

Part 2A of Form ADV: Firm Brochure

Baker Capital Corp.

Dated March 30, 2022

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This brochure provides information about the qualifications and business practices of Baker Capital Corp. If you have any questions about the contents of this brochure, please contact us at 212.848.2000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

The Adviser is an investment adviser that is registered with the United States Securities and Exchange Commission (the "SEC"). Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

Item 2. Material Changes

Since the initial version of this Brochure was filed with the SEC on June 7, 2021, the following material changes have been made to this Brochure:

- Additional disclosure has been added to Item 8 with respect to Baker Capital Corp.’s practice of entering into “side letters” with certain investors in the Funds.

Other changes have been made to this Brochure, some of which enhance or update existing disclosures, but we do not consider such changes to be material.

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Item 4. Advisory Business

Baker Capital Corp., a New York corporation ("Baker Capital" or "we"), is a privately held investment advisory firm, based in New York, New York, which focuses on investing in growth companies engaged in emerging digital technologies in the United States and Europe. Baker Capital was founded in 1995. The firm is principally owned by John C. Baker, our Founder, Partner and Chairman.

We provide investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended. We currently provide investment advice to Baker Communications Fund II (QP), L.P. and Baker Communications Fund II, L.P. (collectively, the "Funds"). We do not anticipate sponsoring any new funds in the future or raising any additional capital for the Funds we currently advise.

As of the date hereof, the investment period for each of the Funds has expired. Consequently, the advisory services we currently provide to each Funds are focused on monitoring the Funds' one remaining portfolio company and identifying, evaluating and negotiating potential exit opportunities for each Fund. Baker Capital provides these investment advisory services to each Fund pursuant to separate investment advisory agreements (each an "Advisory Agreement"). The terms of the investment advisory services to be provided by Baker Capital to a Fund, including any specific investment guidelines or restrictions, are set forth in such Fund's Advisory Agreement and/or in its limited partnership agreement or limited liability company agreement, as applicable (together, the "Fund Governing Documents").

We tailor our advisory services to the individual needs of each of the Funds. Individual needs are identified through a review of each Fund's overall investment guidelines and objectives, as well as specific investment goals. We do not tailor our advisory services to the individual needs or circumstances of any single investor or group of investors in a Fund. However, in accordance with common industry practice, a Fund or its general partner may from time to time enter into a "side letter" or similar agreement with an investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. See "*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*" for additional details.

As of December 31, 2021, we managed a total of approximately \$351.7 million of assets for the Funds on a discretionary basis. We do not manage any assets on a non-discretionary basis.

Item 5. Fees and Compensation

Fees Paid by the Funds.

Currently, neither of the Funds pay any management fees.

Baker Capital and its affiliates may perform management, advisory, transaction-related, financial advisory and other services for, and receive fees from, actual or prospective portfolio companies

of the Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, sales and similar transactions. These fees may be paid in cash, in securities of the portfolio company or a combination thereof. Although such fees are in addition to the management fees paid by the Funds, Baker Capital will reduce future management fees in connection with the receipt of these fees. The calculation of such reduction is described in the Fund Governing Documents of the Funds.

Affiliates of Baker Capital are entitled to receive carried interest distributions from the Funds once certain performance hurdles have been achieved. See “*Item 6. Performance-Based Fees and Side-by-Side Management*” below for more details.

Expenses Incurred by the Funds.

Each Fund generally bears all third-party fees, expenses and costs that are incidental or related to the maintenance and administration of the Fund or related to the acquisition, management and disposition of investments. These expenses include: (i) organizational expenses up to specified cap; (ii) all out-of-pocket costs of the administration of the Fund, including the management fees described above, accounting, audit, tax return preparation and legal expenses, costs of holding any meetings of investors in the Fund, costs of any liability insurance obtained on behalf of the Fund, its general partner and/or Baker Capital with respect to any indemnified party, and costs associated with reporting and providing information to existing and prospective investors in the Fund; (iii) all expenses incurred in connection with the registration, qualification or exemption of the Fund under any applicable laws; (iv) all unreimbursed expenses incurred in connection with the collection of amounts due to the Fund from any person; (v) all expenses incurred in connection with the preparation of alterations and amendments to the Fund Governing documents; (vi) expenses of the Fund limited partner advisory committee; (vii) fees and expenses of the Fund’s industry advisory board; (viii) expenses incurred in connection with any litigation involving the Fund (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith; (ix) all expenses for indemnity or contribution payable by the Fund to any person, whether payable under the Fund Governing Documents or otherwise and whether payable in connection with any litigation involving the Fund or otherwise; (x) all expenses incurred in connection with administrative proceedings relating to the determination of Fund items at the Fund level undertaken by the tax matters partner, and any audit with respect to taxes; (xi) all expenses incurred in connection with the dissolution and liquidation of the Fund; (xii) all expenses incurred on account of taxes, fees or other governmental charges of the Fund; and (xiii) all out-of-pocket costs and expenses directly related to portfolio investments or prospective investments of the Fund, including out-of-pocket costs such as legal, accounting and other professional or third-party costs, travel and other costs, brokerage commissions and other transactions costs, custody fees and fees of professional advisors and consultants relating to investments or prospective investments, specific expenses incurred in obtaining systems, research and other information utilized with respect to the Fund’s investment program, expenses in connection with any Fund investment vehicle or alternative investment vehicle, and any withholding, transfer or other taxes imposed on the Fund, including any transaction expenses not absorbed by a portfolio company.

