

**ITEM 1. COVER PAGE**



**Cercano Management LLC**

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Form ADV Part 2A | Firm Brochure

January 24, 2023

This brochure provides information about the qualifications and business practices of Cercano Management LLC (“**Cercano**”). If you have any questions about the contents of this brochure, please contact Malinda Khauv, Chief Compliance Officer, (425) 506-3116, [malindak@cercanold.com](mailto:malindak@cercanold.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.

Any reference to Cercano as a registered investment adviser does not imply a certain level of skill or training. The oral and written communications of Cercano provide you with information about which you determine to hire or retain Cercano.

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

## ITEM 2. MATERIAL CHANGES

This Brochure serves as an update to Cercano Management LLC's Form ADV Part 2A dated March 31, 2023 and updates contact information for Cercano's Chief Compliance Officer.

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## ITEM 4. ADVISORY BUSINESS

Cercano Management LLC (“**Cercano**”) is an investment adviser based in Bellevue, WA. Cercano began operations in January 2022 and provides investment advisory and other services to ultra-high net worth individuals and their families as well as their family foundations, charitable organizations and other related entities (herein referred to as “**Clients**”). Cercano Management Holdings L.P. (“**CM Holdings LP**”) is the sole owner of Cercano and Cercano Management GP, LLC is general partner of CM Holdings LP. Christopher Orndorff and The Estate of Paul G. Allen are principal owners of CM Holdings LP. Cercano is managed by an Executive Committee which includes Christopher Orndorff, Albert Hwang and YB Choi.

Cercano currently offers discretionary and non-discretionary investment advisory services to certain of its Clients pursuant to separately managed account arrangements (“**Managed Accounts**” and each a “**Managed Account**”). These services are tailored based on a comprehensive understanding of each Client’s unique circumstances, asset base, interests, financial goals and objectives.

Cercano manages and advises the asset allocation and investments of Clients. Cercano views asset allocation for its Clients broadly, incorporating non-financial assets that Clients may hold. Managed Accounts are invested across multiple asset classes and are typically designed to include both liquid securities (stocks and bonds) and alternative investments (private equity, venture capital, commercial real estate, and private credit), including investment funds and vehicles. Depending on a Client’s specific circumstances, Cercano may invest a Client’s assets via a separately managed account with a third-party investment manager, via a mutual fund, ETF, investment fund or vehicle managed by a third-party investment manager (“**External Fund**”) or through one of Cercano’s own private investment funds (see below). All strategies are global, incorporating investments in the United States and around the world. Clients may also elect to have an account with a narrower regional focus.

Managed Accounts will be managed in accordance with the investment objectives, guidelines and any restrictions set forth in an investment management agreement (the “**Investment Management Agreement**”) between the Client and Cercano. Clients may impose restrictions on investing in certain securities, types of securities or industry sectors as set forth in the Investment Management Agreement or operating agreements related to a Managed Account (“**Managed Account Governing Documents**”).

Cercano also serves as the investment manager to privately offered pooled investment vehicles (“**Funds**” and each a “**Fund**”). The Funds are generally established as investment vehicles for Clients and made available only to Cercano’s Clients. Based on the investment strategies for a particular Client, Cercano may invest a Client in one or more Funds, each of which has a specific investment objective. As a result, a Client may be invested through the Funds across an array of asset classes. The investment strategies that Cercano may utilize for a Fund, as well as other information about an investment in such Fund, including any investment restrictions, are described in the particular Fund’s investment management agreement, limited partnership agreement or other similar operating agreements, (“**Fund Governing Documents**”) offering memorandum and/or other offering materials (“**Memorandum**”) (Fund Governing Document and Memorandum, Managed Account Governing Documents may be collectively referred to herein as “**Offering Documents**”) and investors (“**Investors**”) should refer to such Offering Documents for further information. Cercano tailors its advisory services to the Funds to the individual needs of the Investors in any Fund, and Investors in the Funds may impose restrictions on investing in certain securities or types of securities.

Funds advised by Cercano may enter into arrangements (such as side letter agreements) which have the effect of altering or supplementing the terms of a specific Investor's investment (or group of Investors' investments) in the Funds, including, but not limited to: (i) waiving or rebating a portion of the management or performance fee; (ii) granting the right to receive reports that include information not provided to Investors in other Funds (such as, but not limited to, portfolio risk and/or investment related information); and (iii) granting such other rights or benefits as may be negotiated and agreed to with such Investors.

Certain related Clients have an equity interest in one of the owners of Cercano's parent company. This indirect equity ownership entitles these Clients to indirectly receive a percentage of Cercano's management and performance-based fees. While these Clients do not have any enhanced information rights regarding other Clients, the Funds or investments, as a result of this affiliation with the parent company, they may (i) become aware of certain material events concerning Cercano prior to disclosure of such to Clients or other Investors in the Funds or (ii) become aware of certain non-material events concerning Cercano which, due to the immaterial nature, may never be disclosed to Clients or other Investors in the Funds.

Cercano does not participate in wrap fee programs.

All discussions of the Managed Accounts and the Funds in this Brochure, including but not limited to their investments, the strategies used in management, the services provided, the fees and other costs associated with investments and other terms, are qualified in their entirety by reference to each of the respective Managed Account Governing Documents and Offering Documents. Investment advice is provided directly to the Clients, subject to the discretion and control of the applicable managing member or general partner and not individually to investors in the Funds. Each managing member or general partner of a Managed Account or Fund is subject to the Advisers Act pursuant to Cercano's registration in accordance with SEC guidance. This Brochure describes the business practices of the managing members and general partners, which operate as a single advisory business together with Cercano. References herein to Cercano should be read to include the managing members and general partners as applicable.

As of December 31, 2022, Cercano managed approximately \$8.0 billion in regulatory assets on a discretionary basis.

## **ITEM 5. FEES AND COMPENSATION**

Cercano's Clients and the Funds are "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Therefore, information on how Cercano is compensated for its advisory services is generally described below and its fee schedule is not included here. The specific fees charged by Cercano vary and are established and disclosed in a written agreement with Cercano.

### Managed Account Investment Advisory Fees

Generally, for its Managed Account Clients, Cercano is paid an investment advisory fee (calculated and payable either monthly or quarterly, depending on the Managed Account) based on assets under management. Advisory fees are as described in the Client's Investment Management Agreement. This fee is assessed on the Client's assets under management, excluding Client investments in the Funds, if

any. Fees are negotiated with each Client based on a number of factors including, but not limited to, the type of services provided, the size of the account, and the investment strategy selection.

In general, a Client can terminate the Managed Account relationship at the end of any month upon sixty (60) days' prior written notice. Generally, investment advisory fees are payable monthly or quarterly in advance and are calculated based on the market value of the Client's account. Fees are either automatically deducted from Client accounts by the Client's third-party custodian with the Client's permission or invoiced directly to the Client for payment. The investment advisory fee is typically pro-rated for periods of less than a full billing period.

#### Private Fund Management Fees

Cercano is compensated for its services to the Funds through a combination of management and performance fees. The Funds accrue management fees monthly or quarterly, depending on the Fund, and pay such fees to Cercano monthly, quarterly or periodically in advance or in arrears (as described in the relevant Fund Governing Documents). Cercano has the ability to deduct such fees either monthly or quarterly, as further described in each of the Fund Governing Documents.

Cercano charges a performance or incentive fee constituting a percentage of profits or gains at the end of the relevant fiscal period, or upon realization, and in certain cases subject to, or only in excess of, specified performance thresholds. The performance-based fee is deducted from Investor accounts on an annual basis, or as investment profits are realized, depending on the Fund.

Cercano's investment management agreement with each Fund is terminable upon expiration of the Fund's term, dissolution or the withdrawal of the General Partner for each Fund. Investors may be limited in their ability to terminate their investment in the Fund. Investors should refer to each of the Fund Governing Documents for additional or supplementary information regarding such limitations as well as the fees paid by the Fund.

