, and possible arbitrary and unpredictable enforcement of securities regulations; controls on foreign investment and limitations on repatriation of invested capital and on a client's ability to exchange local currencies for U.S. dollars; unavailability of currency-hedging techniques in certain emerging market countries; the fact that companies in emerging market countries may be smaller, less seasoned, or newly organized; the difference in, or lack of, auditing and financial reporting standards, which may result in unavailability of material information about issuers; the risk that it may be more difficult to obtain and/or enforce a judgment in a court outside the United States; and greater price volatility, substantially less liquidity, and significantly smaller market capitalization of securities markets. Also, any change in the leadership or politics of emerging market countries, or the countries that exercise a significant influence over those countries, may halt the expansion of or reverse the liberalization of foreign investment policies now occurring and adversely affect existing investment opportunities. Furthermore, high rates of inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries. Custodial services and other investment-related costs are often more expensive in emerging market countries, which can reduce a client's income from investments in securities or debt instruments of emerging market country issuers.

Futures. The investment guidelines of a client may permit it to invest in futures contracts. Futures markets are highly volatile. To the extent a client engages in transactions in futures contracts, the profitability of a client will depend to some degree on the ability of Advent to analyze correctly the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events and changes in interest rates. Moreover, investments in commodity futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5%-15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. Finally, the CFTC and futures exchanges have established limits referred to as "speculative position limits" on the maximum net long or net short position which any person may hold or control in particular commodity contracts. Advent may invest client assets in futures contracts and options on futures contracts for investment and hedging purposes.

Illiquid Investments. The investment guidelines of a client may permit it to make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. Moreover, the securities in which a client may invest include those that are not listed on a stock exchange or that are traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were publicly traded. The ability of a client to satisfy redemption requests may be adversely affected if the client's investments are illiquid.

Lending Portfolio Securities. The investment guidelines of a client may permit it to lend its portfolio securities to brokers, dealers and financial institutions. It is intended that these loans will be secured by collateral (consisting of cash, Government securities or irrevocable letters of credit) maintained in an amount equal to at least 100 percent of the market value, determined daily, of the loaned securities. The client will be entitled to payments equal to the interest and dividends on the loaned security and may receive a premium for lending the securities. Lending portfolio securities will result in income to a client, but could also involve certain risks in the event of the delay of return of the securities loaned or the default or insolvency of the borrower.

Leverage. The investment guidelines of a client may permit it to utilize leverage. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested, either through borrowing or other forms of market exposure, magnifies both the favorable and unfavorable effects of price movements in the investments made by a client. Insofar as a client employs leverage in its investment operations, the client will be subject to substantial risks of loss up to the total value of their portfolio. With volatile instruments, downward price swings can result in margin calls that could require liquidation of securities at inopportune times or at prices that are not favorable to a client and cause significant losses. In the case of short sales, the same magnitude of loss can occur with price increases. In addition, illiquid investments can be priced against a client during periods when it may need capital as a result of using leverage. Returns from a leveraged investment will be more volatile than returns from the underlying investment.

Lower Grade Securities. The investment guidelines of a client may permit it to invest in lower grade securities. Lower grade securities, which for purposes of this discussion also include unrated securities of the same quality as lower grade securities, are commonly referred to as high yield securities or "junk bonds" and are regarded as being predominantly speculative as to the issuer's ability to make payments of principal and interest. Investment in such securities involves substantial risk. Issuers of lower grade securities may be highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risks associated with acquiring the securities of such issuers generally are greater than is the case with higher rated securities. For example, during an economic downturn or a sustained period of rising interest rates, issuers of lower grade securities may be more likely to experience financial stress, especially if such issuers are highly leveraged. During periods of economic downturn, such



issuers may not have sufficient revenues to meet their interest payment obligations. The issuer's ability to service its debt obligations also may be adversely affected by specific issuer developments, the issuer's inability to meet specific projected business forecasts or the unavailability of additional financing. Therefore, there can be no assurance that in the future a higher default rate may not develop relative to the rates currently existing in the market for lower grade securities. The risk of loss due to default by the issuer is significantly greater for the holders of lower grade securities because such securities may be unsecured and may be subordinate to other creditors of the issuer. Generally speaking, the lower grade securities in which Advent may invest a client's assets do not include instruments which, at the time of investment, are in default or the issuers of which are in bankruptcy. However, there can be no assurance that such events will not occur after a client purchases a particular security, in which case the client may experience losses and incur costs. The investment guidelines of a client may permit it to invest in securities which, at the time of investment, are in default or are issued by companies that are in bankruptcy.

Lower grade securities frequently have call or redemption features that would permit an issuer to repurchase the security from a client. If a call were exercised by the issuer during a period of declining interest rates, the client is likely to have to replace such called security with a lower yielding security, thus decreasing the net investment income to the client.

Lower grade securities have been in the past, and may again in the future, be more volatile than higher rated (or higher quality) fixed income securities, so that adverse economic events may have a greater impact on the prices of lower grade securities than on higher rated fixed income securities. Factors adversely affecting the market value of such securities are likely to adversely affect the client's net asset value. Recently, demand for lower grade securities has increased significantly and the difference between the yields paid by lower grade securities and investment grade bonds (i.e., the "spread") has narrowed. To the extent this differential increases, the value of lower grade securities in a client's portfolio could be adversely affected.

