

Item 1 – Cover Page

Form ADV Part 2A: FIRM BROCHURE



WMD Asset Management, LLC

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This Brochure provides information about the qualifications and business practices of WMD Asset Management, LLC, a Delaware limited liability company (together with its fund general partners and relying adviser, unless context otherwise requires, “WMD” or the “Firm”), an investment adviser that provides investment advisory services to pooled investment and other vehicles which are exempt from registration under the Investment Company Act of 1940, as amended. If you have any questions about the contents of this Brochure, please contact us at 904-683-4950 or dec@wmddaugherty.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Additional information about WMD also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since our last firm brochure (“Brochure”), dated March 30, 2018, we have liquidated four private funds: SBC Silver Offshore II, LP; WMD Commercial Offshore Fund - I, L.P.; WMD Offshore Structured Investments, I, LLC; and WMD Silver Offshore L.P. In addition, we have launched one new private fund, WMD Capital Partners Fund, LLC, and added a relying adviser, W.M. Daugherty & Company, LLC.

We routinely make changes throughout our Brochure to improve and clarify the descriptions of our business practices and compliance policies and procedures or in response to evolving industry and Firm practices. In this year’s filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect the addition of the relying adviser, clarification regarding specific types of advisory services and updated to reflect regulatory assets under management as of December 31, 2018;
- Item 5: updated to reflect fees and expenses associated with the addition of the new fund;
- Item 8: updated to reflect additional risk factors and conflicts of interest with the addition of the new fund.

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Item 4 – Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

In 1998, William M. Daugherty founded W.M. Daugherty & Company, LLC (“W.M. Daugherty”) as a proprietary vehicle to create investment opportunities using his experience with real estate assets and lending. With increased specialization in the industry, WMD was organized in 2008 to direct the organization’s business focus to the review, acquisition, management, and disposition of real estate and related securities and to manage the same in funds and other vehicles sponsored or managed by WMD.

WMD provides investment advice and management to privately placed investment funds, including limited liability companies and limited partnerships of which WMD or an affiliate is the investment manager (collectively referred to herein as the “Funds”). Specifically, WMD serves as an investment manager for and provides discretionary advisory services to the following private Funds: WMD Real Estate Credit Fund, LP (together with its feeder fund, WMD Capital Partners Fund II, LP “Credit Fund”); WMD USMOF Offshore LP (“USMOF Fund”); and WMD Capital Partners Fund, LLC (“WMD Capital Partners Fund”). WMD’s clients also include separately managed accounts, primarily for institutions (“Separate Accounts”). The Funds and Separate Accounts are collectively referred to herein as “Clients.” Each Fund, other than WMD Capital Partners Fund, is affiliated with a general partner with authority to make investment decisions on behalf of such Fund. These general partners are deemed to be registered under the Investment Advisers Act of 1940, as amended (“Advisers Act”), pursuant to WMD’s registration in accordance with SEC guidance. While the general partners maintain ultimate authority over the respective Funds, WMD or its relying adviser has been delegated the role of investment adviser. For a list of the Funds and their general partners, please see the portion of WMD’s Form ADV Part 1, Schedule D, captioned “Private Fund Reporting” at Section 7.B.(1). Information regarding the Separate Accounts is available in WMD’s Form ADV Part 1, Item 5.K and Schedule D, Section 5.K(1), 5.K.(2) and 5.(K).(3).

W.M. Daugherty acts as a relying adviser to WMD and is the controlling member of WMD Capital Partners Fund. WMD and W.M. Daugherty collectively operate as a single advisory business: the advisers manage and provide investment advisory services to private funds that are qualified clients; WMD’s principal office and place of business is in the United States; W.M. Daugherty and the persons acting on its behalf are subject to WMD’s supervision and control; the advisory activities of both WMD and W.M. Daugherty are subject to the Advisers Act; and WMD and W.M. Daugherty operate under a single code of ethics administered by a single chief compliance officer.

In addition to its Clients mentioned above, WMD and W. M Daugherty also provide management services to several affiliated entities. These affiliated entities are not owned by WMD, but rather are affiliated with the principals of WMD and invest in WMD Funds and outside ventures.

Principal Owners/Ownership Structure

WMD Investors, LLC, a Delaware limited liability company (82% owned by W.M. Daugherty & Company, LLC, a Delaware limited liability company; 18% owned by Dennis E. Carlton), owns 100% of WMD Asset Management. W.M. Daugherty & Company, LLC is 99% owned by William M. Daugherty and 1% owned by Dennis E. Carlton.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

WMD's investment objective is to invest primarily in senior living facilities, senior living management, "RMBS" (defined below), "CMBS" (defined below) and "ABS" (defined in Item 8 below). WMD seeks to identify, evaluate, acquire, finance, manage and sell senior living facilities and mortgage backed securities and other assets in order to deliver performance that is non-correlated to major indices. When such investments consist of portfolio companies, such as the senior living facility assets, the senior principals or other personnel and/or third parties appointed by WMD will, on occasion, serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds. WMD's strategies and the risks involved are described in response to Item 8, below.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

The advisory services provided to each Client are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the Governing Documents for each Client. With regard to the Funds, WMD does not tailor its advisory services to the individual needs of investors in its Funds; WMD's investment advice and authority for each Fund are tailored to the investment objectives of each particular Fund. Investment advice for the Separate Accounts is tailored to each Separate Account. The objectives of each Client are described in the private placement memorandum, limited partnership agreement, investment advisory agreement and other governing documents of the relevant Fund or Separate Account (collectively, "Governing Documents").

With regard to the Funds, Fund investors cannot impose restrictions on investing in certain securities or types of securities. Investors participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Governing Documents. WMD may

enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund's Governing Documents.

With regard to the Separate Accounts, WMD's investment advice is focused solely on investing in mortgage backed securities.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

WMD does not participate in wrap-fee programs.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.

As of December 31, 2018, WMD managed \$160,413,735 in regulatory assets under management, all on a discretionary basis.

Item 5 – Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

As compensation for investment advisory services rendered to the Clients, WMD generally receives a management fee and its affiliated general partners receive a performance-based incentive allocation fee (as described more fully below in Item 6) from certain Clients. Investors also bear certain fund expenses, as described below. The Governing Documents of each Client details the fees, compensation and expenses in greater detail. The following is a summary of WMD's Clients; differences exist from Client to Client, as well as among investors in each Client, and certain Clients do not charge fees, compensation or expenses that other Clients charge.

From the Credit and USMOF Funds, WMD typically receives a monthly asset-based management fee calculated as a percentage of each investor's capital account, payable monthly in advance, of 2% per annum for the Credit Fund and 1.5% per annum for USMOF Fund. WMD Capital Partners Fund does not pay management fees. From Separate Accounts, WMD generally receives fees similar to those paid by the Credit and USMOF Funds, as negotiated with each Separate Account.

Management fees and other compensation are negotiable in certain circumstances and arrangements with any particular investor may vary; the relevant Fund general partner is permitted, in its sole discretion, to waive or reduce an investor's management or performance fee. In particular, the management fee for certain investors in the Funds who are employees of WMD, or family members

of such employees, have been waived at WMD's discretion. Although WMD believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

To the extent applicable, management fees, incentive allocations and other expenses (discussed in Item C below) are deducted from Client assets. Management fees are accrued and paid after the accrual date on either a monthly or quarterly basis as per each Client's Governing Documents. Incentive allocations are allocated as of the last business day of the calendar year and as of any date on which an investor makes a withdrawal or receives a distribution from such investor's capital account(s).