The Funds have retained LocalPosts LLC (“LocalPosts”) to provide certain administrative services to the Funds, including fund accounting, investment valuation, investor reporting, tax

reporting, treasury, operations and other “back-office” fund administration functions. The Funds pay certain fees and expenses to LocalPosts in consideration for such services. LocalPosts is owned by one of our former senior executives, who performs similar administrative functions on Baker Capital’s behalf. See “*Item 10. Other Financial Activities and Affiliations*” for more details.

Investors in a Fund should refer to such Fund’s Governing Documents for more detailed information concerning the fees, carried interest and other expenses that such Fund will bear

Item 6. Performance-Based Fees and Side-by-Side Management

Some of our related persons serve as general partners of the Funds and, in such capacity, receive carried interest distributions from the Funds, which are based on a share of gains in the assets of such Fund. The calculations used to determine the amounts of such distributions to related persons are set forth in the limited partnership agreements of the Funds. Such carried interest distributions may create an incentive for Baker Capital and its supervised persons to make investment decisions on behalf of the Funds that may be riskier or more speculative than would be the case in the absence of such distributions.

At the current time, Baker Capital is only managing two Funds, both of whom invest in parallel with each other and have identical fee structures. In addition the Funds are not actively seeking investment opportunities. Consequently, the potential risk that Baker Capital and its affiliates may favor clients with more favorable performance fees over other clients is largely non-existent. The risk is further mitigated by our policies and procedures with respect to the allocation of investment opportunities among our clients. Such policies and procedures require Baker Capital to allocate investment opportunities in accordance with the applicable provisions of the limited partnership agreements of the Funds taking into account multiple criteria to derive an allocation that, in Baker Capital’s judgment, is fair and equitable to each Fund relative to other Funds over the life of such Fund after consideration of all relevant facts and circumstances. Baker Capital’s investment allocation policies take a similar approach with respect to the allocation of follow-on investment opportunities, co-investment opportunities and divestment opportunities.

Item 7. Types of Clients

We provide investment advice to the Funds. Investors in the Funds include governmental retirement systems, insurance companies, funds-of-funds, family offices and high net worth individuals.

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

Methods of Analysis, Investment Strategy

Our investment objective is to make investments in growth companies engaged in emerging digital technologies in the United States and Europe. In identifying, approaching, evaluating and valuing investment targets, we conduct extensive business and financial due diligence to analyze, among other things, the strength and experience of the company's management team, the size

and growth potential of the company's market, differentiation of the company's product or service, the economic model and margins of the company, competitive advantage and potential exit opportunities. In addition, we conduct legal, technological and regulatory due diligence.

Our investment strategy is primarily long-term investment in privately held companies. It is possible that some investments may be held for less than a year, though this is not typical of our investment strategy. Baker Capital's Investment Committee, comprised of senior members of Baker Capital, is ultimately responsible for making investment decisions for the Funds.

Risk Factors

The investment strategy pursued by us involves a number of significant risks. This investment strategy may be deemed to be speculative. It is not intended to be utilized as complete investment program. Investments in the Funds are intended for sophisticated investors who fully understand and are capable of bearing the risk of such investments. Investment risks include, but are not limited to, the following:

Investment Risks

- The investment strategies pursued by Baker Capital tend to involve making illiquid private investments in a relatively small number of portfolio companies. In particular, the Funds we currently manage have only a single Portfolio Company left in the, As a result, the portfolios managed by us are highly concentrated, and the failure of the one remaining investment could have a materially adverse impact on a Fund's overall performance.
- The businesses of the portfolio companies in which we invest are subject to significant risks, including strategic, financial or other challenges. Some of these portfolio companies may be highly leveraged, and exit strategies may be uncertain at the time an investment in the portfolio company is made. The success of these investments is highly dependent on the ability of management of the portfolio companies to successfully navigate these and other challenges.
- We make investments in growth companies engaged in emerging digital technologies in the United States and Europe. As a result, a Fund's portfolio will be disproportionately concentrated in this sector. In such circumstances, a Fund's performance depends heavily on the economic prospects of the sector, which will be influenced by a number of market and other factors that are beyond our ability to control.
- A public health crisis, such as the COVID-19 pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can in turn negatively impact a Fund and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, may adversely impact the businesses of a Fund's portfolio companies. In addition, such disruptions can negatively impact the ability of our personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and may continue to

contribute to, extreme volatility in financial markets. Such volatility could adversely affect our ability to find financing for a Fund's portfolio companies or identify potential purchasers of a Fund's investments, all of which could have material and adverse impact on a Fund's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to a Fund's performance.

- We reserve the right to invest overseas. Investing overseas entails additional investment risks, including currency risk, lack of transparency and the risk of operating in markets with less well-developed legal systems to protect the rights of investors and creditors.

Risks of Investing in the Funds

- Investments in the Funds are illiquid, and interests in the Funds may not be transferred without our prior consent and the satisfaction of certain other conditions. Investors in a Fund must be able and prepared to maintain their investments in such Fund over the entire life of such Fund.
- Investments in the Funds are passive investments. As limited partners, investors in the Funds have no control over the day-to-day operations of the Funds and limited rights to protect themselves if they are dissatisfied with the manner in which a Fund is being operated. Limited partners in a Fund will be highly dependent on our investing skills and management abilities to achieve success.
- The valuation of the portfolio companies in which we invest is a difficult task that relies heavily on business judgment. There can be no assurance that the Funds will be able to realize their investments at a price that is commensurate with the value at which such investments have been carried.
- Each Fund is managed in a manner that is consistent with the best interests of that Fund, which is not necessarily consistent with the best interests of each individual investor in the Fund. For example, we may structure investments and divestments so as to maximize tax efficiency for a Fund, but which may not be the most tax advantageous structuring possible for each individual investor, depending on that investor's own particular facts and circumstances.
- Our business depends heavily on the continued involvement of the founders and other senior personnel. Should such personnel leave, this could have a material adverse effect on our ability to successfully manage our investment program.

Potential Conflicts of Interest

- In the course of sourcing or divesting investments, the Baker Capital and the Funds will be required to enter into confidentiality agreements with third party firms or portfolio companies that may prohibit the Funds from publicly disclosing sensitive information relating to the third party firm, their investments and the portfolio companies. These

arrangements could either restrict the information that the Funds are permitted to share with their investors or could possibly result in liabilities for the Funds where an investor that is required or compelled to publicly release information regarding its investments, such as pursuant to the U.S. Freedom of Information Act (“FOIA”) or other similar state or local laws, publicly discloses such information in response to an information request or otherwise. Baker Capital may choose, but is not required, to decline such investment opportunities in order to avoid the risk of exposing the Funds to these categories of liability. As a result, the Funds’ investment flexibility may be constrained, which may adversely impact the aggregate returns realized by the Funds.

- Senior management will dedicate the time it believes is necessary to manage the Funds, but will spend some portion of their time on matters other than, or only tangentially related to, the Fund’s business, including time spent on personal investment activities. Conflicts of interest can arise in allocating management time, services or other resources among the Funds and/or other investments and projects.
- Potential conflicts will arise if a Fund makes an investment in a portfolio company in which other Funds have invested. Decisions relating to actions to be taken may create conflicts of interest between holders of different types of securities in the same portfolio as to what actions the portfolio company should take. A conflict may also arise in allocating an investment opportunity if the potential investment or divestment could be made by more than one of the Funds. Investments by more than one Fund in a portfolio company may also raise the risk of using assets of one Fund to support positions taken by other Funds. Baker Capital is generally authorized to resolve such conflicts on a case by case basis in its good faith discretion, taking into account the interests of all of the Funds, but we will not always be in a position to take action to resolve any such conflict, and there can be no assurance that any such conflict will be resolved in favor of any particular Fund. We bring potential conflicts of interest to a vote of the limited partner advisory committee.
- If “in-kind” distributions are made to a Fund’s investors of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the applicable Fund Governing Documents. An independent appraisal generally will not be required and is not expected to be obtained.
- The investors in the Funds may include both taxable and tax-exempt entities, as well as persons or entities that are organized in various jurisdictions and that otherwise may have conflicting investment, tax or other interests. The investors may have conflicting investment, tax and other interests with respect to their investments in the Funds. As a consequence, conflicts of interest will arise in connection with the decisions made by Baker Capital, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for a Fund, Baker Capital will consider the investment and tax objectives of the Fund and

its investors as a whole, not the investment, tax or other objectives of any investor individually.