Like higher rated fixed income securities, lower grade securities generally are purchased and sold through dealers who make a market in such securities for their own accounts. However, there are fewer dealers in the lower grade securities market, which may be less liquid than the market for higher rated fixed income securities, even under normal economic conditions. Also, there may be significant disparities in the prices quoted for lower grade securities by various dealers. As a result, during periods of high demand in the lower grade securities market, it may be difficult to acquire lower grade securities appropriate for investment by a client. Adverse economic conditions and investor perceptions thereof (whether or not based on economic reality) may impair liquidity in the lower grade securities market and may cause the prices a client receives for its lower grade securities to be reduced. In addition, a client may experience difficulty in liquidating a portion of its portfolio when necessary to meet a client's liquidity needs or in response to a specific economic event such as deterioration in the creditworthiness of certain issuers. Under such conditions, judgment may play a greater role in valuing certain of a client's portfolio instruments than in the case of instruments trading in a more liquid market. In addition, a client may incur additional expense to the extent that it is required to seek recovery upon a default on a portfolio holding or to participate in the restructuring of the obligation.

Market Disruption and Geopolitical Risk. Various social and political tensions in the United States and around the world may contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. Advent does not know when or for how long the financial markets will be affected by such events and cannot predict the effects of any such events in the future on the United States economy and securities markets. These risks could adversely affect individual asset classes and the markets therefor, inflation and other factors relating to client investments.

Material Nonpublic Information. Advent maintains compliance policies and procedures that it believes are reasonably designed to prevent, detect and correct potential violations of the federal securities laws and other applicable laws and regulations in connection with Advent's receipt of material nonpublic information about a company or its securities. A client's investment flexibility may be constrained as a consequence of Advent's inability to use such information for investment purposes during the period of time Advent is restricted under applicable authority. A client may experience losses if it is unable to sell an investment that it holds because Advent possesses material nonpublic information relevant to such investment.

Non-U.S. Exchange Risk Exposure. To the extent a client that holds non-U.S. investments does not or is not able to hedge foreign exchange risks, the client may be exposed to additional risk due to exchange rate fluctuations. A client also may hedge currency exchange risks where considered economically justifiable. A client may attempt within the parameters of currency and exchange controls that may be in effect, to obtain rights to exchange its invested capital, dividends, interest, fees, other distributions and capital gains into other currencies. Further, a client may incur costs in connection with conversions between various currencies. Foreign exchange rates have been highly volatile in recent years. The combination of volatility and leverage gives rise to the possibility of large profit and large loss. In addition, there is counterparty risk since currency trading is done on a principal to principal basis.

Non-U.S. Investments. The investment guidelines of a client may permit it to invest in non-U.S. investments. Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. issuers and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Further, non-U.S. securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the U.S. are generally higher than in the U.S. Higher costs result because of the cost of converting a foreign currency to dollars, the payment of fixed brokerage commissions on some foreign exchanges and the imposition of transfer taxes or transaction charges by foreign exchanges. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the U.S. and there is greater difficulty in taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect a client's performance.

Option Transactions. The investment guidelines of a client may permit it to utilize options. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security in excess of the premium payment received. Over-the-counter options also involve counterparty solvency risk.

Preferred Stock. The investment guidelines of a client may permit it to invest in preferred stock. Preferred stock represents an equity or ownership interest in an issuer. Preferred stock normally pays dividends at a specified rate and has precedence over common stock in the event the issuer is liquidated or declares bankruptcy. However, in the event an issuer is liquidated or declares bankruptcy, the claims of owners of bonds take precedence over the claims of those who own preferred and common stock. Preferred stock, unlike common stock, often has a stated dividend rate payable from the corporation's earnings. Preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. "Cumulative" dividend provisions require all or a portion of prior unpaid dividends to be paid before dividends can be paid to the issuer's common stock. "Participating" preferred stock may be entitled to a dividend exceeding the stated dividend in certain cases. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of such stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing the stock to be called or redeemed, which can limit the benefit of a decline in interest rates. Preferred stock is subject to many of the risks to which common stock and debt securities are subject. In addition, preferred stock may be subject to more abrupt or erratic price movements than common stock or debt securities due to the fact that preferred stock may trade less frequently and in more limited volume.

Regulatory Risk. The U.S. regulatory landscape is currently undergoing significant changes which will impact the types of transactions that a client may enter into. Some aspects of the new regulatory framework include regulations related to margin requirements, reporting, recordkeeping, clearing, trade execution and swap dealer and major swap participant registration. These regulatory changes, among others, may require Advent to change a client's trading strategies or cause a client to incur greater costs.

Restricted Securities. The investment guidelines of a client may permit it to invest in securities acquired in private sales. Such securities are deemed "restricted securities" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). Resale of restricted securities by a client will be limited to entities that are "qualified institutional buyers" as defined in Rule 144A(a)(1) of the Securities Act and subject to the restrictions set forth in the Rule.

Short Selling. The investment guidelines of a client may permit it to engage in short selling. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows a client to profit from declines in market prices to

the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities above the sale price would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. A client's loss on a short sale is potentially unlimited, because there is no upward limit on the price a borrowed security could attain.