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

Subject to the provisions of the respective Governing Documents, the Funds shall pay such costs and expenses as WMD shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on its business and realize its objective.

The Funds' expenses include, but are not limited to, the following expenses incurred, and differ across Funds: (i) all third party and out of pocket expenses, including legal, tax, accounting, travel, registration and filing, capital raising and other organizational fees and expenses incurred in the formation of the Funds, the general partners, the offering of interests in the Funds and feeder funds, and the negotiation, execution, and delivery of partnership agreements, side letters, management agreements, and other agreements relating to the foregoing (the "Organizational Expenses"); (ii) marketing and syndication expenses; (iii) all Fund investment expenses, including, without limitation, rent and fees, taxes, real property or personal property taxes on investments, costs and expenses related to the acquisition, operation, management, investment-related travel expenses, monitoring and sale of securities, including interest, fees and offering expenses on borrowed money, expenses of custodians, consultants, banks, counsel and accountants and brokerage commissions, research and consulting fees and expenses (including fees for market research services), consulting and software subscriptions and/or licensing fees relating to services rendered to the Funds, out-of-pocket costs incurred in investigating and pursuing potential investments in securities, including organizing and maintaining special purpose vehicles, dividend expenses relating to short sales and other expenses reasonably related to the investment decision and monitoring process, all transfer, capital and other taxes, duties and costs applicable to the Funds on account of their operations and disposition or transfer of Fund assets, and preparation and filing expenses (including expenses of regulatory filings made in respect of the Funds, such as Form PF filings pursuant to U.S. securities laws); (iv) all costs and expenses incurred in the holding, purchasing, sale, transfer or exchange of securities (whether or not

consummated); (v) the Fund administration expenses (other than the general partners' and the Firm's overhead), including, without limitation, rent and fees of the administrator and any other costs incurred in connection with performing anti-money laundering procedures, maintaining the books and records of the Funds, valuation costs, completing regulatory reports, communicating with the investors and providing periodic reports to the investors, any insurance, indemnity or litigation expense (including any judgments or settlements paid in connection therewith), all costs associated with Fund meetings, auditing expenses of the Funds, financial statement and tax return preparation costs, compliance and regulatory fees and expenses, withholding and transfer fees, filing and registration fees, expenses of winding up and liquidating the Funds, all costs and expenses associated with any transfer, assignment, permitted sale or other disposition of investor interest, and any taxes, fees or other governmental charges levied against the Funds or any investments. For WMD Capital Partners, investors are responsible for all operating expenses incurred including, without limitation, employees, costs of all government returns, reports or other filings required for regulatory compliance, rent, equipment, document production, computer services and accounting incurred directly by WMD Capital Partners or any of its affiliates. As determined by the general partners, the management fees and other Fund expenses may be paid or reimbursed by subsidiaries of the Funds on the basis of their ownership of investments. Expenses for transactions not consummated, or "broken deal expenses," are borne pro rata, indirectly, by each vehicle involved in the potential transaction.

WMD's fees and expenses are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by the Clients. Such charges, fees and commissions are exclusive of and in addition to WMD's management fee, and WMD shall not receive any portion of these commissions, fees, and costs. Please see Item 12 of this Brochure for more information about WMD's brokerage arrangements for its Clients.

Expenses for Separate Account Clients are negotiated on a Client by Client basis and are reflected in each Client's Governing Documents.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

With the exception of WMD Capital Partners Fund, WMD generally permits withdrawals annually on the day preceding the anniversary of an investor's capital contribution. In the event that WMD makes an exception to this policy, it will not refund the prepaid management fee for any interests held for less than a full month. The Funds generally invest on a long-term basis. Accordingly, management fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Clients.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

Neither WMD nor its supervised persons accepts compensation for the sale of securities or other investment products outside of its association with WMD.

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

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

As discussed in Item 5.A., in addition to management fees, an affiliate or general partner of WMD generally receives an incentive allocation equal to a percentage of the net income allocated to each investor for the year. Such incentive allocation is subject to a “high water mark” such that if there is a temporary decline in an investor’s capital account due to net losses, the general partner will not be allocated the performance incentive for such investor until these losses are recovered. This incentive allocation is generally 20% and is typically made at the end of each calendar year.

All performance-based fees are calculated and paid in accordance with Section 205(a)(1) of the Advisers Act and the exemptions set forth in Rule 205-3. Similar to management fees, WMD is permitted to reduce or waive a portion of a Client’s incentive allocation in its sole discretion, and generally does so with regard to employees and their family members. WMD Capital Partners Fund does not pay an incentive allocation.

The performance allocation may provide an incentive for WMD to make riskier or more speculative investments on behalf of a Client than those which would be recommended under a different fee arrangement. In addition, this arrangement may cause Clients to pay a greater expense than if such fees were not charged. Notwithstanding this potential incentive, WMD will evaluate investments in a manner that it considers to be in the best interest of the Clients, given those Clients’ investment objectives, investment strategies, suitability of the investment and risk profile. Investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation prior to making an investment. The Firm principals have invested a substantial amount of capital in the Funds, thus aligning, to some extent, the interests of WMD with the interests of the Clients.

In addition, WMD manages multiple Clients on a side-by side basis. As a result of the foregoing, WMD and/or the general partners may have conflicts of interest in: (i) allocating their time and activity among the multiple Clients; (ii) allocating investments among the multiple Clients; and (iii) effecting transactions among the multiple Clients, including ones in which WMD and/or the general partners may have a greater financial interest. These conflicts of interest may create an incentive for WMD to favor a Client in which it and/or a general partner have a greater financial interest with respect to allocation of time and activity, limited investment opportunities or investments that WMD regards as more attractive or better performing.

To address these conflicts of interest, the Firm has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. These policies and procedures, along with each Client's Governing Documents, require WMD to at all times allocate investments among its Clients in a manner which it believes to be fair and equitable and prohibit WMD from basing an allocation decision on any of the following, or similar, reasons: (i) to generate higher fees paid by one Client over another, or to produce greater fees to WMD or any of its affiliates; (ii) to develop a relationship with an existing or potential investor; (iii) to compensate an investor for past services or benefits rendered to WMD or any employee of WMD; or (iv) to induce future services or benefits to be rendered to WMD or any employee of WMD.

Item 7 – Types of Clients

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

WMD provides investment advice and management to Funds and Separate Accounts. Separate Account Clients and investors in the Funds include banks or thrift institutions, trusts, estates or charitable organizations, university endowments, corporations or other business entities and high net worth individuals and family offices.

Prospective investors in the Funds must meet eligibility criteria and are subject to certain withdrawal requirements and limitations. Investors must be (i) “accredited investors” (as defined in Regulation D under the Securities Act of 1933) and (ii) “qualified clients” as defined in the Advisers Act or (iii) “qualified purchasers” or “knowledgeable employees” as defined in the Investment Company Act of 1940. The minimum initial investment of most WMD Funds is \$1,000,000, subject to waiver at the discretion of WMD. Each Fund's Governing Documents specify its investment minimum. Generally, similar terms will apply to Separate Accounts, though Clients in such Separate Accounts have negotiated terms that differ or are more favorable than those for the Funds.