- From time to time, we may form and operate investment vehicles through which we, or our senior managers and other employees, invest in investment opportunities that lie outside of the Funds' permissible investment universe. Our ability to do this is subject to provisions in the applicable Fund Governing Documents designed to prevent conflicts of interest between the Funds, other funds that we may manage and ourselves, and to ensure that our management team is devoting as much time and attention to the Funds as is necessary. Consistent with these requirements and other obligations we owe to the Funds, these investment vehicles are limited to investing in opportunities that are not appropriate for the Funds. Nevertheless, such investment vehicles will give rise to potential conflicts of interest to the extent their investment activities may compete with the interests of the Funds or their portfolio companies or they distract senior management from devoting sufficient time and attention to the Funds.
- As noted in Item 4 above, in connection with or as a condition to an investor's agreement to invest in a Fund, the Fund or its general partner may from time to time enter into a "side letter" or similar agreement with an institutional or other investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. Such rights, benefits or privileges include waivers or discounts on management fees and/or carried interest, "most favored nation" clauses, preferential access to co-investment opportunities, the right to be excused from participating in certain investments made by a Fund, notice rights upon the occurrence of certain events, seats on a Fund's limited partner advisory committee, specialized or additional reporting rights, rights related to tax treatment, rights related to regulatory matters, rights related to immunities or indemnification, rights related to the ability of the investor to transfer its interest in the Fund, additional representations and warranties from the Fund, its general partner and/or Baker Capital, modifications to the subscription agreement and other benefits. While the ability of a Fund or its general partner to enter into a side letter or similar agreement affording preferential rights to certain investors is generally disclosed to other investors in the Fund, the terms of such "side letters" or similar agreements are generally not disclosed to other investors in the Fund, except to investors that have separately negotiated for the right to review such agreements.

No guarantee or representation can be made that a Fund will achieve its investment objective or that investors will receive a return of their capital. All investing involves a risk of loss and the investment strategies pursued by the Funds could lose money over short or even long periods. Prospective and existing investors are advised to review the offering materials and other constituent documents for full details on each applicable Fund's investment, operational and other actual and potential risks.

Item 9. Disciplinary Information

There are no legal or disciplinary events relating to our advisory business or the integrity of our management required to be reported under this Item.

Item 10. Other Financial Industry Activities and Affiliations

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

As noted in “*Item 5. Fees and Compensation*” above, the Funds have retained LocalPosts to provide certain administrative services to the Funds and pay LocalPosts fees and expenses for such services. Under the arrangement, LocalPosts is generally responsible for its own operating expenses. LocalPosts is owned by one of our former senior executives, who performs similar administrative functions on Baker Capital’s behalf. The executive commenced performing these services for the Funds through LocalPosts at the beginning of 2013. The amounts that the Funds pay to LocalPosts is disclosed to investors in the Fund in the notes to the Funds’ annual audited combined financial statements. We believe that the amounts charged by LocalPosts to the Funds are commercially reasonable and favorably comparable to the amounts that would be charged by another qualified third party for similar services.

Because the general partner of each Fund is an affiliate of Baker Capital, we have a material interest in each Fund that could create conflicts that must be managed. The general partner of each Fund has formed a limited partner advisory committee (the seats of which are filled by limited partners that represent a significant percentage of such Fund’s committed capital and that are not affiliates of Baker Capital) to review transactions where a potential conflicts of interest exist, in accordance with the applicable provisions of such Fund’s Governing Documents. Alternatively, the general partner may seek limited partner approval of a potential conflict of interest, pursuant to the applicable provisions of such Fund’s Governing Documents.

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

Baker Capital has adopted a code of ethics (the “Code”) that establishes standards of ethical conduct for its employees and sets forth policies and procedures for addressing potential conflicts of interest that may arise between Baker Capital’s personnel and the Funds. The Code is based on the principle that Baker Capital owes a fiduciary duty to its clients and that all of Baker Capital’s personnel must therefore avoid any activities, interests or relationships that might present an actual or potential conflict of interest with Baker Capital’s clients or otherwise interfere with Baker Capital’s ability to make decisions in the best interests of its clients. Among other things, the Code addresses personal trading activities, receipt of gifts and business entertainment, outside business activities and political contributions.