Swaps. The investment guidelines of a client may permit it to invest in swaps. Investments in swaps involve the exchange with another party of their respective commitments. Use of swaps subjects a client to risk of default by the counterparty. If there is a default by the counterparty to such a transaction, there may be contractual remedies pursuant to the agreements related to the transaction although contractual remedies may not be sufficient in the event the counterparty is insolvent. However, the swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid in comparison with the markets for other similar instruments which are traded in the interbank market.

Warrants. The investment guidelines of a client may permit it to invest in warrants. Warrants are instruments that give the holder the right, but not the obligation, to buy an equity security at a specific price for a specific period of time. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

When-Issued, Delayed-Delivery, and Forward-Commitment Transactions. The investment guidelines of a client may permit it to engage in when-issued, delayed-delivery, and forward-commitment transactions. When-issued, delayed-delivery, and forward-commitment transactions involve a commitment to purchase or sell specific securities at a predetermined price or yield in which payment and delivery take place after the customary settlement period for that type of security. Typically, no interest accrues to the purchaser until the security is delivered. When purchasing securities pursuant to one of these transactions, payment for the securities is not required until the delivery date. However, the purchaser assumes the rights and risks of ownership, including the risks of price and yield fluctuations and the risk that the security will not be issued as anticipated. When a client has sold a security pursuant to one of these transactions, the client does not participate in further gains or losses with respect to the security. If the other party to a delayed-delivery transaction fails to deliver or pay for the securities, the client could miss a favorable price or yield opportunity or suffer a loss. A client may renegotiate a when-issued or forward-commitment transaction and may sell the underlying securities before delivery, which may result in capital gains or losses for the client.

## *Management Risks*

Dependence on Key Personnel. Clients rely on certain key personnel of Advent. Advent employs a team approach to investing, with co-portfolio managers as the main decision makers of almost every strategy, as well as utilizing significant input from all members of the Investment Team in executing the investment process. The departure of certain portfolio management personnel or their inability to fulfill certain duties has the potential to adversely affect the ability of Advent to effectively implement one or more investment strategies it employs for clients.

Conflicts of Interest. Like other asset management firms, as part of Advent's business, Advent, Advent's affiliates and Advent personnel have developed many significant relationships with third parties, including, but not limited to, existing and prospective clients, placement agents or other direct or indirect sources of client referrals, investment bankers, consultants, investors in Advent private funds, and former directors, officers and employees of Advent, including some who may form or be involved in the management of funds or accounts that engage in investment activities similar to those of a client. Certain of such third parties may engage in one or more of the following activities: introduce investment opportunities to Advent; introduce Advent to potential buyers of portfolio securities held by a client; facilitate the disposition of portfolio securities; provide investment banking, consulting or advisory services to Advent; invest in a client; perform investment banking or investment advisory services for issuers of private securities held by Advent personnel or their friends and family members; introduce or recommend public or private investment opportunities to Advent personnel or their friends and family members; or provide other significant business or investment services to Advent, one or more clients, one or more Advent clients or investors in Advent private funds, Advent personnel, and friends and family of Advent personnel. Such third parties may receive direct commercial compensation from such persons for providing such services and/or, with respect to transactions in connection with a client, may receive compensation from Advent or its affiliates in the form of a cash payment from Advent or such affiliate or a participation in or payment in relation to the management fees or carried interest Advent or its affiliates, respectively, receive from clients. Advent seeks to monitor and, as necessary, mediate such significant relationships to avoid or mitigate any material conflict of interest involved in the relationship, but no guarantee can be made that such mediation or mitigation will prevent actions which are to the detriment of a client. Service providers to Advent or one or more clients may be investors in Advent private funds. This could present a conflict of interest to Advent or its affiliates in deciding whether to utilize the services of such service providers, or deciding whether to pay such service providers higher fees out of client assets in return for such service providers' willingness to invest with Advent, which could result in additional fees for Advent or affiliates.

Personal investments by Advent personnel can present potential conflicts of interest. Advent personnel, certain friends or family members of Advent personnel, and certain individuals employed by or associated with certain service providers of Advent or its clients may invest alongside one or more clients through a separate entity related to Advent that can make investments simultaneous with and on the same terms as other clients. Advent personnel may buy and sell securities or other investments for their own accounts (including through clients managed by Advent). As a result of differing investment guidelines and limitations, or for other reasons, some positions may be taken by Advent personnel that are the same as, different from or

made at different times than, positions taken for a client. For the same or different reasons, Advent personnel may invest in public or private companies, private equity funds, private venture capital funds, hedge funds, real estate funds, mutual funds and other investments. For further information regarding Advent's professional and fiduciary standards for mitigation of potential conflicts of interest, please see Item 11 of this Brochure.