#### Third-Party Strategies

Cercano may employ a third-party manager to manage a portion of a Client's account. If Cercano retains the third-party manager as a "**sub-adviser**" to a Client's account, a separate written agreement between the Client on the one hand and Cercano and sub-adviser on the other hand will require Clients to pay any applicable sub-advisory fees directly to the sub-adviser. Such fees may be in excess of the investment advisory fees payable to Cercano.

All fees paid to Cercano for investment advisory services are separate and distinct from the fees and expenses charged by the underlying managers of investment funds that Cercano recommends for a Client's portfolio (such as mutual funds, ETFs and External Funds). These fees are assessed pursuant to the agreement with and the governing documents of each External Fund or underlying manager, including the amount, timing of calculation and method of payment. They generally include a management fee, other fund expenses and in certain cases a distribution fee and/or a performance-based incentive fee paid to the manager of the fund. These fees are disclosed in the applicable Fund's Offering Documents. Such charges, fees and commissions are exclusive of and in addition to Cercano's management fee, and Cercano does not receive any portion of such fees, and costs. In addition, please see Item 12 for a further discussion of the brokerage and other transaction costs.

## Other Information

Cercano maintains the right to waive all or a portion of its management fees and/or performance fees with respect to any Client or Investor. For certain Funds this includes Cercano, its managing member or general partner entities and any other person designated by Cercano, such as its Covered Persons, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Additionally, to the extent permitted by the relevant Offering Documents, certain general partners have the right to permit investors, affiliated with Cercano or otherwise, to invest through the relevant general partner or other vehicles that do not bear management fees or carried interest.

Current or former Covered Persons receive compensation derived from, and in certain cases including a portion of, carried interest or other compensation received by Cercano or its affiliates.

## Client Expenses

As further described in the Offering Documents, the Clients will also bear organizational and ongoing expenses, and each Client is responsible for its own costs and expenses. Organizational expenses may in some instances be subject to maximum amounts but may include without limitation travel expenses and other direct costs of Covered Persons, and of Cercano, its affiliates or agents). Ongoing expenses include, without limitation, research expenses (including expenses related to discovering, developing, negotiating, structuring, making, holding, managing, monitoring and disposing of investments, including those that are not consummated); trading costs and expenses (such as brokerage commissions, transaction costs, expenses related to short sales, hedging and clearing and settlement charges; refer to “Brokerage Practices” below for additional information); custodial and bank fees; recordkeeping; taxes (including tax preparers, outside counsel, accountants and other experts or professionals for expenses incurred in connection with any tax planning, preparation, filing, audit, investigation, settlement or review); legal (including outside counsel for investment transactions, litigation and other Client-related matters); audit, accounting, bookkeeping and reporting; insurance (whether on behalf of a Client, Cercano or its affiliates); professional, expert and consulting fees and expenses; fees and profit sharing arrangements (that are not payable to a Client's managing member or general partner or affiliates) with third parties in connection with a Client's investment; fees and expenses charged by the Fund's administrator for its accounting, bookkeeping; governmental or regulatory inquiries or undertakings (including regulatory and compliance expenses, taxes, fees or other governmental charges levied against a Client); costs and expenses associated with reporting and providing information to Clients (including in respect of investment related matters and any other Client-specific reporting, notification or other filing obligations), including through a third-party data portal and otherwise; data production and maintenance services and other third-party research expenses, including specific expenses incurred in obtaining systems, research and other information, including information service subscriptions, utilized for portfolio management, valuations, accounting or reporting purposes, including the costs of pricing services, service contracts for quotation equipment and related software, phone and internet charges; as well as other costs and expenses for information and technology systems (including security); and other services. Investors should consult the Offering Documents for a complete list of such fees and expenses. Generally, Investors in a Fund share equally in such Fund's expenses but there may be situations where due to the exit of certain Investors or creation of side pockets, not all Investors will share equally in Fund expenses. Clients likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. The foregoing types of expenses are not exclusive, and Investors are encouraged

to review the Offering Documents or investment management agreements for the specific expenses and the situations where Investors may not share equally in expenses.

#### Sales Compensation

Neither Cercano nor its supervised persons are compensated for the sale of securities or other investment products.

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

#### Performance-Based Fees

Cercano charges performance-based fees as discussed in Item 5 above. Performance-based fees may create an incentive for Cercano to cause a Fund to make investments that are riskier or more speculative than would be the case if there were no performance-based fee. In addition, if Funds are charged different performance-based fees or no performance-based fee, this presents a potential conflict of interest because Cercano may have an incentive to allocate more favorable investment opportunities to one Fund than another Fund. In addition, Cercano recommends investments in External Funds which, in certain circumstances, will charge performance-based fees that are borne directly or indirectly by Clients. The simultaneous management of clients that pay performance-based fees and clients that pay only management fees or performance-based fees that are calculated in a different manner creates a conflict of interest as Cercano will have an incentive to favor Clients with more favorable investment opportunities given the potential to generate greater fees. Performance-based fee arrangements reward Cercano for positive performance, and thus create an incentive for Cercano to recommend investments that are riskier or more speculative than those that would be recommended under a different compensation arrangement. Cercano discloses these arrangements in the Investment Management Agreements with each Client and the Offering Documents and complies with Rule 205-3 of the Advisers Act in each instance. In addition, Cercano's investment allocation process described in Item 10 below further mitigates the risk of investments being allocated for the primary purpose of increasing performance compensation.

#### Side-by-Side Management

Cercano expects that certain Funds and Managed Accounts with similar strategies will invest on a side-by-side basis. Clients should be aware of the following potential conflicts of interest resulting from the unique relationship that Cercano has with Clients as both investment manager of the Funds and as provider of overall investment advisory management services to each Client. In determining allocations, Cercano may consider various factors and legal requirements, the availability of other investment opportunities and individual Client relationships. Differences in these factors may result in one or more Funds not investing in the same proportion to its net asset value as other Funds. In addition, a Fund may not invest at all, at the same time or on the same terms as another Fund. Cercano may allocate a favorable investment opportunity to one or more Funds but not to other Funds.

Cercano serves as investment adviser to a variety of Clients and Funds, and Cercano may make investment decisions for a Fund or Client that are different from those made on behalf of another Fund or other Client. Each Client and Fund has a unique overall investment portfolio and goals and, as a

result, Cercano may provide conflicting advice to different Clients or Funds and take conflicting actions with respect to Fund or Client assets.

#### Allocation of Investment Opportunities

In order to mitigate the risk and conflicts of interest arising from such performance-based fees and side-by-side management of assets, Cercano has implemented allocation and best execution policies and procedures which are designed to help ensure that Cercano acts in the best interests of its clients in accordance with its fiduciary duties.

When a limited opportunity to acquire or dispose of an investment is suitable for more than one Client or Fund, Cercano will act in a fair and reasonable manner in allocating investment and trading opportunities among Clients or Funds such that, to the extent feasible, no Client or Fund receives consistently more or less favorable treatment than any other. . Cercano is not obligated to purchase or sell for each Client or Fund every security which Cercano may purchase or sell for the accounts of other Clients or Fund, if such a transaction or investment appears unsuitable, impractical or undesirable for a Client or Fund. When Cercano allocates all or a portion of an investment to more than one Client or Fund, the Client or Fund accounts may be traded on a pro-rata basis based on actual or estimated capital in the relevant asset class, taking into consideration various factors. Cercano may consider some or all of the following factors in making allocation decisions among Clients or Funds: suitability; different investment mandates or restrictions; investment strategy; risk parameters; leverage or return targets among Clients or Funds; portfolio and/or counterparty diversification and concentration, Fund size and available capital (including timing of cash inflows and outflows); current leverage; total portfolio investment position; total portfolio risk exposure; hedging needs; size of investment or trading opportunity; follow-on investment considerations; tax sensitivity and other structural and regulatory considerations. There can be no assurance that a particular investment opportunity will be allocated in any particular manner. Potential Conflicts Relating To Advisory Activities

The results of the investment activities provided to a Client can differ significantly from the results achieved by Cercano for other current or future Clients. Cercano will manage the assets of a Client in accordance with the investment mandate selected by such Client. Cercano has no obligation to provide the same investment advice or to purchase or sell the same securities for each Client. Differing facts and circumstances among Clients will, from time to time, result in Cercano giving advice and taking action with respect to one Client that differs from action taken on behalf of another Client. However, such differing actions are subject to applicable policies and procedures adopted by Cercano and are guided by Cercano's fiduciary duty to act in each Client's best interests.