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

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

The following investment strategies apply, variously, to WMD Clients; however, for a more detailed description of the investment strategies relevant to each Client, please refer to the applicable Governing Documents. WMD's investment strategy for its Clients is to invest primarily in senior living facilities, senior living management, RMBS, CBS and ABS. For the senior living strategy, the Funds acquire, renovate, complete and/or expand senior living and related facilities located in North America ("Senior Living Facilities"). Senior Living Facilities generally include active adult communities, independent living facilities, assisted living facilities, and memory care facilities, as well as, medical facilities, offices and health care services related to senior care.

The Clients execute their investment program by making investments in these companies and the real estate industry in general through various investment vehicles, including mortgage backed securities as well as other securities used.

The Separate Accounts, however, solely invest in mortgage backed securities.

With respect to methods of analysis, the foundation of all analyses is discounted cash flow modeling, which estimates investment values on expected future cash flows.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

No guarantee or representation is made that WMD will achieve its investment objectives; investment involves significant risks and conflicts of interest, including, but not limited to, the risk of a complete loss of the amount invested. The risks set out below do not purport to be exhaustive. Additional risks and uncertainties that are currently unknown or currently deemed immaterial may become material factors that affect the Clients. Prospective investors should carefully consider the risks involved in an investment with WMD, including but not limited to those discussed below. Prospective investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment with WMD generally. Each of the risks listed below do not necessarily apply to all of the Funds or Clients. For a more detailed description of the risks relevant to each Fund or Client, please refer to the applicable Governing Documents.

General Economic and Market Conditions. The success of WMD's activities may be affected by general economic and market conditions, such as interest rates, currency exchange rates, availability of credit,

inflation rates, economic uncertainty, changes in laws and national and international political circumstances. None of these factors are within the control of WMD. These factors may affect the level and volatility of securities or real estate prices and the liquidity of the Clients' investments. Unexpected volatility or illiquidity could impair the Clients' profitability or result in losses.

All Investments Risk the Loss of Capital. WMD believes that its investment programs and its research and risk-management techniques moderate risk through a careful selection of investment assets. No guarantee or representation is made that the investment program will be successful, and investment results may vary substantially over time. WMD may change its investment strategy, asset allocation and/or operational policies without investor consent, which may result in riskier investments.

Concentration of Investments. The Funds' Governing Documents generally do not limit the amount of the Funds' capital that may be committed to any single investment, industry or sector. WMD will attempt to spread the Funds' capital among a number of investments. However, the Funds' Governing Documents generally impose no limits on the concentration of the Funds' investments and at times the Funds may hold a relatively small number of investments. Losses incurred in any of those positions could have a materially adverse effect on the Funds' overall financial condition. WMD generally has similarly broad discretion over Separate Accounts; however, the possibility of negotiation on the investment strategy may result in limits being imposed.

Limited Liquidity of Some Investments. Some of the investments in which the Clients invest may be relatively illiquid because they are thinly traded, because they are subject to transfer restrictions, or because there is no ready market for the investments. Clients may not be able to liquidate those investments promptly if the need should arise, and their ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. The value assigned to thinly-traded investments or non-marketable securities for purposes of determining investors' ownership percentages and determining gains and losses may differ from the value Clients are ultimately able to realize.

Use of Leverage. WMD has discretion in some instances to leverage the Clients' investment positions by borrowing funds from securities broker-dealers, futures commission merchants, banks or others. Leverage, if employed, would increase both the possibilities for profit and the risk of loss.

Third-Party Involvement. WMD may co-invest with third parties through partnerships, joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals which are inconsistent with those of the Clients, or may be in a position to take action contrary to the investment objectives of the Clients.

Volatility. The market value of certain of the Clients' investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic

conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

Third-Party Financing. WMD may engage in financing transactions for third party buyers of whole loans and real estate. Such financing subjects the Clients to certain counter-party risks, including, but not limited to, the risk that a counter-party may: (i) cease to be an entity in good standing in its state of organization or otherwise cease to exist; (ii) commit fraud or engage in activity that constitutes gross negligence; (iii) fail to comply with applicable state, federal, and local laws; and/or (iv) fail to disclose litigation that impacts financing; (v) misrepresent or misstate certain financial statements and statements of conditions.

Information Sources. The Firm selects investments for the Clients based in part on information and data that the issuers of such securities file with various government agencies or make directly available to the Firm or that the Firm obtains from other sources. The Firm may also, in its discretion, utilize information, data and analysis provided by third parties. The Firm is not in a position to confirm the completeness, genuineness or accuracy of such information, data and analysis, and, in some cases, complete and accurate information is not readily available.

Portfolio Valuation. Valuations of the Clients' portfolios, which will affect the amount of any management fee or incentive allocation, if any, may involve uncertainties and judgmental determinations. Third-party pricing information may at times not be available regarding certain of the Funds' securities, derivatives and other assets. A disruption in the secondary markets for the Client' investments may limit the ability of the Clients to obtain accurate market quotations for purposes of valuing their investments and calculating the value of the net assets of the Clients. In addition, material events occurring after the close of a principal market upon which a portion of the securities or other assets of the Clients are traded may require the Firm, in accordance with the Firm's valuation policy, to make a determination of the effect of a material event on the value of the securities or other assets traded on the market for purposes of determining the value of the net assets of the Clients on a valuation date. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Clients from time to time, the liquidation values of the Clients' securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein. The determination of the Clients' liabilities also may involve uncertainties. For example, generally accepted accounting principles ("GAAP") may require the Clients to accrue for certain taxes that may or may not ultimately be paid. The amount of such accruals and other determinations in respect of Client liabilities will be determined by the Firm in its sole discretion. If the valuation of the Clients' portfolio assets or liabilities should prove to be incorrect, the value of the net assets of the Clients could be adversely affected. Incorrect valuations of the Clients' investments could lead to subscriptions and withdrawals of Client interests being affected at net asset values that do not accurately reflect the true value of such interests, and could result in excessive management fees and incentive allocations. Valuation determinations

recorded by the administrator, in accordance with the Firm's valuation policy, are conclusive and binding.

It is possible that the valuation procedures described above may produce different valuations than those produced pursuant to ASC 820 adopted by the Financial Accounting Standards Board. In this case, the valuation presented in each Fund's or Client's, as applicable, audited financial statement will differ from the net asset value of the Fund/Client, and purchases and sales as well as fees and reallocations will continue to be calculated based on the Fund's or Client's net asset value. In such circumstances, a Fund or Client will reconcile the net asset value of the Fund/Client and valuation presented in the Fund's or Client's, as applicable, audited financial statements in the notes to the audited financial statements of such Fund or Client.

Dependence on the Manager and Key Personnel. All allocation or investment decisions with respect to the Clients' assets are made by the Firm, and investors do not have the ability to take part in the day-to-day management or investment operations of the Clients. As a result, the success of the Clients depends largely upon the abilities of the Firm and its personnel, and there can be no assurance that the Firm or its personnel will remain willing or able to provide advice to and trade on behalf of the Clients or that their trading will be profitable in the future. Accordingly, no investor should purchase an interest unless such investor is willing to entrust all aspects of the management of the Clients to the general partners and the Firm. If the Clients were to lose the services of the Firm, or if the Firm is terminated, the Clients might have to be liquidated.