Side Letters with Strategic Investors. Advent or an advisory affiliate may, in its sole discretion, enter into separate agreements (collectively "side letters") with certain clients and investors in Advent private funds, such as those affiliated with Advent, those subject to particular regulatory or legal considerations or those deemed to involve a significant or strategic relationship (collectively, "Strategic Investors"), to waive certain terms, or allow such Strategic Investors to invest on different terms than those specifically described in the offering documents, marketing materials or other agreements governing the terms and conditions under which the opportunity to invest in an Advent private fund or investment strategy (an "Advent Investment") is made available to other clients or investors in Advent private funds, including, without limitation, with respect to fees, liquidity, the right to increase the size of an investment or depth of information provided to such Strategic Investors concerning the Advent Investment. Under certain circumstances, these side letters could create preferences or priorities for such Strategic Investors with respect to other clients or investors in the Advent Investment. In addition, Advent or its advisory affiliates may, through an Advent Investment or otherwise, specifically allocate capacity with respect to some portion of the Advent Investment to Strategic Investors who desire increased exposure to such investments. The terms and conditions of a side letter may require Advent, its affiliates and their respective directors, officers, partners, principals and employees to provide the beneficiaries of the side letter additional or different information than that provided to the other clients or investors that hold interest in the Advent Investment. Similarly, the terms of a side letter may provide certain Strategic Investors additional or different information and reporting than that provided to other clients or investors that hold interest in the Advent Investment. Such information may provide the recipient greater insights into the activities of the Advent Investment than is included in standard reports to other clients or investors in the Advent Investment, thereby enhancing the recipient's ability to make investment decisions with respect to the Advent Investment.

It is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy, its investment guidelines and the types of securities held. While Advent seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Clients and other investors should read carefully all applicable informational materials and governing documents, including offering memoranda and prospectuses, prior to retaining Advent to manage an account or investing in any Advent-managed fund.

## **Item 9 – Disciplinary Information**

In September 2014, Advent voluntarily agreed, without admitting or denying any allegations, to a settlement with the SEC relating to Rule 105 of Regulation M under the Securities and Exchange Act of 1934. This rule prohibits an investor from participating in an underwritten secondary offering of stock if the investor sold short the same stock during the prior

five business day restricted period, as defined in the rule. Rule 105 applies to all purchases in underwritten secondary offerings, regardless of whether an investor has any intent to violate. That means the rule governs not just manipulative activity by naked short sellers who profit from participation in a secondary offering, but also governs inadvertent violations by institutional investors who use shares from a secondary offering to cover a hedge on a convertible arbitrage position. On two occasions in 2012, Advent bought stock in an underwritten secondary offering after having sold short the same stock during the five days prior to the offering. When Advent learned of the issue, we took prompt remedial actions to prevent future violations of Rule 105. These remedial actions were completely implemented before our discussions with the SEC. Moreover, the SEC acknowledged Advent's full cooperation in this matter. In our opinion, the Rule 105 transactions were technical violations and quite small in the context of Advent's overall transaction volume. Advent used its own financial resources to pay 100% of the amount required to settle with the SEC, which in our opinion was diminutive. In our view, the settlement will not have a material impact on our business and will have no impact on our ability to continue to deliver "best-in-class" investment management services to current and future clients.

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

Advent Capital Management UK Limited ("Advent UK") is a wholly-owned subsidiary of Advent that is based in London and is authorized and regulated by the UK Financial Conduct Authority. Advent and Advent UK share physical space, systems and employees.

Advent provides certain management and administrative services to the Advent Legacy Securities PPIF, Ltd. It does not provide investment advice to this fund.

Advent acts as an investment adviser to The Advent Claymore Convertible Securities and Income Fund and as an investment manager to Advent Claymore Global Convertible Securities & Income Fund II and The Advent/Claymore Enhanced Growth & Income Fund, three registered closed-end investment companies. Advent manages Transamerica Event Driven (an open-end registered investment company) through a subadvisory arrangement. Advent also manages UCITS investment funds organized in Ireland and Luxembourg.

ACM Funds Management LLC ("ACM Funds Management") is a wholly owned subsidiary of Advent. ACM Funds Management and Advent share physical space, systems and employees. ACM Funds Management serves as a general partner and investment adviser to The ACM Funds, L.P., a private fund. ACM Funds Management also serves as a general partner of two private funds: Advent Global Partners Master Fund, LP (f/k/a The Advent Convertible Master Fund, L.P.) and Advent Global Partners Fund, LP (f/k/a The Advent Convertible Arbitrage Fund, L.P.).

Advent Cayman Limited is a wholly owned subsidiary of Advent. Advent Cayman Limited and Advent share physical space, systems and employees. Advent Cayman Limited serves as a general partner of Advent Global Partners Master Fund, LP (f/k/a The Advent Convertible Master Fund, L.P.), a private fund.

Advent also acts as investment manager to several Cayman Islands-based hedge funds and European based investment funds.

In some cases, Advent's business arrangements with related persons/companies are material to Advent's advisory business or to its clients. In some cases, these business arrangements may create a potential conflict of interest, or appearance of a conflict of interest between Advent and a client. These potential conflicts are discussed in Item 11 of this Brochure.

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

Advent has adopted a Code of Ethics to set forth the standards of business conduct, professional ethics and fiduciary behavior that Advent expects of all Advent personnel. The Code also sets forth related policies and procedures that must be followed by Advent personnel as required by the Advisers Act. The Code of Ethics states that Advent is a fiduciary to its clients, and requires that Advent and Advent personnel adhere to specific fiduciary obligations, carry out high standards of ethical behavior and act at all times with integrity, honesty, and professionalism. Advent personnel must be sensitive to situations that may give rise to an actual or apparent conflict with the interests of a client. Advent personnel are required to put the interests of each client above their own personal or professional interests in carrying out their responsibilities at Advent.