Subject to Cercano's policies, Cercano and its Covered Persons may carry on investment activities for their own accounts and for family members and friends who do not invest in the Funds and may give advice and recommend securities to the certain Funds which may differ from or conflict with the advice given to, or investments recommended or bought for, other Funds even though their investment objectives may be the same or similar. Further, Cercano and its Covered Persons will carry on investment activities that are different than the investment activities of the Funds. The potential conflicts include, in particular, portfolio members and one or more Clients buying or selling positions while another Client is undertaking the same or a differing, including potentially opposite, strategy. Similarly, Cercano's management of Client accounts may benefit members of Cercano, including to the extent permitted by applicable law and contractual arrangements, investing Client accounts directly in the Funds in which an affiliate of Cercano is managing member or general partner and for which Cercano acts as investment manager. In some instances, the purchase, holding, and sale,



as well as voting of investments by Cercano on behalf of certain Clients may enhance the profitability or increase or decrease the value of other Clients' own investments in such companies.

#### Investments in the Same Securities

Under certain circumstances, a Client will make an investment in which one or more other Clients are expected to participate, or already have made, or will seek to make, an investment in the same security. Such Clients may have conflicting interests and objectives in connection with such investments, including with respect to views on the operations or activities of the issuer involved, the targeted returns from the investment and the timeframe for, and method of, exiting the investment. When making such investments, Cercano may do so in a way that favors one Client over another Client, even if both Clients are investing in the same security at the same time. For example, if two Clients have different time horizons, and the Client with a shorter time horizon sells its interest first, this sale could affect the value of the investment in the company held by the Client with the longer time horizon.

#### Differing Investment Objectives

From time to time, Cercano takes an investment position or action for one or more Client accounts that is different from, or inconsistent with, an action or position taken for one or more other accounts having similar or differing investment objectives, resulting in potential adverse impact, or in some instances benefit, to one or more affected accounts. For example, a Client may buy a security and another Client may establish a short position in that same security. The subsequent short sale could result in a decrease in the price of the security which the first Client holds.

#### Investments in Transactions by Multiple Clients

Investments by multiple Clients in private transactions are generally made through collectively owned special purpose vehicles ("SPVs") or otherwise as determined by Cercano (provided that a Client will not, except as otherwise provided in the Offering Documents, effectively bear any additional management fees or incentive compensation in favor of Cercano or its affiliates in connection with its investment in any such SPVs). In some cases, all or a portion of the management fees determined with respect to the Client may be debited at the level of any such SPV or other intermediate investment vehicle and any such amounts will generally offset the management fees payable by the Client. Investment through an SPV may expose the Funds to additional risk given that the SPV may not have segregation of liabilities arising from different investment, and a Client can have liability regardless of whether it participates in all investments made by such SPV or otherwise in excess of its participation percentage if any other SPV participant defaults on its obligations. In addition, a third party to a transaction may require Funds to agree to joint and several liability. Cercano will be subject to a potential conflict of interest when acting on behalf of multiple Clients with divergent interests. Cercano will mitigate these risks as it deems appropriate from time-to-time, such as through cross-indemnification arrangements among participating Clients, or valuation procedures in the event of potential dilution, but there can be no guarantee that these risks can be mitigated in full. Additionally, conflicts of interest can arise if a Client makes investments that occur at different times, including, after another Client has established a position in an investment (or vice versa). This may result in differences in price, investment terms, leverage and associated costs.

### Investments at Different Levels of Capital Structure

The Funds may be permitted to invest in securities or other instruments of the same issuer (or affiliated group of issuers) having a different seniority in the issuer's capital structure or otherwise in different classes of an issuer's securities. In addition, in some circumstances, Cercano will originate an investment with a counterparty and then use its discretion to structure such investment into multiple new investments with different levels of seniority, which investments may be held by different Funds and/or third parties and which may create conflicts when making decisions on terms. To the extent a Fund hold securities or loans that are different (including with respect to their relative seniority) than those held by other Funds, Cercano may be presented with decisions when the interests of the two (or more) Funds are in conflict. In these circumstances, Cercano's duties to each of the Funds may, and in certain circumstances will, conflict. Cercano will in its discretion take steps to reduce the potential for adversity between the Funds, including by causing the Funds to take certain actions that, in the absence of such conflict, it would not take. In some cases, a decision by Cercano to take any such step could have the effect of benefiting one Fund (and, incidentally, may also have the effect of benefiting Cercano or an affiliate) and therefore may not have been in the best interests of, and may be adverse to, another Fund.

### Allocation of Fees and Expenses

From time-to-time Cercano will be required to decide whether certain fees, costs and expenses should be borne by Cercano, a Fund, a Client and/or a third party (each, an "**Allocable Party**") and if so, how such fees, costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party, or fees, costs and expenses may be allocated among multiple Allocable Parties. Cercano allocates fees, costs and expenses in accordance with the Governing Documents of a Fund or Managed Account. To the extent not addressed in the Governing Documents of a Fund or Managed Account, Cercano will make allocation determinations among Allocable Parties in a fair and reasonable manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it deems relevant, notwithstanding its interest (if any) in the allocation. Any determinations with respect to allocations involve inherent matters of discretion, e.g., in determining whether to include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by Cercano in accordance with its Expense Allocation Policy. Further, because certain expenses are paid for by the Funds and/or their portfolio investments or, if incurred by Cercano, are reimbursed by the Funds and/or their portfolio investments, Cercano may not necessarily seek out the lowest cost options when incurring (or causing the Funds to incur) such expenses. Cercano will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Fund or Managed Account for a particular service may not reflect the relative benefit derived by such Fund or Managed Account from that service in any particular instance and a Fund or Managed Account will bear more or less of a particular expense based on the methodology used.

### Valuation

The Funds hold certain positions in non-marketable investments or other investments for which independent quotations are unavailable or are not reliable indications of the fair value of such Funds'

position. Cercano is permitted to value such positions in its discretion, and the Funds are not required to obtain independent appraisals or valuations of any such positions. The process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such investment and may differ from the prices at which such investments ultimately may be sold. The exercise of discretion in valuation by Cercano may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees. In addition, Cercano or its affiliates have an incentive to value such investments at a higher level in order to enhance performance reporting.

#### Time and Attention

Neither Cercano nor any Covered Persons are required to devote their entire time and attention to the affairs of any one Fund or Managed Account, and they will engage in investment activities for other Funds or Managed Accounts, as well as other activities not on behalf of any Fund or Managed Account. Cercano and Covered Persons will spend such time and attention as deemed necessary and appropriate, as determined by Cercano, on each such Fund and Managed Account.

### **ITEM 7. TYPES OF CLIENTS**

Cercano provides investment advisory services to ultra-high-net-worth individuals and their families, family offices, trusts and estates, family and charitable foundations, and other related entities through Managed Accounts and/or the Funds.

Generally, Cercano requires a minimum dollar value of \$250 million to establish a Client relationship. Cercano may, at any time, waive that minimum in its sole discretion and accept a lesser amount.

### **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### Method of Analysis

Cercano pursues an opportunistic and flexible investment strategy across public and private markets on a global basis to deliver attractive risk-adjusted returns across asset classes, industries, and geographies subject to the investment objectives of each client portfolio, utilizing macroeconomic investment themes and the Client's overall asset exposure to guide the selection of investments. Clients' non-financial assets, including fine art, professional sports teams, media properties, intellectual property, farmland and commercial real estate, may also be considered in the development of investment strategies. Each strategy utilizes a multi-disciplinary approach to due diligence and investment selection. Given this broad and global perspective, Cercano invests directly and indirectly in companies at all stages utilizing a variety of securities and transaction structures.