Other Clients of the Manager. The Firm manages other accounts that may invest in securities that the Funds invest in. The Firm's advice to certain Clients and the action of the Firm for those and other Clients are frequently premised not only on the merits of a particular investment but on the suitability of that investment for the particular Client in light of its applicable investment objective, guidelines and circumstances and thus, any action of the Firm with respect to a particular investment may, for a particular Client, differ or be opposed to, either the recommendation, advice, or actions of the Firm to, or on behalf of, other Clients. The investment activities of the Firm and its affiliates for their own accounts and the other accounts they manage may give rise to conflicts of interest, which may disadvantage one or more of the Funds and/or Clients.

Side Letters and Other Agreements with Clients. The Funds, with the consent of the Firm, to the fullest extent permitted by the relevant partnership agreements and applicable law, shall have the absolute discretion to enter into separate agreements with certain investors, such as those affiliated with the Firm or those deemed to involve a significant or strategic relationship, which include terms which are not available to existing investors. In such cases the parties will enter into a written side arrangement to: (i) waive or modify the terms, conditions and/or application of any provision of the offering terms; or (ii) allow such investors to invest on different terms than those specifically described in the relevant Governing Documents (including, without limitation, with respect to fees, liquidity or depth of information provided to such investors concerning the Funds), in each case without obtaining the

consent of any other investor. Under certain circumstances, these agreements could create preferences or priorities for such investors with respect to other investors of the Funds.

Cybersecurity: WMD, its Clients, service providers, its counterparties and other market participants on whom WMD relies increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients and/or their investors, despite the efforts of WMD, its service providers, its counterparties and other market participants on whom WMD relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients and/or their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of WMD, its service providers, its counterparties and other market participants on whom WMD relies or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to WMD's data or that of its investors. A successful penetration or circumvention of the security of WMD's systems or the systems of WMD's service providers, counterparties or other market participants on whom WMD relies could result in the loss or theft of investor data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, WMD, their service providers, their counterparties and other market participants on whom WMD relies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Special Risks of Securities Linked to the Real Estate Market. Since the Clients concentrate their investments in the real estate industry, their performance is significantly affected by the performance of the real estate markets. Real property investments are subject to varying degrees of risk. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments. The price of real estate company shares also may drop because of the failure of borrowers to pay their loans and poor management. Many real estate companies utilize leverage, which increases investment risk and could adversely affect a company's operations and market value in periods of rising interest rates, as well as risks normally associated with debt financing. The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values also may be adversely affected by such factors as applicable laws, interest rate levels and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of the real estate company to make payments of any

interest and principal on its debt securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by a real estate company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of real estate companies to vary their portfolios promptly in response to changes in economic or other conditions is limited. A real estate company also may have joint venture investments in certain of its properties and, consequently, its ability to control decisions relating to these properties may be limited. Real property investments are also subject to risks which are specific to the investment sector or type of property in which the real estate companies are investing.

- *Market Conditions.* The Clients' investments in real estate will be subject to the risks incident to the ownership and operation of real estate, including risks associated with both the domestic and international general economic climate, local real estate conditions, changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building), energy and supply shortages, various uninsured or uninsurable risks, natural disasters, the ability of WMD or third-parties to manage the properties, government regulations (such as rent control), or potential environmental and other legal liabilities. Certain of these risks cannot be predicted with certainty or controlled by the Clients.
- *Construction/Expansion/Rehabilitation.* To the extent that the investments involve renovation, expansion or rehabilitation work, the anticipated costs and construction period will often be based upon budgets, conceptual design documents and construction schedule estimates prepared by the architects and contractors. In addition, such efforts entail risks associated with development and construction activities, including cost overruns, shortages of materials or skilled labor, labor disputes, unforeseen environmental or engineering problems, work stoppages and natural disasters, any of which could delay construction and result in a substantial increase in cost to a property. The anticipated completion date could also differ significantly from expectations for construction-related or other reasons. It cannot be assured that the renovation, expansion or rehabilitation will be completed, if at all, on time or within established budgets. Significant delays or cost overruns could have a material adverse effect on the amount of distributions, if any, to be made by a property to a Fund. Moreover, the construction activities will be performed by third parties, such that the timing, quality and completion of which cannot be controlled by the Funds.
- *Environmental Liabilities.* Under various federal, state and local environmental laws, a current or previous owner or operator of real property, may be held liable in certain circumstances for the costs of investigation, removal, or remediation of, or related to the release of, certain hazardous or toxic substances, that could be located on, in, at, or under a property, regardless of how such materials came to be located there. The cost of any required investigation,

remediation, removal, mitigation, compliance, fines, or personal or property damages and a property's liability therefore could exceed the property's value. In addition, the presence of such substances, or the failure to properly dispose of or remediate the damage caused by such substances, may adversely affect the ability to sell such property, to attract additional residents and retain existing residents, to borrow using such property as collateral, or to develop or redevelop such property. In addition, such laws impose liability, which may be joint and several, for investigation, remediation, removal, and mitigation costs on persons who disposed of or arranged for the disposal of hazardous substances at third party sites. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence, release, or disposal of such substances as well as without regard to whether such release or disposal was in compliance with law at the time it occurred.

- *Healthcare Properties.* The healthcare industry is highly regulated, and healthcare properties and healthcare providers are affected by several significant factors, including laws governing licenses, certification, adequacy of care, pharmaceutical distribution, rates, equipment, personnel and other factors regarding operations; qualification for any government assistance programs and competition on a local and regional basis. The failure of any healthcare operator to comply with applicable laws and regulations may significantly affect its ability to operate its facility.
- *Insurance Issues.* Certain of the real estate companies may carry comprehensive liability, fire, flood, earthquake, extended coverage and rental loss insurance with various policy specifications, limits and deductibles. Should any type of uninsured loss occur, the real estate company could lose its investment in, and anticipated profits and cash flows from, a number of properties, which, as a result, would adversely affect the Funds' investment performance.
- *Credit Risk.* Real estate companies may be highly leveraged and financial covenants may affect the ability of these companies to operate effectively.
- *Competition.* Competition among investors, including hedge funds and private equity funds, is significant, and the Clients will compete with other investment advisory and securities firms, private investment firms, risk arbitrage funds and institutional investors, many of which will have greater financial resources than the Clients. While size is not necessarily an indication of a firm's success in managing market risk, many firms have substantially greater ability to absorb losses and, consequently, to take greater investment risks than the Clients. While the Firm believes that it will have access to a sufficient transaction flow to enable it to invest the Clients' capital, there can be no assurances that the Firm will be able to locate investment opportunities which satisfy the Clients' investment strategies or that it will be able to fully invest all of the Clients' capital.
- *Possible Lack of Product.* The Clients' investment strategies are based upon the purchase and sale of real estate related securities. However, given the fluctuating nature of the securities

markets and interest rates, it may not be advantageous for new issuers to sell these types of securities. Accordingly, the availability of product may vary over time. The Firm believes that it will have access to a sufficient transaction flow to invest the capital of the Clients. However, there can be no assurances that the Firm will be able to locate investment opportunities that satisfy the investment objectives of the Funds or that it will be able to fully invest the capital of the Clients. This may adversely affect the overall return of one or more of the Clients.