Under the Code of Ethics, Advent personnel must comply with the federal securities laws and other applicable laws governing the services they provide on behalf of Advent to its clients. This includes laws and regulations that apply specifically to investment advisers as well as those that apply more broadly ranging from prohibitions against illegal insider trading to the U.S. Foreign Corrupt Practices Act. The Code of Ethics and the other provisions of the Compliance Manual provide policies and procedures that are intended to help Advent and Advent personnel comply with applicable law. In addition, Advent provides periodic guidance and training to Advent personnel on the requirements of the Compliance Manual and applicable law. The Code of Ethics imposes the following requirements, standards or limitations (among others) in order to avoid and attempt to mitigate material conflicts of interest that may arise in the conduct of Advent's business and in the activities of Advent personnel.

- It requires Advent and Advent personnel to avoid or seek to mitigate, and make full and fair disclosure to clients of, all material conflicts of interest involving Advent or Advent personnel;
- It includes provisions that govern the solicitation, acceptance and giving of gifts and the provision of business entertainment;
- It prohibits Advent personnel from offering or making illegal payments of any kind (including but not limited to bribes, kickbacks, rebates and other payments) in connection with the business of Advent or a client for the benefit of any person with the intent or likely effect of inducing or influencing the recipient to misuse his or her position or violate applicable law;
- It governs political contributions by Advent and Advent personnel and certain other activities related to political campaigns and candidates for office;



- It requires pre-approval to engage in certain outside business activities;
- It requires disclosure of certain family and household members who work in the financial services industry;
- It imposes an obligation to maintain the confidentiality of a wide range of nonpublic information that becomes known in the course of, or in connection with, the business and operations of Advent, Advent clients and investors in Advent private funds;
- It includes policies and procedures reasonably designed to prevent insider trading and other misuses of material nonpublic information by Advent and Advent personnel;
- It limits the circumstances under which Advent personnel may disclose client portfolio holdings to third parties; and
- It establishes a minimum holding period for certain transactions.

Under the Code of Ethics, Advent personnel are prohibited from effecting the following personal securities transactions: buying or selling public securities of any issuer while in possession of material nonpublic information about the issuer or its securities; buying securities in an initial public offering; buying convertible securities; engaging in front running or other securities transactions that take unfair advantage of proposed, pending or executed securities transactions for clients; or buying a security during any applicable “blackout period” surrounding a client transaction in the same security. The Code of Ethics also establishes specific disciplinary actions that the Compliance Committee may take upon its determination that an employee has violated a provision of the Code of Ethics.

A copy of the Advent Code of Ethics is available to clients or prospective clients upon written request by emailing [ClientAdvisory@adventcap.com](mailto:ClientAdvisory@adventcap.com) or by calling Advent’s Client Advisory Group at 212-497-0649.

## **Item 12 – Brokerage Practices**

Subject to the investment guidelines and restrictions imposed by clients, Advent generally will have the authority to determine, without obtaining specific client consent, the securities and amount thereof to be purchased or sold.

Advent will generally use its discretion in selecting the broker, dealer or other counterparty to be used to execute each transaction for its clients. Advent’s discretionary authority may be limited, however, by directions from a client to have transactions for its account to be directed to a specified broker-dealer and in the case of the wrap program participants, may prohibit Advent from transacting with the broker-dealer sponsor of the wrap program and certain of its affiliates. Advent will treat the client direction as a decision by the client to limit the discretion that Advent otherwise would have in selecting broker-dealers to effect transactions and in negotiating commissions generally for the client’s account.

Advent has a fiduciary duty to seek to obtain “best execution” of all securities transactions it effects on behalf of its clients. This means Advent must seek to execute securities transactions in such a manner that the client’s total cost (in the case of purchases) or proceeds (in the case of sales) in each transaction is the most favorable under the circumstances. It is Advent’s policy in selecting broker-dealers to obtain “best execution” of clients’ transactions. In light of this policy, Advent will execute securities transactions for a client in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances and, in selecting brokers, will consider all relevant factors. The determinative factor in the selection of a broker-dealer will not be the lowest possible commission cost but whether the transaction represents the best qualitative execution for the client account.

Any instruction or limitation relating to the selection of broker-dealers must be in writing. Because client-directed trades often cannot be aggregated with non-directed trades, such designations may adversely affect Advent’s ability to obtain volume discounts on aggregated orders or to obtain best price and execution by effecting certain transactions directly with the market maker, and in some cases may result in lost investment opportunities.