In private markets, Cercano manages funds and client portfolios across three direct strategies (Venture Capital, Private Equity, and Private Credit) and one indirect strategy as an investor in private funds controlled by external third-party managers (LP Funds). Cercano pursues numerous transaction types to generate short and long-term returns on investment, including but not limited to minority investments, growth capital, acquisition financings, secured/unsecured lending, hybrid capital,

recapitalizations, strategic investments, and asset financings. Cercano may invest in various security structures, including but not limited to preferred stock, convertible securities, common stock, warrants, options, partnership interests, simple agreement for future equity (SAFEs), and debt.

Cercano provides asset allocation services to its Clients. In conjunction with that asset allocation service, Cercano manages a venture capital strategy, public equity strategy, a private equity strategy, a private credit strategy, and an LP fund strategy. All strategies are global, incorporating investments in the United States and around the world. Clients may elect to have a Managed Account with a more regional focus.

Cercano serves as the investment manager to privately offered pooled investment vehicles, the Funds, which are generally formed as investment vehicles for and made available only to Cercano's Clients. Each Fund has a specific investment focus and performance benchmark. More detailed information regarding Cercano's investment strategies and activities described below, as well as other information about an investment in a Fund, including any investment restrictions, are described in the applicable Fund Governing Documents and Offering Documents as supplemented by information provided in this Brochure. Investors in those entities should refer to such materials and to information provided in this Brochure for a description of the investment strategy and related information.

### ***Public Equity***

The Public Equity strategy has a global mandate to invest in publicly traded equity securities of companies domiciled in countries that are part of the MSCI All-Country World Index. While the strategy is mainly US weighted, the asset allocation between U.S. and non-U.S. may be variable over time. Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, master limited partnerships, business development companies, and derivatives based on common stocks, currencies or equity indices (including convertibles, warrants, rights, options, and futures.) The investment objective is to generate superior risk-adjusted returns, defined as both relative and absolute, while preserving capital across market cycles. Cercano conducts deep, fundamental, bottom-up research, coupling that analysis with risk-controlled portfolio construction in pursuit of these objectives. Cercano's Public Equity strategy includes both a concentrated, primarily long-only equity strategy with a derivatives overlay as well as a concentrated, long-only, long-term (multi-year) strategy.

### ***Venture Capital***

The Venture Capital strategy has a global mandate to pursue venture capital investments at the seed, early, and growth stages. Cercano makes direct minority investments in private companies across industry sectors, including information technology, healthcare, financial services, media and entertainment, telecommunications, energy, industrials, consumer, and others. Generally, Cercano operates a flexible investment model that does not prescribe a fixed or targeted percentage allocation towards sector, stage, geography, or size. Cercano seeks to partner with companies across the growth life cycle and funding stages with a long-term horizon for outcomes given the time required to build enduring companies.

### ***Private Equity***

The Private Equity strategy has a broad mandate to pursue equity and equity-related investments directly in companies with the potential for long-term capital appreciation. Core to this strategy is

partnering with companies that can maintain or build long-term competitive advantages with attractive cash flow characteristics and growth-oriented companies that can become industry or category leaders. Further, Cercano seeks to make opportunistic investments in companies that face short-term pressure as a result of dislocations caused by capital, industry, and economic cycles.

### ***Private Credit***

The Private Credit strategy has a broad mandate to pursue lending and investment opportunities that produce income or yield with an emphasis on capital preservation. Cercano seeks opportunities in the non-bank lending market, including, but not limited to, secured and unsecured loans, bank debt, bonds, litigation claims, trade claims, structured equities, partnership interests, and other financial instruments or securities originated on a direct basis or purchased in secondary markets. Cercano targets a wide variety of situations for investment, including but not limited to buyout financings, acquisition financings, growth capital, single-asset financings, complex situations including restructurings, real estate, and corporate off-balance sheet financings.

### ***LP Funds***

The LP Funds strategy pursues investment opportunities across a broad range of venture capital, public and private equity, credit, commercial real estate and other fund types and strategies managed by third-party investment advisers on a global basis. Cercano typically targets investments with the objective of selecting and partnering with managers that will deliver the best risk-adjusted performance within their respective asset class, opportunity set, and targeted duration, yet will also seek atypical risk/return goals in line with Client mandates or under idiosyncratic market environments. Cercano targets several situations for investment, including but not limited to new money commitments, secondary purchases, and other complex transactions that typically span beyond a ten-year time horizon with limited liquidity availability during the life of the fund.

### **Risk of Loss**

Investing in securities involves risk of loss that Clients should be prepared to bear. Below is a summary of potential material risks for the most common investment strategies used and/or the particular types of investments typically held in Client accounts. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment. The risks noted below in most instances also are applicable to the Funds purchased for Client accounts. Any or all of these risks could materially and adversely affect investment performance, the value of a Client or Fund account or any security held by that Client or Fund account and could cause Clients or the Funds to lose substantial amounts of money. Prospective Clients should carefully review the applicable Investment Management Agreement. A prospective Client should discuss with Cercano's representatives any questions that such person may have before investing.

- **Market Risk.** Either the stock market as a whole, the bond market as a whole, or the value of an individual security, goes down resulting in a decrease in the value of Client or Fund investments. This is also referred to as systemic risk.
- **Economic Conditions.** Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect a Client's or Fund's investments and prospects materially

and adversely. None of these conditions is within Cercano's control, and Cercano may not anticipate these developments. These factors may affect the volatility of securities prices and the liquidity of a Client's or Fund's investments. Unexpected volatility or illiquidity could impair a Client's or Fund's profitability or result in losses.

- Equity Risk. Common stocks are susceptible to general stock market fluctuations and volatile increases and decreases in value as market confidence in and perceptions of their issuers change.
- Non-U.S. Investments. Risks include, but are not limited to, less public information available regarding non-U.S. issuers, limited liquidity of non-U.S. securities and political risks associated with the countries in which non-U.S. securities are traded and the countries where non-U.S. issuers are located; greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the evolving and less sophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Clients' investment opportunities. These non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation rate, savings rate and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects. Cercano may invest in securities of non-U.S. governments (or agencies or subdivisions thereof), and some or all of the foregoing considerations also may apply to those investments.
  - Developing Countries. The risks of non-U.S. investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by developing countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.
- Company Risk. When investing in any public or private equity security, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk or idiosyncratic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. Some of the Client's investments may represent minority and/or non-voting positions in portfolio companies, and, although Funds in certain circumstances have representatives that serve on the boards of directors, such representatives may not have the power individually to exert significant control over a portfolio company's boards of directors and management. The Clients will rely significantly on the existing management and boards of directors of such portfolio companies, which may include unseasoned directors, managers and representatives of other investors with whom the Clients are not affiliated and whose interests or views conflict with the interests of the Clients. To the extent that the management of a portfolio company performs poorly, or if a director or key manager of a portfolio company engages in misconduct, commits material

errors in carrying out his or her duties, or terminates his or her employment or association with such company, the applicable Client's investment in such company may be adversely affected.

- Fixed Income Risk. When investing in bonds or private credit, there is the risk that issuer will default on the debt and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
  - High Yield/High Risk Securities. A Client or Fund may invest in securities that are rated below investment grade or are unrated, but that Cercano determines to be below investment grade quality. Securities rated below investment grade quality are commonly known as "high yield/high risk" or "junk bonds." High yield bonds and private credit, while generally offering higher yields than investment grade securities with similar maturities and features, involve greater risks, including the possibility of default or bankruptcy. They are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. The price volatility of these securities due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity is likely to result in increased fluctuation in a Client's or Fund's account value, particularly in response to economic downturns. These securities may be illiquid and may be subject to restrictions on resale imposed by certain securities laws.
- Convertible Securities. Convertible securities are hybrid securities that combine the investment characteristics of debt and common stocks. Convertible securities may be issued by public or private companies. Convertible securities typically consist of debt securities or preferred stock that may be converted (on a voluntary or mandatory basis) within a specified period of time (normally for the entire life of the security) into a certain amount of common stock or other equity security of the same or a different issuer at a predetermined price. Convertible securities also include debt securities with warrants or common stock attached and derivatives combining the features of debt securities and equity securities. Other convertible securities with features and risks not specifically referred to herein may become available in the future. Convertible securities involve risks similar to those of both fixed income and equity securities. In a corporation's capital structure, convertible securities are senior to common stock but are usually subordinated to senior debt obligations of the issuer.
- Direct Loans. Clients may provide financing to borrowers that have difficulty obtaining financing from other sources. Deterioration in a borrower's financial condition and prospects may be accompanied by a decrease in the value of any collateral and a reduced likelihood of the borrower's repayment and of Cercano capitalizing on any guarantees it may have obtained from the borrower's management or other parties. Some direct loans may be subordinated to a senior lender and interest in any collateral would, accordingly, likely be subordinate to another lender's security interest. Because loans may be privately syndicated and loan agreements are generally privately and heavily negotiated and customized and subject to offering restrictions, loans are not purchased or sold as easily as other investments.
- ETFs and Mutual Funds. When a Client invests in an ETF or mutual fund, the Client will bear additional expenses based on the Client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF

or mutual fund reflects the risks of owning the underlying securities the ETF or mutual fund holds. The Client will also incur brokerage costs when purchasing ETFs.