Health Care and Senior Living Facility Industry Risks

- *Reliance on Private Pay Sources.* Costs to seniors associated with independent and assisted living services are not generally reimbursable under government reimbursement programs such as Medicare and Medicaid. Only seniors with income or assets meeting or exceeding the comparable median in the regions where investments are located will be able to afford to pay monthly resident fees. Economic downturns, softness in the housing market, higher levels of unemployment among resident family members, lower levels of consumer confidence, stock market volatility, and/or changes in demographics could adversely affect the ability (or perceived ability) of seniors to afford such resident fees. If the facilities are unable to retain and/or attract seniors with sufficient income, assets, or other resources required to pay the fees associated with independent and assisted living services and other service offerings, occupancy rates, revenues, and results of operations could decline.
- *Inability of Seniors to Sell Real Estate May Impact Occupancy Rates.* Downturns in the housing markets could adversely affect the ability (or perceived ability) of seniors to afford entrance fees and resident fees at senior living facilities, as customers of such facilities frequently use the proceeds from the sale of their homes to cover the cost of these fees. Specifically, if seniors have a difficult time selling their homes, these difficulties could impact their ability to relocate into, or finance their stays at, senior living facilities with private resources.
- *Reliance on Reimbursement Programs.* Facilities in which Funds invest may rely on reimbursement from governmental programs, or on revenues from residents who receive financial assistance from governmental sources for senior living services, for a portion of their revenues. Decreases in reimbursement and/or financial assistance levels could adversely affect the profitability of the facilities in which the Funds invest, and therefore, the performance of a Fund. In addition, there continue to be various federal and state legislative and regulatory proposals to implement cost containment measures that would limit payments to healthcare providers in the future.
- *Compliance with Medicare and Medicaid Regulations.* Certain of the Funds' investments may also be subject to federal and state regulations regarding government-funded public assistance that prohibit certain business practices and relationships. If a facility accepts residents who receive financial assistance from governmental sources for their senior living services, such facility will be subject to federal and state regulations that prohibit certain business practices and

relationships. Failure to comply with these regulations could prevent reimbursement for healthcare services under Medicare or Medicaid or similar state reimbursement programs. Failure to comply with such regulations also could result in substantial financial penalties and/or the suspension or inability to renew such facility's operating licenses. Acceptance of federal or state funds could also subject the facility to potential false claims actions or whistle blower claims.

- *Third-Party Payors.* Reductions in reimbursement from third-party payors, including Medicare and Medicaid, could adversely affect a Fund. Sources of revenue for the Funds and for commercial tenants of health care facilities may include the federal Medicare program, state Medicaid programs, private insurance carriers and health maintenance organizations, among others. Efforts by such payors to reduce healthcare costs have intensified in recent years and will likely continue, which may result in reductions or slower growth in reimbursement for certain services provided by the senior living facilities or by certain tenants. These changes could have a material adverse effect on the financial performance of some the Funds.
- *The Affordable Care Act and Possible Changes Thereto.* The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic, and regulatory influences. The provisions of the legislation and other regulations may increase costs at facilities, require investments in, decrease revenues, and/or expose the Company and/or its investments to expanded liability.
- *Americans with Disabilities Act.* It is anticipated that many of the facilities owned or leased by the senior living facilities will be required to comply with the Americans with Disabilities Act ("ADA"). The ADA has separate compliance requirements for "public accommodations" and "commercial properties," but generally requires that buildings be made accessible to people with disabilities. Compliance with ADA requirements could require removal of access barriers and non-compliance could result in imposition of government fines or an award of damages to private litigants.
- *Resident Agreements.* State regulations governing assisted living facilities generally require written resident agreements with each resident. Certain of these regulations may also require that each resident have the right to terminate the resident agreement for any reason on reasonable notice. Consistent with these regulations, assisted living resident agreements typically allow residents to terminate their agreements upon 0 to 30 days' notice. Unlike standard apartment leasing or independent living arrangements that involve lease agreements with specified leasing periods of up to a year or longer, in many instances senior living facilities cannot contract with their living residents to stay in those living spaces for longer periods of time. Furthermore, these resident agreements generally provide for termination of the lease upon death or allow a resident to terminate his or her lease upon the need for a higher level of care not provided at the facility. If multiple residents terminate their resident agreements at or around the same time, a particular investment's revenues, earnings, and occupancy levels could be adversely

affected. Turnover rates in senior living communities are often difficult to predict, and the facilities may have lower than desired occupancy rates for extended periods of time, which could adversely affect a Fund's earnings.

- *Personnel Costs and Availability.* Certain of the senior living facilities depend on the ability to retain and attract skilled management personnel who are responsible for the day-to-day operations the facilities. Key positions include executive directors/managers, individuals responsible for food service, healthcare services, therapy services, activities, housekeeping, and engineering. The facilities plan to compete with various health care service providers, including other senior living providers, in retaining and attracting qualified and skilled personnel. Increased competition for or a shortage of nurses, therapists, or other trained personnel, or general inflationary pressures may require that the facilities enhance pay and benefits packages to compete effectively for such personnel. These facilities may not be able to offset such added costs by increasing the rates charged to residents or their service charges, which would negatively impact results of operations. In addition, the presence of unions, or efforts by labor unions to unionize, at any of the facilities could divert management attention, lead to increases in labor costs, and/or reduce flexibility with respect to certain workplace rules. Increases in organizing activity, onerous collective bargaining agreement terms, and/or increases in staffing and labor costs could all adversely impact the performance and valuation of the facilities and thus of a Fund.
- *Health Care Regulation.* The healthcare industry is heavily regulated by federal, state and local governmental bodies. The senior living facilities and some commercial tenants in medical facilities the facilities acquire generally will be subject to laws and regulations covering, among other things, licensure, certification for participation in government programs, and relationships with physicians and other referral sources. Changes in these laws and regulations could negatively affect the ability of the tenants to make lease payments. Many of the facilities require a license or certificate of need, or CON, to operate. Failure to obtain a license or CON, or loss of a required license or CON, would prevent a facility from operating in the manner intended by a Fund. These events could materially adversely affect a facility's operations. State and local laws also may regulate expansion, including the addition of new beds or services or acquisition of medical equipment, and the construction of medical facilities, by requiring a CON or other similar approval. State CON laws are not uniform throughout the United States and are subject to change. The Funds cannot predict the impact of state CON laws on the senior living facilities improvement of medical facilities or the operations of commercial tenants. In addition, state CON laws often materially impact the ability of competitors to enter into the marketplace of the senior living facilities. The repeal of CON laws could allow competitors to freely operate in previously closed markets. This could negatively affect a facility's operations. In limited circumstances, loss of state licensure or certification or closure of a facility could ultimately result in loss of authority to operate the facility and require new CON authorization to re-institute operations. As a result, a portion of the value of such facility may be reduced, which would adversely impact such Fund.

- *Legal Risks and Insurance.* The senior living and healthcare services businesses entail an inherent risk of liability, particularly given the demographics of the anticipated residents at senior living facilities, including age and health, and the services to be provided. In recent years, participants in the industry have been subject to an increasing number of claims and lawsuits alleging that their services have resulted in resident injury or other adverse effects. Many of these lawsuits involve large damage claims and significant legal costs. Many states continue to consider tort reform and how it will apply to the senior living industry. The Funds and/or the senior living facilities could be faced with the threat of large jury verdicts in jurisdictions that do not find favor with large senior living or healthcare providers and/or investors in those providers. The Funds and the senior living facilities will maintain liability insurance policies in amounts and with the coverage and deductibles the Funds believe are adequate based on the nature and risks of this business and industry standards. However, there can be no guarantee that the Funds will not have any claims that exceed its policy limits in the future.