Advent may, subject to the requirements of Section 28(e) of the Securities Exchange Act of 1934 as it has been interpreted by the SEC and its staff, select brokers that furnish Advent or its clients with brokerage and research services, which are provided either directly by the broker-dealer or indirectly by a third party acting on behalf of the broker-dealer, in exchange for payments in the form of credits (“soft dollars”) arising from commission dollars paid to such broker-dealers by Advent clients. As a result of these arrangements, Advent may pay a participating broker-dealer more than the commission rates charged by other broker-dealers in recognition of the value of such brokerage or research services that benefit Advent, provided that Advent believes that such brokerage or research services provide lawful and appropriate assistance in the performance of its investment decision-making responsibilities and determines in good faith that the amount of commission was reasonable in relation to the value of the brokerage and research services received. Advent has adopted and implemented written policies and procedures (“soft dollar policies”) to ensure that its soft dollar arrangements comply with the requirements of Section 28(e) as it has been interpreted by the SEC and its staff. Advent’s soft dollar policies require that Advent complete a soft dollar analysis prior to beginning a new soft dollar arrangement, and at least annually with respect to each ongoing soft dollar arrangement.

Advent believes that using soft dollars to obtain the types of brokerage and research services discussed herein may enhance its investment research and trading functions. However, such arrangements may create conflicts of interest. Advent may have an incentive to select or recommend a broker-dealer based on its interest in receiving brokerage or research products or services. While brokerage and research products and services received in connection with client commissions are generally used to service all of Advent’s client accounts, a particular brokerage or research product or service may be used to service fewer than all client accounts, may disproportionately benefit certain client accounts and may not directly benefit the particular account or accounts that generated the commissions used to acquire the products or services. In addition, client accounts that do not generate commissions used to acquire brokerage and research products and services may benefit from those that do. When Advent uses client brokerage commissions to obtain research products and services, it receives a benefit because it does not have to produce or pay for such products and services using its own financial resources.

Certain brokerage and research products and services received by Advent may have a mixed use, which means that it can be used for brokerage and research functions that are eligible for payment using soft dollars, as well as those that are ineligible for payment using soft dollars. With respect to such mixed use products and services, in accordance with applicable guidance from the SEC and its staff, Advent will (1) make a reasonable allocation of the costs of the product according to its use, (2) use its own financial resources (and not soft dollars or other client assets) to pay for the ineligible portion of such product or service, and (3) keep adequate books and records concerning allocations so as to be able to make the required good faith determination. The receipt of mixed-use products and services and the determination of the appropriate allocation between eligible and ineligible items are viewed by the SEC as creating a conflict of interest between an adviser and its clients.

Advent's soft dollar arrangements may involve the receipt of the following types of brokerage and research services that are paid for using soft dollars, and may involve the receipt of other brokerage and research services that Advent determines in the future are eligible for payment through the use of soft dollars in accordance with Section 28(e) and related interpretations by the SEC or its staff. Eligible brokerage and research services that Advent may acquire through the use of soft dollars may include but are not necessarily limited to the following: traditional research reports; research publications; communications with research analysts; software and order management systems ("OMS") providing securities analysis and/or portfolio analysis; software and OMS providing clearance, settlement, and custody services in connection with trades and other functions incidental to effecting securities transactions; communications services related to the execution, clearing, and settlement of securities transactions and other functions incidental to effecting securities transactions; connectivity services between Advent and broker-dealers and/or other relevant parties such as custodians; trading software used to route orders to market centers, software that provides algorithmic trading strategies, and software used to transmit orders to direct market access ("DMA") systems; OMS functions involving trading software used to route orders, provide algorithmic trading strategies, or transmit orders to DMA systems or provide connectivity to this software; and OMS or software that provide post-trade functions incidental to executing a transaction.

Advent expects that most of its equity transactions for clients will be executed through an ECN (Electronic Communication Network) and will generate commissions that are subject to soft dollar arrangements. Advent expects that, in most cases, costs of equity trades that are executed through a soft dollar-linked ECN would be lower if those trades were executed through an ECN that was not subject to a soft dollar arrangement.

Advent will place an order for the purchase or sale of securities or other investments for a client based on Advent's determination of the suitability of that investment decision for the client and its consistency with applicable law. Advent will aggregate orders for multiple clients when it expects that such aggregation (1) will result in best execution of the order for each participating client and (2) is reasonably practicable and appropriate under the facts and circumstances. Portfolio managers and traders must consider on a pre-trade basis whether to create or participate in an aggregated order rather than execute a transaction through one or more individual orders. Advent expects there may be facts and circumstances under which it may be reasonable and/or necessary for a security to be transacted multiple times during a single trade date for single or multiple clients, in some cases through one or more individual orders, in other

cases as part of one or more aggregated orders, and in still other cases through a combination of individual orders and aggregated orders. This may be due to the types of client accounts, differences in the timing of investment decisions for different clients throughout a trading day, different client needs for speed of execution versus the minimization of brokerage fees, the occurrence of news events involving the issuer of the security that have different investment implications for clients with different investment guidelines, and for other reasons making use of a single aggregated order impracticable and/or inappropriate under the facts and circumstances or inconsistent with best execution.

Advent may be able to negotiate a better price and lower commission rate on aggregated orders. Where transactions for a client's account are not aggregated with other client orders (such as in the case of clients who instruct Advent to participate in directed brokerage arrangements), it may not benefit from a better price and lower commission rate. Generally speaking, wrap program accounts are traded less frequently than the accounts of other clients. Consequently, wrap program accounts may not participate in certain aggregated orders in which other Advent clients participate, and this may result in the transactions of such wrap program accounts being executed at different prices and in different amounts than the aggregated transactions involving other Advent clients. To the extent a given account trades the same securities on the same day in the same direction as, but behind or at different times from, other types of accounts, it is possible that the account may suffer adverse effects depending on market conditions.