- REITS. REITs are companies that invest primarily in income producing real estate or real estate-related loans or interests. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents or by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. An equity REIT may be affected by changes in the value of the underlying properties owned by the REIT. A mortgage REIT may be affected by changes in interest rates and the ability of the issuers of its portfolio mortgages to repay their obligations. REITs are dependent upon the skills of their managers and are not diversified. REITs are generally dependent upon maintaining cash flows to repay borrowings and to make distributions to shareholders and are subject to the risk of default by lessees or borrowers. REITs whose underlying assets are concentrated in properties used by a particular industry, such as health care or geographic area, are also subject to risks associated with such industry or geographic area. REITs are also subject to interest rate risk. REITs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. The value of REITS both currently and for an unknown period of time going forward are and may continue to be negatively impacted by a global pandemic. Commercial real estate exposure may take the form of publicly traded REITS or private funds including private REITS.
- Private Funds. Investment in a private fund involves a high degree of risk and illiquidity. There can be no assurance that a private fund's investment objective will be achieved or that a Client will receive a return of its capital. Investing in securities involves risk of loss that Clients should be prepared to bear as well as limited access to their respective invested assets in the private funds due to certain lock-up periods applied to such private funds. For further information, please refer to the private fund's respective offering documents.
- Private Equity. Investment in private equity involves many of the same types of risks associated with an investment in any operating company. However, securities issued by portfolio funds which themselves invest in private equity investments may be more illiquid than securities issued by other portfolio investments generally, because these partnerships' underlying investments may tend to be less liquid than other types of investments. Attractive investment opportunities in private equity may arise only periodically, if at all.
- Venture Capital. Venture capital investments involve a high degree of business and financial risk that can result in substantial losses. The most significant risks are the risks associated with investments in: (i) companies in an early stage of development or with little or no operating history; (ii) companies operating at a loss or with substantial fluctuations in operating results from period to period; and (iii) companies with the need for substantial additional capital to support or to achieve a competitive position. Investments in emerging growth companies involve substantial risks, as these companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations,



acquire other businesses or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities. In addition, these companies may (a) be operating at a loss or have significant variations in operating results, (b) require substantial additional capital to support their operations, finance expansion or maintain their competitive position, (c) rely on the services of a limited number of key individuals, and the loss of any could significantly adversely affect a company's performance, (d) face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel, and (e) otherwise have a weak financial condition or be experiencing financial difficulties that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant company.

- Private Credit. Private Credit represents ownership of primarily illiquid credit instruments across all maturities, geographies, rated and non-rated instruments, and performing and non-performing investments. These investments typically include but are not limited to secured and unsecured loans, bank debt, bonds, litigation claims, trade claims, structured equities, partnership interests, and other financial instruments or securities originated on a private basis. Private Credit investments often have transfer restrictions and are not as liquid as publicly traded securities.
- Commodity Related Investment Risk. The risks of investing in commodities, including investments in companies in commodity-related industries may subject an account to greater volatility than investments in traditional securities. The potential for losses may result from changes in overall market movements or demand for the commodity, domestic and foreign political and economic events, adverse weather, discoveries of additional reserves of the commodity, embargoes and changes in interest rates or expectations regarding changes in interest rates.
- Currency Risk. Fluctuations in exchange rates between the U.S. dollar and foreign currencies, or between various foreign currencies, may negatively affect a Client's or a Fund's investment performance.
- Counterparty Risk. A Client or Fund may be subject to the risk that the other party to an investment contract, such as a derivative (e.g., ISDA Master Agreement) or a repurchase or reverse repurchase agreement, will not fulfill its contractual obligations or will not be capable of fulfilling its contractual obligations due to circumstances such as bankruptcy or an event of default. Such risks include the other party's inability to return or default on its obligations to return collateral or other assets as well as failure to post or inability to post margin as required applicable credit support agreement.
- Derivatives Risk. Use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments and could increase the volatility of a Client's or Fund's account and cause losses. Risks associated with derivatives include the risk that the derivative is not well correlated with the security, index or currency to which it relates; the risk that derivatives may result in losses or missed opportunities; the risk that a Client or Fund will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; and the risk that the derivative transaction could expose the Client or Fund

to the effects of leverage, which could increase the Client's or Fund's exposure to the market and magnify potential losses, particularly when derivatives are used to enhance return rather than offset risk. There is no guarantee that derivatives, to the extent employed, will have the intended effect, and their use could cause lower returns or even losses. The use of derivatives to hedge risk may reduce the opportunity for gain by offsetting the positive effect of favorable price movements.

- Swaps, Options, Futures and Other Derivatives. A Client or Fund may use both exchange-traded and over-the counter derivatives, including, but not limited to, options, futures, forwards, swaps and contracts for difference. These instruments can be highly volatile and expose a Client or Fund to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to a Client's or Fund's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.
- Hedging Strategies. Hedging strategies usually are intended to limit or reduce investment risk, but also can limit or reduce the potential for profit and may increase a Client's or Fund's transaction costs, interest expense and other costs and expenses. Options and futures trading, other derivatives trading, short sales, hedging and other techniques and strategies may result in material losses for a Client or Fund.
- Short Sales. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that a Client or Fund may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, a Client's or Fund's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.
- General Risks of Leverage. A Client or Fund may use leverage by reinvesting short sale proceeds, borrowing on margin, investing in options and futures, entering into swaps and other derivative contracts and employing other leveraging strategies. Such leverage increases the risk of loss and volatility. In addition, the use of leverage requires a Client or Fund to pledge its assets as collateral. Margin calls or changes in margin requirements can cause a Client or Fund to be required to pledge additional collateral or liquidate its holdings, which could require a Client or Fund to sell portfolio securities at substantial losses that it otherwise would not realize.
- Concentration of Investments. Although Cercano will follow a general policy of seeking to spread the Funds' capital among a number of investments, issuers, industries and geographies, Cercano may depart from such policy from time to time and the Clients may hold one or more investments that are relatively large in relation to a Client's capital or are concentrated in a single issuer or a group of related issuers or in a single industry or in a focused geographical area, all to the extent permitted by the Offering Documents.