In some states, state law may prohibit or limit insurance coverage for the risk of punitive damages arising from professional liability and general liability claims and/or litigation. As a result, there could be liability for punitive damage awards in these states that either are not covered or are in excess of the insurance policy limits. Claims against a Fund and/or a facility, regardless of their merit or eventual outcome, also could have a material adverse effect on the ability to attract residents or expand business and could require management to devote time to matters unrelated to the day-to-day operation. Annual policy renewals and negotiations may also expose a Fund and/or a facility to the volatility of the insurance markets, including the possibility of rate increases. There can be no assurance that liability insurance will be obtainable in the future or, if available, that such coverage will be available on acceptable terms.

- *Use of Third Party Managers.* The facilities will engage third party managers (“Operators”) to manage the day-to-day operations of the senior living facilities. The facilities will rely heavily on Operators in terms of attracting residents, managing legal compliance, managing employees, handling resident issues, managing other operational matters and reporting. The Funds cannot guarantee the performance of the Operators.

Residential Mortgage-Backed Securities. The Clients’ investment portfolios also include residential mortgage-backed securities (“RMBS”). The loans underlying these securities have had in many cases higher default rates than those loans that meet government underwriting requirements.

It is likely that the servicers of RMBS transactions in which the Clients invest may find it necessary or desirable to foreclose on some, if not many, of the underlying collateral properties. The foreclosure process is often lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong foreclosure actions and force lenders into a modification of the loans or a favorable buy-out of the borrowers’ positions.

Asset-Backed Securities. The Clients invest in asset-backed securities other than RMBS that are backed by consumer debt (“ABS”). ABS represent interests in pools of consumer debt and most often are structured as pass-through securities such as shares or certificates of interest in a pool of debt obligations that have been repackaged by an intermediary, such as a bank or broker-dealer. Interest and principal payments ultimately depend on payment of the underlying loans by individuals, although the securities may be supported by letters of credit or other credit enhancements. The value of these securities may change because of changes in the market’s perception of the creditworthiness of the servicing agent for the pool, the originator of the pool, or the financial institution providing the credit support or enhancement.

Commercial Mortgage-Backed Securities. The Clients invest in Commercial Mortgage-Backed Securities (“CMBS”) issued or guaranteed by the U.S. Government, its agencies or instrumentalities, or private issuers such as banks, insurance companies and savings and loans. Some of these securities, such as Government National Mortgage Association certificates, are backed by the full faith and credit of the U.S. Treasury while others, such as Federal Home Loan Mortgage Corporation (“Freddie Mac”) certificates, are not.

These securities are often subject to more rapid repayment than their stated maturity dates would indicate as a result of principal prepayments on the underlying loans. This can result in significantly greater price and yield volatility than with traditional fixed-income securities. During periods of declining interest rates, prepayments can be expected to accelerate which will shorten these securities’ weighted average life and may lower their return. Conversely, in a rising interest rate environment, a declining prepayment rate will extend the weighted average life of these securities which generally would cause their values to fluctuate more widely in response to changes in interest rates.

The value of these securities also may change because of changes in the markets perception of the creditworthiness of the federal agency or private institution that issued them. In addition, the CMBS market in general may be adversely affected by changes in governmental regulation or tax policies.

Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower’s assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on any classes of the related CMBS are likely to be adversely affected.

Subordinated and Residual Interest Securities. Investments in subordinated and residual interest securities involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of securities evidencing an interest in a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity.

Investments in Distressed Assets Generally. Clients may invest in distressed or troubled assets which involve a substantial degree of risk. Clients may lose their entire investment in a distressed asset, may be required to accept cash or securities with a value less than the Clients' investment and may be prohibited from exercising certain rights with respect to such investment. Distressed investments may not show any returns for a considerable period of time. There may be very long-term limited markets, if any, for the Clients' holdings. There is no assurance that the investments in the Clients' portfolios will resume trading or have a ready market at all.

Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of its advisory business or the integrity of its management. WMD and its management personnel have no reportable disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither WMD nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.

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

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

- 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**

2. **Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**
3. **Other investment adviser or financial planner**
4. **Futures commission merchant, commodity pool operator, or commodity trading adviser**
5. **Banking or thrift institution**
6. **Accountant or accounting firm**
7. **Lawyer or law firm**
8. **Insurance company or agency**
9. **Pension consultant**
10. **Real estate broker or dealer**
11. **Sponsor or syndicator of limited partnerships**

As described in Item 4 above, WMD also provides investment management services to several affiliated entities. These affiliated entities are typically affiliated with the principals of WMD and invest in WMD Funds and other ventures. Additionally, WMD Capital Partners Fund is a lender to an entity owned by a principal of WMD, which loan is secured by a pledge of ownership in an entity that serves as a management company to some of the senior living facilities owned by WMD Capital Partners Fund. Because of the principal's company's ownership interest in this management company, he has management roles in it and certain affiliates.

Also as described in Item 4 above, WMD is affiliated with each Fund's general partner and with its relying adviser. These general partners and relying adviser are deemed registered with the SEC under the Advisers Act pursuant to WMD's registration. These affiliated entities operate as a single advisory business together with WMD and serve as general partners and/or a relying adviser of private investment funds, other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. These affiliated entities do not have employees of their own.

WMD does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its Funds or its investors. WMD has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, investment banking, tax preparation, insurance brokerage, investment management services and other personal services. Some of these professionals provide services to the Funds or their portfolio investments. Additionally, some of these professionals are investors in the Funds either personally or through their company or clients.

From time to time, WMD receives training, information, promotional material, meals, entertainment, gifts or prize drawings from vendors and others with whom it does business or to whom it makes referrals. At no time will WMD accept any benefits, entertainment, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, WMD personnel and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds that are sponsored by the Fund's custodians. Through such capital introduction events, prospective investors have the opportunity to meet with WMD. Neither WMD nor any Fund compensates the custodians for organizing such events or for investments ultimately made by prospective investors attending such events.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

WMD does not utilize nor select other advisers or third-party investment advisers to manage Client assets. Except as described above with respect to property management agreements, all Client assets are managed by WMD.

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

A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC Rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.

WMD has adopted a Code of Ethics to govern its ethical obligations regarding personal securities transactions pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws.

Supervised persons are required to certify to their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons of WMD who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

WMD will provide a copy of its Code of Ethics to any existing investor upon request to Dennis E. Carlton, the Chief Compliance Officer, at (904) 683-4950 or dec@wmdasset.com.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your

practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Participation or Interest in Client Transactions

Principals and employees of WMD and its affiliates directly or indirectly own an interest in the Funds. Such transactions also include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions require the consent of the applicable Fund or Client.

It is WMD's policy that the Firm will not effect any principal or agency cross securities transactions for Client accounts without first obtaining the relevant advisory board, general partner and/or investor approval. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions can also arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting an agency cross transaction under Section 206(3) of the Advisers Act.

From time to time, WMD and its affiliates may effect securities trades (including outright purchases and sales) between Clients or affiliates, known as a cross trade. Any cross trading transactions conducted between Clients or affiliates will be made at the then market rate for similar transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded) is available. Transactions between the Clients or affiliates are effected for no consideration other than cash payment against prompt delivery of the relevant security or other instrument, are affected at current market prices.