Advent may from time to time choose to alter or choose not to engage in the above described arrangements to varying degrees, without notice to clients or investors in Advent private funds, to the extent permitted by applicable law and the applicable client agreement or governing document.

Advent may select broker-dealers to provide prime brokerage services to clients. Conflicts may arise when Advent selects prime brokers. Prime brokerage firms may introduce prospective clients to Advent, which may create incentives for or benefits to Advent to select these prime brokerage firms. Advent selects such firms only when consistent with obtaining appropriate services for clients.

Advent reimburses each client for any loss that such client may incur due directly to a trading error on Advent's part. Any gains resulting from a trading error on Advent's part are retained by the client.

### **Item 13 – Review of Accounts**

Advent's portfolio managers review the investment strategies utilized by Advent and the underlying client accounts on a continuing basis. Members of the Investment Team will review accounts on a monthly or more frequent basis. These reviews will include an overall monitoring of client holdings, portfolio diversification and concentration limits by industry or market sector, and, in the case of fixed-income portfolios, maturity and quality.

Advent's Investment Team periodically reviews client accounts. The review is conducted individually or as a group depending upon the account needs and market conditions. These reviews can address, but are not necessarily limited to, the following topics: the account's performance, investment objective, security positions, and risk attributes. Members of the Investment Team will review accounts on a monthly or more frequent basis. Additional reviews may be undertaken at the discretion of Advent. In addition, separately managed accounts receive reviews in accordance with the terms set forth in the applicable investment management agreement and as Advent deems appropriate.

In addition, Advent maintains the following key committees and conducts the following investment-related reviews.

Investment Committee: The Investment Committee has primary responsibility for developing and implementing Advent's investment decision-making process for clients.

Risk Management: Advent has a Chief Risk Officer who is a member of the Risk Management Committee and manages the Risk Management Team, ensuring the day-to-day execution of policies and procedures established by the Risk Management Committee for the measurement, management, and mitigation of portfolio and firm-wide risks. The Risk Management Committee provides risk oversight at a strategy / portfolio level and on a firm-wide / enterprise basis. The Risk Management Committee meets on a regular basis to examine position limits, stress tests, draw downs and sizing. The Risk Management Team produces portfolio-level and security-level risk reports weekly or more frequently if necessary to help portfolio managers understand risk exposures.

Portfolio Compliance Monitoring: Advent uses Bloomberg for daily management and trading of client portfolios. Advent's general procedure for establishing client accounts involves building a unique client profile on Bloomberg that includes manually-programmed trading restrictions that are based on investment guidelines communicated by the client, as well as any firm-wide restrictions or warnings Advent deems prudent. When a portfolio manager or trader inputs a trade for one or more clients into Bloomberg, the system performs a series of pre-trade compliance checks. If the proposed trade would violate a programmed trading restriction upon execution, the system should block the trade and identify the applicable trading restriction. The blocked trade cannot be executed unless it is approved by the Chief Compliance Officer or his designee. If the proposed trade would not violate the programmed trading restrictions upon execution, the trade is approved and released for execution. The system also performs post-execution and end-of-day compliance checks. The compliance area regularly monitors and takes appropriate corrective action in response to Bloomberg compliance reports.

Compliance: Advent has a Chief Compliance Officer who also serves as General Counsel. The CCO is the person primarily responsible for administering the Code of Ethics and other compliance policies and procedures, as well as the annual compliance review required by Rule 206(4)-7 under the Advisers Act. The CCO reports to Advent's Chief Financial and Administrative Officer. Advent also maintains a Compliance Committee, which has primary responsibility for overseeing adherence by Advent and its personnel with the compliance program and applicable law, overseeing administration of the compliance program and the annual compliance review by the CCO and maintaining Advent's overall system of internal

controls. The Compliance Committee also approves or ratifies changes to the Compliance Manual.

Broker/Valuation Committee: The Broker/Valuation Committee has primary responsibility for selecting and evaluating the performance of the broker-dealers approved for use by Advent. In addition, the Committee approves any change to pricing methodology and reviews any fair valued securities.

The nature and frequency of reports to clients are predicated on the requirements of each client and are determined in accordance with the specific needs of, and arrangements made with, each client. Advent typically renders written reports monthly and quarterly. Advent can provide clients with detailed month-end holding reports which may include portfolio holdings, purchases and sales, income expense reports and realized and unrealized gain/loss analysis. Advent works with clients to tailor its monthly and quarterly reporting to meet the standards they require. For each private fund, Advent distributes portfolio commentary and risk analytics on the fund on a monthly basis. Advent may also provide interim updates during periods of market volatility. Advent also may furnish special reports to the Board of Trustees of registered investment companies for which Advent provides investment advisory services.

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

Advent may enter into an agreement with one or more third party marketing and sales representatives to solicit prospective investment advisory clients. For investors referred by these representatives, Advent will pay a negotiated fee based on a percentage of assets under management referred by such representatives. Any such third party agreements will be in compliance with Section 206(4)-3 of the Advisers Act to the extent applicable.