- Need for Follow-On Investments. Following an initial investment, it may be decided to provide additional funds by a Client to an investment or may have the opportunity to increase an investment. There is no assurance that Clients will make follow-on investments or will have sufficient funds to make all or any of such investments. Any decision not to make follow-on investments or the inability to make such investments may have a substantial negative effect on an investment in need of such an investment or may result in a lost opportunity for the Clients to increase participation in a successful investment. Additionally, such inability to make such investments may result in the dilution of Clients' ownership in an investment if a third party or another Client invests in such investment. In addition, many investments, particularly those in "platform" phase, may need additional capital to sustain their working capital needs. If the capital provided by Clients is not sufficient, or Clients are unable to provide additional capital, further capital may need to be raised for an investment at an unfavorable price. To the extent some or all Clients do not participate in additional financing rounds, those Clients' interests in an investment may be diluted, potentially materially.
- Litigation. Litigation can and does occur in the ordinary course of the management of a Fund or Managed Account. A Fund or Managed Account may be engaged in litigation both as a plaintiff and as a defendant. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the time and attention of Cercano and its affiliates, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Litigation entails expense and the possibility of counterclaims against the Funds including Cercano and its affiliates and ultimately judgments may be rendered against a Fund for which such Fund does not carry insurance. Cercano and others are indemnified by Clients in connection with such litigation, subject to certain conditions set forth in the Offering Documents. The expense of defending against third-party claims made against the Funds, Managed Accounts, their portfolio investments or persons indemnified by them and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds or Managed Accounts and may be significant unless indemnification or other rights can be enforced, or insurance is available.
- Cercano Management Risk. A Client's or Fund's investment with Cercano varies with the success and failure of Cercano's investment strategies, research, analysis and determination of portfolio securities. If Cercano's investment strategies do not produce the expected returns, the value of the Client's or the Fund's investment will decrease.
- Cybersecurity. Investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at Cercano or one of its third-party counterparties or service providers that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information and generally compromise Cercano's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access, accounts numbers, account balances, and account holdings. Cercano has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in a large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because Cercano does not directly control the cybersecurity systems of its third-party service providers. There is also a risk cybersecurity breaches may not be detected.

- Force Majeure. A Client or a Fund may be adversely affected by unforeseen events involving such matters as political crises, military actions, terrorist attacks, natural disasters, public health issues (including viral outbreaks and global pandemics), changes in currency exchange rates or interest rates, forced redemptions of securities or acquisition proposals, regulatory intervention or general market conditions creating illiquidity or pricing anomalies or value impairment.

#### Controlling Interests, Outside Directorships, Officer Positions

From time to time, it is anticipated that investment personnel will serve as directors of portfolio companies in which Clients may invest or have invested as part of the venture capital or private equity investment strategies. As directors, such Covered Persons will be in a position to monitor and focus on the company's performance and strategy but may encounter an actual or potential conflict of interest where their fiduciary duties to such portfolio companies' conflict with Cercano's duties to Clients. In such circumstances, Cercano will consider and take steps to alleviate or manage such conflict, as deemed appropriate under the circumstances, including but not limited to possibly recusing from board deliberations on conflicted matters, and if deemed appropriate, resigning from the board.

By serving in such capacity, it is possible that investment personnel will obtain material non-public information with respect to the applicable portfolio company. Due to the requirements of Cercano's Code of Ethics governing material non-public information, other applicable regulatory restrictions, or other obligations incurred due to these controlling interests, directorships or outside officer positions, Clients may be restricted in their investment activities. In such situations, we will be required to refrain from buying or selling such securities on behalf of a Client at times when we might otherwise wish to buy or sell such securities. This may limit our flexibility to buy or sell portfolio securities issued by such companies which could reduce potential profit or increase loss.

Portfolio managers may also serve as directors or interim executives, or otherwise be associated with, companies that are competitors of portfolio companies of certain Funds or Client accounts. It would be expected that the interests of a competitor company would often not be aligned with those of a Fund or other Client or their portfolio company, and consistent with the fiduciary duty owed by these Portfolio Managers to such competitor companies when serving on their boards, they will act in the best interests of the competitor companies, and not in the best interests of Firm Clients. In addition, portfolio companies of the Funds or other Clients may, from time to time, make discounts and other benefits available to Portfolio Managers in connection with products or services offered by such companies. Having Portfolio Managers serve as directors or interim executives of a portfolio company of a Fund or other client or another company (including a portfolio company of another Fund or Client) may restrict the ability of a Fund or Client to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

## **ITEM 9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding certain legal or disciplinary events that would be material to an evaluation of Cercano or the integrity of Cercano's management. Cercano and its supervised persons have no reportable legal or disciplinary events to disclose.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Cercano and its management persons are not registered and do not have any application pending to register as a broker-dealer, a registered representative of a broker dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Cercano recommends or selects other third-party unaffiliated investment advisers for Client accounts. Cercano does not receive direct or indirect compensation from those third-party advisers and has no other business relations with such advisers that it believes would create a conflict of interest.

Cercano serves as the adviser or is related by virtue of common ownership and control to entities that serve as general partners or managers to the Funds. Please refer to Items 4 and 6 of this Brochure for additional details and important conflict of interest disclosures.

Cercano USA LLC is the employer of certain individuals in the U.S. who provide investment, finance, legal, operational and administrative services to Cercano through an Employment Services Agreement between the parties. Each of these individuals (collectively, “**Covered Persons**”) is subject to Cercano’s written compliance and supervisory policies and procedures and the related ongoing compliance monitoring and testing, each designed to address any provision of investment advice and detect and prevent violations of securities laws, rules and regulations. CM Holdings LP is the sole owner of Cercano USA LLC.

Cercano Management Asia Pte. Ltd., a Singapore private limited company, is an investment adviser registered with the Monetary Authority of Singapore and relies on Cercano to file (and amend) a single umbrella registration with the SEC on its behalf. Cercano Management Asia Pte. Ltd. provides sub-advisory investment management and research services to certain of the Funds and is wholly-owned by Cercano.

As stated previously, when suitable and consistent with pre-defined investment objectives, Cercano recommends investments in the Funds to certain eligible Clients. Please see Item 4. Such recommendations create a conflict of interest to the extent that Cercano has an incentive to recommend its Funds to its Clients in an effort to receive additional fees. Certain of Cercano’s affiliates serve as general partner of the Funds but do not receive any additional compensation to serve the Funds in such capacity.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### Code of Ethics Summary

Cercano’s Covered Persons are subject to Cercano’s Code of Ethics and Conflicts of Interest Policy (referred to herein as the “**Code**”). The Code requires that all Covered Persons act in a professional and ethical manner and outlines Cercano’s policies and procedures regarding standards of conduct and personal investment transactions. The Code contains several restrictions and procedures designed to mitigate conflicts of interest surrounding personal investment transactions of Covered Persons, and

their related persons, including: (1) quarterly reporting of non-exempt personal securities transactions that were transacted during the quarter; (2) initial and annual holdings reports; (3) a prohibition against personally acquiring securities in an initial public offering or a new issue offering without prior approval; (4) a prohibition against purchasing securities of a private placement without prior approval; and (5) a prohibition against acquiring any security which is subject to firm-wide restriction without prior approval.

Cercano also has adopted a Personal Trading Policy and an MNPI and Confidential Information Personal Policy. The Personal Trading Policy prohibits Covered Persons and Cercano officers and directors from buying or selling securities either for themselves or on behalf of others, including Clients, while in possession of material, non-public information about the company that violate applicable securities laws. The MNPI and Confidential Information Policy prohibits the communication of material, non-public information about a company to others who have no official need to know. Depending on the circumstances surrounding the information received, Cercano may conclude to place the issuer on the firm-wide “Restricted Securities List,” which would bar any purchases or sales of the issuer’s securities by any of Cercano’s Covered Persons (including any related person).

A copy of Cercano’s Code will be provided to any Client or prospective Client upon request by contacting Malinda Khauv, Chief Compliance Officer. Contact information is provided on the cover page of this Brochure.

### Conflicts in General

Given the changing nature of the business, affiliations and opportunities, as well as legislative and regulatory developments, there may be other or different potential conflicts that arise in the future or that are not covered by this discussion. As a fiduciary to its Clients and the Funds, however, Cercano is committed to putting the interests of Clients and Funds ahead of its own in the provision of investment management and advisory services.

### Personal Trading

From time to time, Covered Persons of Cercano may invest in securities that are also held in Client or Fund accounts. All transactions in these and other securities must comply with Cercano’s Code. The Code requires, among other things, that Cercano’s Covered Persons may not effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Covered Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale on behalf of any of the Clients or Funds, generally until the conclusion of trading for Client or Fund accounts or decision has been made not to purchase or sell such security. Nonetheless, because the Code in some circumstances would permit Covered Persons to invest in the same securities as Clients or the Funds, there is a possibility that Covered Persons might benefit from market activity by a Client or a Fund in a security held by a Covered Person. Personal trading is continually monitored under the Personal Trading Policy to reasonably prevent or mitigate conflicts of interest between Cercano and its clients.