As a general rule, Baker Capital does not buy or sell securities of public companies. However, in the ordinary course of its business, Baker Capital will from time to time come into possession of material non-public information relating to public and private companies. The Code requires Baker Capital to maintain a “Restricted List” of companies in whose securities Baker Capital’s personnel are generally prohibited from trading. The companies on the Restricted List include (i) any Portfolio Company held by the Funds, (ii) any public or private company which is actively under consideration as an investment for the Funds, (iii) any public or private company in which

Baker Capital has entered into a non-disclosure, confidentiality or standstill agreement, and (iv) any other public company concerning which Baker Capital may be in a position to receive material non-public information as a result of a special relationship Baker Capital has with such public company. Baker Capital's investment professionals are required to report all of their personal holdings in securities and personal securities transactions to Baker Capital's CCO on a quarterly basis. In addition, Baker Capital personnel are required to pre-clear any personal securities transaction they may wish to make in securities issued in an initial public offering or private placement and in any securities issued by a company on the Restricted List. In general, personal securities transactions in any company that is on the Restricted List will not be approved in the absence of extraordinary circumstances.

Baker Capital's personnel are also prohibited from giving or receiving gifts or business entertainment that might call into question the exercise of such person's ability to exercise independent judgement on behalf of Baker Capital's clients. Under the Code, gifts and business entertainment that exceed certain thresholds must be pre-cleared with Baker Capital's CCO. Under the Code, Baker Capital's personnel are also required to pre-clear any outside business activities they may wish to engage in and any political contributions they may wish to make.

Baker Capital's employees must certify annually that they have read and agree to comply in all respects with the Code and that they have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by the Code.

The paragraphs above only represent a summary of key provisions in the Code. Baker Capital will provide a copy of the entire Code to any client or prospective client (including any investor therein) upon request.

Item 12. Brokerage Practices

Baker Capital's advisory business generally involves privately negotiated transactions in which best execution obligations do not arise in the same manner as they do for trades in public securities. With respect to such private transactions, Baker Capital believes it fulfills its best execution responsibilities through careful evaluation and negotiation of the terms of each such transaction.

However, Baker Capital may from time to time purchase or sell publicly-traded securities. In such circumstances, Baker Capital considers all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, financial responsibility and responsiveness.

Baker Capital does not maintain relationships with broker-dealers that feature soft-dollar benefits or referral arrangements.

Item 13. Review of Accounts

We manage the Funds on a day-to-day basis. The Funds' portfolio companies are closely reviewed by our Partners and other investment professionals. Audited financial statements are

prepared for each of the Funds following the end of each fiscal year, and unaudited financial statements are prepared for each of the Funds following the end of the first three fiscal quarters, in each case in accordance with the terms of the Funds' Fund Governing Documents.

Item 14. Client Referrals and Other Compensation

Baker Capital or its affiliates may provide certain specialized advisory services to the Funds' portfolio companies and may receive compensation from the portfolio companies in connection with such services. These fees may be in addition to management fees. See “*Item 5. Fees and Compensation*” above for additional information.

Neither Baker Capital nor any of its affiliates directly or indirectly compensates any person other than our officers, partners, directors or employees for investor referrals.

Item 15. Custody

Baker Capital will conduct all business operations in such a way that client cash and securities, other than privately offered, non-certificated securities, will be preserved in the safekeeping of independent qualified custodians.

With respect to each Fund, an independent public accountant audit such Fund's financial statements annually, and the audited financial statements are distributed to the investors of such Fund.

Item 16. Investment Discretion

Baker Capital and its affiliates generally have the authority to make all investment determinations on behalf of the Funds. The Fund Governing Documents of the Funds generally impose some limitations on our investment discretion. Certain of these investment limitations can be waived by the Fund's limited partner advisory committee, which consists of representatives of certain limited partners.

Item 17. Voting Client Securities

In accordance with Rule 206(4)-6 of the Advisers Act, Baker Capital has adopted and implemented written policies and procedures governing the voting of client securities. The Funds are primarily invested in privately-held portfolio companies that do not typically issue proxies. However, in the event proxies have to be voted, we are generally responsible for voting proxies on behalf of its clients. We votes client proxies in a way that we believe will maximize value for the Funds. In exercising our voting discretion, Baker Capital and its employees seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of the Funds.

A copy of our written proxy voting policies and procedures, as well as a record of how we have has voted in the past, will be maintained and available for client review upon written request.

Item 18. Financial Information

We are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to the Funds. We have never been the subject of a bankruptcy petition.