Conflicts of Interest

WMD's Code requires Firm supervised persons to place the interests of Clients first, and on an annual basis each supervised person must certify that he or she has read and understands the Code of Ethics and has complied with its provisions. If any matter arises that WMD determines in its good faith constitutes an actual conflict of interest, WMD may take such actions as may be necessary or appropriate, within the context of the applicable Governing Documents, to address the conflict.

The Governing Documents for each Client include a description of what WMD believes to be the most significant conflicts of interest associated with an investment in such Fund. Investors should carefully consider the conflicts of interest herein as well as those outlined in each applicable Fund's Governing Documents prior to investing in a Fund.

Each of the principals will use their best efforts in connection with the purposes and objectives of the Clients and will devote as much of their time and effort to the affairs of the Clients as may, in their judgment, be necessary to accomplish the purposes of the Clients. Subject to the restrictions of the relevant Governing Documents, the relevant general partner, and its directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the "Affiliated Parties") are permitted to conduct any other business, including any business within the securities industry or otherwise, whether or not such business is in competition with the Funds. Without limiting the generality of the foregoing, the Affiliated Parties are permitted to act as investment adviser or investment manager for others, manage funds, separate accounts or capital for others and serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Funds. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in investments which the Funds invest as well as interests in investments in which the Funds do not invest. As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Funds and other entities, in allocating investments among the Funds and other entities and in effecting transactions for the Funds and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

WMD attempts to allocate investment opportunities to each Client on a fair and equitable basis, consistent with its fiduciary duties and in accordance with the Governing Documents of each Client. WMD will have no obligation to purchase or sell financial instruments or provide an investment opportunity to a Client because it purchases or sells the same financial instrument for, enters into a transaction or provides an opportunity to a Client if, in its reasonable opinion, such financial instrument, investment opportunity or transaction does not appear to be suitable, practical or desirable for a particular Client. The Funds may invest together with other private investment. Additionally, all transactions are allocated proportionately to each investor based on capital commitment unless "opt-out" provisions apply. Such "opt-out" provisions are directed by the applicable investor in Fund side-letters or, for Separate Accounts, in other Governing Documents. In allocating orders among its Clients, WMD attempts to avoid potential conflicts that may exist under the circumstances, including, without limitation, when: (i) one Client is purchasing or selling a specific investment within a short period of time prior to another Client taking the same or a contrary position, or (ii) a larger Client, by virtue of the size of its holdings or otherwise, may have the ability to influence the market of an investment held by a smaller Client.

WMD has in the past and is likely in the future to enter into transactions with certain Fund investors such as, for example, investors who are also business partners, such as insurance agents, investment

banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the Firm, its Funds and portfolio companies. The terms of these transactions are negotiated on an arm's-length basis; however, WMD is subject to a conflict of interest when determining such terms because WMD has the potential to benefit from retaining such investors' investment in the Funds.

Each Fund's investors include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by each Fund, the structuring of the acquisitions for each Fund and the timing of the disposition of investments. Such transactions and trading may result in different after-tax returns being realized by different investors. As a consequence, conflicts of interest may arise in connection with decisions made by WMD that may be more beneficial for one investor than another investor, especially with respect to investors' individual tax situations. WMD considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular investor.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

WMD, its employees and/or related persons on occasion personally buy or sell the same instruments that WMD buys or sells for Client accounts, and it or they on occasion own securities or options on securities of issuers whose securities are subsequently bought for Client accounts. WMD's Code of Ethics is designed: (i) to prevent potential legal, business or ethical conflicts; (ii) to minimize the risk of unlawful trading in any account where supervised persons have an interest; and (iii) to guard against the misuse of confidential information. All personal trading and other activities must avoid any conflict or potential conflict of investor interest. Supervised persons are prohibited from engaging in unlawful trading and any trading that may appear to be improper and WMD supervised persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information or communicating material non-public information to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. In addition, supervised persons are required to file certain reports and submit their brokerage account statements to the Chief Compliance Officer for review.

The principals and employees of WMD carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds or Clients, and may give advice and recommend securities which may differ from advice given to, or securities recommended or bought for, the Clients, even if their investment objectives are the same or similar. In addition, principals,

employees and affiliates participate in transactions offered to but rejected by the Clients or that are outside the investment mandate of the Clients.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Because of the predominantly illiquid nature of its portfolio investments, WMD does not typically face a situation where a supervised person buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for Client accounts. In the event this were to occur, the supervised person would be required to seek pre-approval from the Chief Compliance Officer for such transaction.

Item 12 – Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

WMD is authorized to determine the broker or dealer, if any, to be used for each investment for the Clients. Where best price and execution may be obtained from more than one broker or dealer, WMD may purchase and sell investments through brokers or dealers who provide research, statistical and other information, although the Clients may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research services provided. Research and related services furnished or paid for by brokers or dealers may include, but is not limited to, written information and analyses concerning specific investments, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistic and pricing services. WMD will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such dealers and brokers. WMD need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

- 1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.**

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. WMD will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research and brokerage services within Section 28(e) may include, but are not limited to: furnishing advice as to the value of securities and

the advisability of investing, purchasing or selling securities; furnishing analysis and reports concerning issuers, securities and performance of accounts, as well as research, pricing information and other market data; furnishing software and other technology that provide access (online or otherwise) to investor, or account data (such as trade confirmations and account statements); providing consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing; or effecting securities transactions and performing functions incidental to such transactions, such as clearance, settlement, net pricing, online pricing, block trading, block positioning and custody. Research and brokerage services obtained by the use of commissions arising from Client portfolio transactions may be used by WMD in its other investment activities and thus, a Fund or Separate Account may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

In selecting brokers and negotiating commission rates, WMD follows its policies and procedures governing best execution. In particular, in selecting a broker-dealer for liquid securities, WMD will consider the following factors: a broker's trading expertise for the products unique to the products WMD buys and sells; a broker's execution capabilities; a broker's reputation and integrity; the full range and quality of services available when placing trades; a broker's access to underwritten offerings and secondary markets; a broker's reliability in executing trades and keeping records, including a broker's ability to maintain confidentiality; a broker's ability to execute unique trading strategies and settle difficult trades; a broker's ability to handle large size transactions; a broker's ability to offer timely reports of order executions; a broker's ability and promptness to correct trade errors; a broker's willingness to accommodate WMD's special needs, such as step-out trades, prime brokerage services and custody; a broker's speed of execution; the commissions charged by a broker compared to other brokers; and other factors as WMD may determine from time to time.

In selecting a broker-dealer for less liquid securities, WMD will consider the following factors: a broker's access to markets for a particular security; whether the broker is buyer or seller themselves of a security; a broker's trading expertise in a particular product; a broker's insight into the competitive market for a particular security and ability to provide WMD with access to a competitive process; a broker's reputation and integrity; a broker's familiarity with the investment practices generally and strategies and techniques employed by WMD; WMD's past experience in working with a broker; and other factors as WMD may consider from time to time.