### Gifts

Cercano Covered Persons from time to time may receive or give certain gifts and gratuities from or to broker-dealers, service providers, asset managers, counterparties or other persons with whom Cercano,

its affiliates or Clients do business (including portfolio brokers). Receipt of such gifts and gratuities might be viewed as causing a conflict of interest for Cercano in selecting brokers and dealers and other service providers. It is a violation of Cercano's Code for Covered Persons to offer or accept inappropriate gifts, favors, entertainment, special accommodations, or other things that could be viewed as overly generous and could influence their decision-making. To address certain conflicts related to receipt or giving of gifts, the Code requires pre-approval of gifts of more than \$500 in value.

#### Outside Activities and Directorships

Associated persons of Cercano have a duty to act solely in the interest of Clients and the Funds. As such Cercano's Code requires that Covered Persons obtain approval from the Chief Compliance Officer before engaging in any outside activities so that Cercano has the opportunity to consider whether such activities create actual or potential conflicts of interest.

Covered Persons will from time to time serve as directors or in similar capacities for companies, including companies whose securities are purchased or held by Clients. In the event that Cercano or Covered Persons: (i) obtain material non-public information with respect to any portfolio company on whose board of directors he or she serves, or (ii) are subject to trading restrictions pursuant to the internal trading policy of such a portfolio company, Cercano may be prohibited from engaging in transactions in the securities of such company for all of its Clients. These situations may restrict Cercano's ability to take actions which Cercano otherwise may want to take for a Client in order to achieve potential benefits or avoid losses for the Client. Finally, if Covered Persons receive compensation or other financial interests for serving as a director of public or private companies whose securities are purchased or held by Clients, such compensation or other financial interests will be passed along to the relevant Clients.

## **ITEM 12. BROKERAGE PRACTICES**

Cercano generally has full authority to determine, without obtaining Client consent, the brokers or dealers to be used and the commission rates to be paid. When selecting the brokers and/or dealers, or future commission merchants (FCMs), through whom transactions for a Client or Fund is executed, Cercano will allocate those transactions to such brokers, dealers or FCMs for execution on such markets, at such prices and at such brokerage commission rates, mark ups or mark downs (which may be in excess of the prices or rates that might have been charged for execution on other markets or by other brokers, dealers or FCMs) as in Cercano's good faith judgment are appropriate, subject to Cercano's duty to seek best execution. When selecting broker-dealers or FCMs to execute transactions, Cercano considers best execution capabilities, including, but not limited to, price/yield competitiveness, execution capability and quality, reasonableness of commission rates, market impact, financial responsibility, operational efficiency, responsiveness, knowledge of the relevant asset class/sector/specific security in which the firm is transacting business, availability of institutional share classes, and other factors deemed appropriate in providing the best overall service and value to the Clients and the Funds. It is not Cercano's policy to seek the lowest available commission rate when Cercano believes that a broker or dealer charging a higher commission rate would offer greater reliability or provide better price or execution.

## Research and Other Soft Dollars

In many cases, Cercano will direct Client securities transactions to brokers and dealers that provide research and other brokerage services to Cercano. Under Section 28(e) of the Securities Exchange Act of 1934, an investment adviser is deemed to have acted lawfully and, in a manner consistent with its fiduciary duties under federal and state law, if the adviser receives research and additional products and services beyond execution from broker-dealers and third parties in connection with client securities transactions - a practice commonly known as soft dollar benefits—provided the adviser determines in good faith that the commissions charged by the broker-dealer are reasonable in relation to the value of such research and related products and services.

In selecting broker-dealers for trade execution, Cercano considers not only available security prices and commission rates, but other relevant factors such as the execution capabilities, research and other services that broker-dealers provide. Cercano believes this research and these additional services enhance its general portfolio management capabilities. If research services are a factor in selecting a broker-dealer, Cercano must evaluate the commission paid in the context of the value of the brokerage and research services Cercano receives from the broker-dealer and determine that the amount is reasonable.

In recognition of the value and benefit of the research and product services provided to Cercano by a particular broker-dealer, Cercano may, consistent with its duty to seek best execution, effect securities transactions through a broker-dealer that cause a Client to pay commissions higher than those charged by another broker-dealer.

## Commission Sharing Arrangements

Cercano entered into a commission sharing arrangement with Northern Trust (“**Northern Trust CSA**”), and subsequently with Liquidnet (“**Liquidnet CSA**”). The balance of commission sharing under the Northern Trust CSA is being paid down and future balances are accruing through the Liquidnet CSA, which serves as an aggregator of commission sharing arrangements with multiple brokers and is now the primary method in which Cercano pays for research materials with soft dollars. This facilitates Cercano’s ability to trade with multiple broker-dealers, and in turn generate and allocate a portion of each respective commission sharing arrangement to an aggregated pool of soft dollar credits. At Cercano’s direction, Liquidnet will pay independent research providers (including other broker-dealers) for research products and services from this pool of soft dollar credits. Amounts paid to brokers through the Liquidnet CSA account will be negotiated between Cercano and the broker-dealer. The Liquidnet CSA arrangement provides Cercano with access to a network of many executing broker-dealers through which Cercano can trade. In this case, rather than paying the individual broker-dealer for research and services by placing trades, Cercano directs the trade to Liquidnet as introducing broker-dealer and requests that Liquidnet pay the research provider from the pool of “credits” accumulated. Because commission sharing arrangements help separate the execution decision from the research decision, Cercano believes that the Liquidnet CSA can help Cercano achieve best execution for Clients.

## Types of Research Products and Services

The types of research products and services Cercano receives from third-party research firms and/or broker-dealers with soft dollars may be in any form (e.g., written, oral or on-line) and may include (but are not limited to):



- Prospectuses, prices, earnings projections, options pricing information, convertible bond and equity information, credit analysis and information, duration and other futures and custom index data, liquidity and volatility information, ratings information, credit analysis and assessments, CUSIPs and GICs
- Information services that report on the availability and potential buyers or sellers of securities
- Meetings with management representatives of issuers and other analysts
- Quantitative analytical software and other research-oriented software
- Communications services pertaining to the execution, clearing and settlement of transactions
- Platforms for accessing company information and financials
- Research or fundamental analysis on individual companies, securities and/or sectors
- Macro-economic research, including weekly reports and quarterly conference calls
- Global market news services and financial publications
- Securities quotation and data systems for capital markets
- Expert network provider services that assist us in locating hard-to-find industry experts

These products and services may be in the form of written reports, access to various computer-generated data and software, telephone contacts, and/or personal meetings arranged with security analysts, economists, and corporate and industry spokespersons.

In addition, Cercano periodically obtains opinions from other industry experts on industries in general as well as on specific companies or technologies, and these providers may be compensated with credits accumulated in the CSA account.

#### Allocation of Soft Dollar Benefits and Conflicts of Interest

Research and brokerage services paid with soft dollars are generally used to service all of Cercano's clients. Although it is unlikely that any one Client will benefit in a significantly disproportionate manner from such brokerage and/or research services, there can be no assurance that brokerage commissions paid with respect to a particular Client will be used to pay for brokerage and/or research services used for the sole benefit of that Client. Cercano does not limit soft dollar benefits to those Client accounts generating such benefit, nor does it allocate soft dollar benefits to Client accounts in proportion to the soft dollar credits the accounts generate. Client accounts differ with regard to whether and to what extent they pay for research and brokerage services through commissions.

Cercano benefits when using client brokerage commissions to obtain research or other products or services, since Cercano does not have to produce or pay for the research, products or services itself. Cercano will potentially have an incentive to select or recommend a broker or dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving most favorable execution. Cercano will, in its discretion, cause a Client to pay a broker-dealer a commission greater than another qualified broker or dealer might charge to conduct the same transaction where Cercano determines in good faith that the commission is reasonable in relation to the value of the brokerage and/or research services received. To the extent that Cercano uses broker-provided research services and related products for non-research purposes, Cercano will make a

reasonable allocation of the cost of the services and/or product attributable to the non-research use and will bear this cost.