The material terms of such arrangements will be disclosed to relevant client or investor. Advent informs each investor in an Advent private fund that is the subject of such placement services that the third party-placement agent will be compensated by the investor, the private fund or Advent, as the case may be.

Consistent with Advent policy or applicable regulation, Advent from time to time also pays for, or reimburses broker-dealers to cover various costs arising from, or activities that may result in, the sale of advisory products or services, including client and prospective client meetings, entertainment and educational seminars.

#### **Item 15 – Custody**

Advent generally does not have custody of its clients' assets. However, because certain clients may authorize Advent to receive its advisory fees out of the assets in such clients' accounts by sending invoices to the respective custodians of those accounts, Advent may be deemed by the SEC to have custody of the assets in those accounts. Such clients generally will receive account statements directly from their third-party custodians for the accounts and should carefully review those statements. Such clients should contact Advent immediately if they do not receive account statements from their custodian on at least a quarterly basis. As noted in Item 13 of this Brochure, Advent may provide clients with separate reports or account statements providing information about the account. Clients should compare these carefully to the account

statements received from the custodian. If clients discover any discrepancy between the account statement provided by Advent and the account statement provided by the custodian, then they should contact Advent immediately.

Advent may also be deemed to have custody of the assets of certain private funds for which it or an affiliate serves as managing member or general partner. The clients are subject to annual audits by an independent public accountant. Financial statements are sent to investors in the private funds within 120 days of the end of the fund's fiscal year, and a third party sends account statements to such investors on a monthly basis. Investors in Advent's private funds should review these statements carefully. If an investor in an Advent private fund does not receive audited financial statements in a timely manner, that investor should contact Advent immediately. Investors in Advent private funds will receive the annual financial statements in accordance with the Advisers Act. Advent is deemed to have technical custody of the assets of the following private funds: Advent Global Partners Master Fund, LP (f/k/a The Advent Convertible Master Fund, L.P.); The Advent Enhanced Phoenix Master Fund; Advent Global Phoenix Convertible Fund, a sub-fund of Advent Global Fund; and Advent Global Convertible Fund, a sub-fund of Advent UCITS Funds plc. The assets of these funds are held by unaffiliated banks and/or broker-dealers acting as "Qualified Custodians" under Rule 206(4)-2 under the Advisers Act.

#### **Item 16 – Investment Discretion**

Advent usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion will be exercised in a manner consistent with the stated investment guidelines for the particular client account. Such discretionary authority is set forth in the Investment Management Agreement between Advent and the client, which must be signed by both parties before Advent will commence management of the account.

When selecting securities and determining amounts, Advent observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Advent's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments.

Investment guidelines and restrictions must be provided to Advent in writing.

#### **Item 17 – Voting Client Securities**

Advent has adopted proxy voting policies and procedures (the "Proxy Procedures") in order to comply with Rule 206(4)-6 under the Advisers Act, as amended and its associated recordkeeping requirements. Pursuant to Rule 206(4)-6, all SEC registered investment advisers are required to disclose their Proxy Procedures to all of their clients, even those clients that do not invest in voting securities. In certain situations, a client or the client's fiduciary may provide Advent with a specific proxy voting policy. In these situations, Advent seeks to comply with such policy to the extent it would not be inconsistent with applicable regulation or the fiduciary responsibility of Advent.

The Proxy Procedures apply to those client accounts: (i) that contain voting securities; and (ii) for which Advent has authority to vote client proxies. The Proxy Procedures will be reviewed and, as necessary, rights shall be evaluated on a case-by-case basis. It should be noted that because Advent invests primarily in convertibles, not equities, the amount of proxies to be voted is very limited.

Pursuant to the Proxy Procedures and its fiduciary duties, Advent will vote client proxies as part of its authority to manage, acquire and dispose of account assets. When voting proxies for client accounts, Advent's primary objective is to make voting decisions solely in the best interest of clients and beneficiaries and participants of benefit plans for which we manage assets. In fulfilling its obligations to clients, Advent seeks to act in a prudent and diligent manner, intended to enhance the economic value of the underlying securities held in client accounts. In certain situations, Advent seeks to comply with such policy to the extent it would not be inconsistent with applicable regulation of the fiduciary responsibility of Advent.

Advent seeks to vote its clients' proxies in the best interest of its clients and not its own. Advent recognizes that it may have material conflicts of interest in voting client proxies where: (i) it manages assets for companies whose management is soliciting proxies; (ii) it has a personal relationship with participants in the proxy solicitation or a director or candidate for a director; or (iii) it otherwise has a personal interest in the outcome in a particular matter before shareholders. Notwithstanding the above categories, Advent understands that the determination of whether a "material conflict" exists depends on all of the facts and circumstances of the particular situation. Advent acknowledges that the existence of a relationship of the type discussed above, even in the absence of any active efforts to solicit the investment adviser with respect to a proxy vote, is sufficient for a material conflict to exist. Clients may direct Advent to vote their securities in a particular manner pursuant to direction specified in their investment management agreement with Advent.

Clients may obtain a copy of Advent's Proxy Procedures upon request. Clients may also obtain information from Advent about how Advent voted any proxies on behalf of the client account(s) upon request.

#### **Item 18 – Financial Information**

Not applicable.

#### **Item 19 – Requirements for State Registered Advisers**

Not applicable.