Neither the Firm nor any Fund and/or Separate Account separately compensate any broker for any of these other services.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is

allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

Each Fund and Separate Account's securities transactions may generate brokerage commissions and other compensation, all of which the respective Fund and/or Separate Account, not WMD, will be obligated to pay. WMD has complete discretion in deciding what brokers and dealers each Fund and/or Separate Account will use and in negotiating the rates of compensation a Fund and/or Separate Account will pay. In addition to using brokers as "agents" and paying commissions, each Fund and/or Separate Account may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

WMD recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to WMD or refer investors. WMD receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that result from capital introduction services and investor referrals. Similarly, WMD receives a performance-based fee and accordingly could receive a larger performance-based fee in any given profit period as a result of an increase in assets under management that results from capital introduction services and investor referrals. The potential for higher fees presents a potential conflict in that WMD has an incentive to favor broker-dealers that provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories.

WMD addresses this potential conflict by periodically reviewing its broker-dealer arrangements and evaluating each broker-dealer's performance in a variety of categories. Such reviews are expected to enable WMD to determine when broker-dealers that outperform in capital introduction and investor referrals also underperform in other areas.

3. Directed Brokerage

WMD does not have any directed brokerage arrangements on behalf of the Funds. However, Separate Account owners are permitted to select their own custodians and, in some cases, broker-dealers.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

WMD may (but is not required to) aggregate orders for Client accounts for which it or its principals have trading authority. When it does aggregate orders, WMD's policy is to allocate trades in a fair, consistent and equitable manner among WMD's participating Clients. When WMD deems the purchase and sale of securities to be in the best interest of a Fund, and any other Client, it will aggregate the securities to be purchased or sold in order to attempt to obtain superior execution and/or lower brokerage expenses.

Item 13 – Review of Accounts

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

Client accounts are reviewed regularly by each Fund’s portfolio manager and monthly or more frequently by the Chief Investment Officer. The Chief Compliance Officer participates as a non-voting member in WMD’s Investment Committee, except where needed to constitute a quorum or in the event of a tie vote, and in that forum reviews the portfolios of WMD’s Clients to confirm that they are maintained consistently with the investment objectives established for the Clients.

The Chief Compliance Officer or his designee will periodically review the portfolios of each Client to ensure that they comply with any restrictions, including, but not limited to restrictions relating to the use of illiquid securities, leverage or asset class. It is WMD’s policy that any issues regarding the Client portfolios shall promptly be brought to the attention of the Chief Compliance Officer. The Chief Compliance Officer will take any necessary steps to address the matter and will maintain a record of his actions.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Reviews may take place more frequently if triggered by economic, market, or political conditions.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

WMD generally will provide to its investors: (i) audited financial statements annually within 120 days of year end, commencing with the first year in which it either is in operation for at least six months or makes an investment, prepared in accordance with United States GAAP as promulgated by the Financial Accounting Standards Board (“FASB”), accompanied by the report of the independent certified public accountant; (ii) unaudited financial statements for the first three quarters of each fiscal year; and (iii) annual tax information necessary for each partner’s U.S. tax returns. All reports are delivered to investors by the Firm’s third party administrator. The Firm also has contact with investors (personal visits, telephone, e-mail) throughout the year as conditions warrant.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to their investments. WMD responds to these requests, and in answering these requests provides information that is not generally made available to other investors who have not requested such information. While WMD does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. Additionally, upon request, certain investors may receive additional information and reporting that other investors may not receive.

Item 14 – Client Referrals and Other Compensation

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

WMD does not receive an economic benefit, directly or indirectly from any third party for advisory or other services rendered to the Clients.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

While it has not done so in the past, WMD or its affiliates may pay a fee representing a portion of the management fee or incentive allocation to third parties for soliciting investors in the Clients. Such fee will be paid out of WMD's revenues, and will not result in an increase in expenses paid by the Clients over the amount that would be paid to WMD in the absence of such fee. Any third party marketer engaged by WMD will be registered as a broker-dealer to the extent required by law or regulation.

Item 15 – Custody

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

WMD is deemed to have custody over the Funds' assets because of its affiliation with each Fund's general partner and the ability of the relevant general partner or affiliate to deduct fees from Fund accounts. The Firm has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board ("PCAOB") for each of its Funds over which it is deemed to have custody, a copy of which is (or will be for newly formed Funds) delivered to investors within 120 days of the fiscal year end. Investors in the Funds should carefully review such financial statements.

WMD does not, however, accept physical custody of Client assets or securities (other than certain privately offered securities to the extent permitted by the Advisers Act); called capital is directly sent or wired to the relevant Fund qualified custodial account. The Firm receives statements from all of its custodians on behalf of the Clients each month. For a list of WMD's qualified custodians, please see ADV Part 1, Schedule D, Item 7.B.(1).

Separate Accounts have established their own, independent relationships with specific qualified custodians and WMD does not have custody over such Separate Accounts.

Item 16 – Investment Discretion

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

WMD is authorized to invest and trade the Funds' assets in a broad range of investments, to be selected at WMD's sole discretion, with no specific limitations as to type, amount, concentration, or leverage, except as specifically limited by a Fund's Governing Documents. Accordingly, WMD may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate within the parameters of each investment program.

Pursuant to each Client's Governing Documents, investors designate WMD as their attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Client's business and affairs. Once an investor executes such Governing Documents, with limited exceptions, such as certain conflicts of interest as discussed elsewhere in this Brochure, WMD is not required to contact such investor prior to transacting business in a Fund.

Generally, WMD's only restrictions with respect to managing a Fund, such as (but not limited to) the type of securities in which a Fund may invest, will be contained in the relevant Fund's Governing Documents. However, investors in the Funds can seek to impose limitations on WMD's authority through a side letter agreement and the Firm can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon an investor's investment must be presented to WMD in writing and agreed to by WMD and such investor. Other Fund investors meeting certain commitment thresholds may be provided with notification provisions regarding such side letter agreements but are not provided with consent rights over such agreements. WMD's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

With respect to the Separate Accounts, WMD's scope of authority, fees and other terms are negotiated on a Client-by-Client basis and may vary from the Funds or other Clients.

Item 17 – Voting Client Securities

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect

to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

By virtue of the Governing Documents with each Client, to the extent applicable to the Client's investments, WMD has the authority to vote Client proxy statements on behalf of such Funds and Separate Accounts where proxies are presented for a vote. While most of its Clients have not been presented with proxies to vote, in the event WMD is presented with a proxy to vote on behalf of a Client, it will vote pursuant to Advisers Act Rule 206(4) and consistent with the best interests of its investors with the goal of maximizing portfolio values. WMD's policy is to only vote proxies if the relevant Fund or Client owns over 1% of the outstanding shares of an issuer.

Pursuant to its policy, WMD will generally vote in accordance with management's recommendations, unless WMD determines that voting in such a manner is in conflict with the best interests of its investors. In these cases, WMD will evaluate and vote proxies on a case-by-case basis. If it is determined that the conflict of interest is not material, WMD may vote proxies notwithstanding the existence of the conflict. If it is determined that the conflict of interest is material, WMD will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote with respect to the proxy or seeking the advice of an independent third party. Investors cannot direct how WMD votes proxies nor is WMD required to seek investor approval or direction when voting proxies.

Investors may obtain a copy of WMD's complete proxy voting policies and procedures upon request, free of charge, from WMD's Chief Compliance Officer, Dennis E. Carlton, at (904) 683-4950. Investors may also obtain information from WMD, free of charge, about how WMD voted any previous proxies, if any.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

This Item is not applicable to WMD.

Item 18 – Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

WMD does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

WMD has no financial condition that impairs its ability to meet contractual commitments to investors.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 – Requirements for State-Registered Advisers

This Item is not applicable to WMD.