To manage and mitigate any conflict of interests, Cercano has developed soft dollar policies and procedures to comply with Section 28(e) of the Securities Exchange Act of 1934. Cercano's policy is that all soft dollar transactions/arrangements will:

- Comply with its best execution obligations, applicable law and individual Client guidelines;
- Be approved by the Chief Compliance Officer following a good-faith determination that the amount of commissions to be paid to the broker-dealer is reasonable in relation to the value of services provided;
- Be an appropriate use of Clients' commissions considering available alternatives; and
- Be reviewed, including with respect to any "mixed-use" allocation, at least semi-annually by the Chief Compliance Officer.

#### Directed Brokerage

In certain cases, Clients choose to retain discretion over the broker-dealer used to execute transactions and/or the commission rate that the Client will pay with respect to all or a portion of the transactions to be affected by Cercano. If a Client directs the use of a specific broker-dealer for execution of securities transactions, or selects a custodian that requires the direction of trades, Cercano will direct such transactions to the specified broker-dealer even when Cercano might be able to obtain a more favorable price and execution from another broker-dealer for a transaction on behalf of such Client's account.

When a Client instructs Cercano to direct a portion of the transactions for its account to a designated broker-dealer, the Client has made a decision to retain some control over broker-dealer selection and services. Cercano will treat the direction as a decision by the Client to retain, to the extent of the direction, the discretion that otherwise would be given by the Client to Cercano to select broker-dealers to effect transactions and the other terms of the trade for the Client's account. In some cases, the Client may have negotiated the commissions to be charged by the designated broker-dealer.

When Clients direct Cercano to use a specific broker-dealer for the execution of securities transactions or selects a custodian that requires the direction of trades, the commissions charged may not be the lowest available rates and may not be as low as the rate that Cercano would have obtained for the Client had Cercano been authorized to select the broker-dealers for the transactions. The Client will not receive the potential benefits that other clients derive from aggregation of orders. In these situations, Cercano may be unable to obtain most favorable execution of Client transactions. Since directed brokerage accounts are not able to aggregate orders to reduce transaction costs, the Client may receive less favorable prices and pay higher brokerage commissions. With respect to execution, trades for accounts with directed brokerage arrangements are often executed after block trades for accounts not having directed brokerage arrangements have been aggregated and executed.

### Trade Aggregation

Situations may arise when multiple Clients seek to acquire or dispose of an investment, but it is not possible under prevailing market conditions to fill the entire order for more than one of these accounts at the same price that would be obtainable if an order were placed for only one of the accounts. When Cercano must execute a transaction on behalf of more than one Client or Fund account, it is Cercano's policy to aggregate trades whenever possible to achieve equal pricing across the Client accounts and to reduce transaction costs. It is Cercano's policy is to seek an allocation of the trades among the participating accounts in such a manner that, to the extent feasible, no participating account receives less favorable treatment than any other participating account. As such, Cercano will generally allocate the proceeds of those transactions (and the related transaction expenses) among the participants on an average price basis (although it may allocate partially filled orders differently). Cercano may choose not to aggregate trades in avoidance of a perceived or actual conflict of interest, provided that Clients and Funds are treated fairly and equitably over time. The combination or coordination of orders as described above will not be deemed to constitute participating accounts acting in concert with respect to the securities purchased or sold or otherwise constituting a group for any other purpose.

### Trade Errors

On occasion, trades may be executed on behalf of a Client that are the result of an error in the trading process. Such trades are known as trade errors and are deemed to have occurred when, as a result of such error in the process: (i) the wrong investment is purchased or sold; (ii) the wrong quantity of an instrument is purchased or sold; (iii) a purchase is made instead of sale or sale is made instead of a purchase; (iv) there is a material misallocation of a trade to a Client or (v) an investment is purchased or sold in violation of regulatory or contractual obligations. Trade errors do not include scenarios that do not result in a trade. In such case, it is Cercano's policy to make the Client or the Fund whole, that is, to prevent the Client's or Fund's account from being impacted as a result of the error. Cercano does not retain any client trade error gains. Clients should be aware that certain brokerage firms' policies require any trade error gain to be maintained to net against losses or donated to a charity.

Cercano is subject to a conflict of interest in determining whether or to what extent to report and/or to correct a trade error or other error to a Client in order to avoid incurring the cost of a correction. In general, trade errors at Cercano occur infrequently. Cercano maintains a Best Execution Policy that assists in the review and reporting of trade errors and requires investment personnel to review portfolio transactions regularly and promptly. Losses resulting from trade errors may be borne by Clients; provided that Cercano will reimburse Clients for most trade errors that are the fault of Cercano and result in a net loss for the Client.

### Cross Trades

In certain circumstances, Cercano may conduct "cross" trades between Client accounts through a broker/dealer at the prevailing market price. Cercano will conduct such transactions only when it deems the transaction to be in the best interests of both Client accounts. The manner of calculating the cross price is documented within policies and procedures adopted by Cercano as amended from time to time. Cercano, as the investment adviser, receives no transactional compensation in regard to cross trades.

## New Issues

Cercano may from time to time invest Client accounts in “new issues”, as defined in relevant rules established by the Financial Industry Regulatory Authority (“**FINRA**”). To the extent that Cercano may determine to invest Clients in initial public offerings or other new issues, and to the extent such investments are subject to the restrictions imposed by FINRA rules, such investments will be allocated fairly and consistently with applicable FINRA rules. Such rules generally provide that broker-dealers, their affiliates and certain other persons (“**restricted persons**”) may not be able to participate in new issues. To the extent that Clients invest in new issues subject to these FINRA rules, Cercano may take measures necessary to ensure compliance with applicable rules which may include, for example, prohibiting or limiting investment by restricted persons or by creating multiple class structures pursuant to which a certain class (or classes) of interests may be issued only to restricted persons while other classes exclude restricted persons.

## **ITEM 13. REVIEW OF ACCOUNTS**

### Frequency and Nature of Periodic Account Reviews

Client accounts are monitored on an ongoing basis by Cercano’s investment professionals. Formal Client account reviews are conducted on a quarterly basis together with the Chief Investment Officer who reviews accounts for investment performance, consistency of investment objectives and appropriateness to the current economic outlook and determines asset allocation. Fund positions are reviewed in the overall context of the Funds’ investment objectives and guidelines. Cercano’s portfolio managers consult with the Client’s other investment managers, if any, on a regular basis.

Client accounts may be reviewed on a more frequent basis in the event such reviews are necessitated by significant market events or changes in Clients’ investment objectives or risk tolerances. More frequent reviews of the Funds may be necessitated by significant market events affecting the Funds.

### Client Reports

In addition to the periodic statements and confirmations of transactions that Clients receive from their qualified custodian, Cercano provides Clients with written reports each quarter, providing investment results, asset allocation, a summary of portfolio composition, and an economic outlook. Managed Account Clients receive written reports and other information set forth in each applicable Investment Management Agreement, as well as any reports or information required by applicable law.

Selected third-party managers may provide additional reports to Clients. Additional reports are provided to Clients upon request.

All of the Funds’ Investors receive, as soon as practicable after the end of each taxable year (or as otherwise required by law), annual reports containing financial statements, many of which are audited by the Funds’ independent auditor as well as such tax information as is necessary for each Investor to complete federal and state income tax or information returns, along with any other tax information required by law. It is Cercano’s expectation that Managed Account Clients receive at least quarterly statements from Cercano and, in certain instances, the bank or other qualified custodian that holds and maintains such Client’s investment assets. Cercano coordinates with its Managed Account Clients as needed to carefully review such statements and compare official custodial records (where applicable)

to the account statements provided. Cercano's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Cercano may, in its discretion, provide more frequent reports and/or more detailed information to all or any of its Clients or as negotiated with any Client.

## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Cercano does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to any client.

Cercano does not currently compensate any person, directly or indirectly, for Client referrals.

## **ITEM 15. CUSTODY**

Although Cercano does not have physical custody of Client or Fund assets, it is deemed to have custody of the assets of each Fund by operation of Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**") and the fact that its affiliates act as general partners or managers of one or more of the Funds. To comply with the Custody Rule, Cercano has engaged an independent public accounting firm that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board to conduct an annual audit of each Fund and written audited financial statements (prepared in accordance with generally accepted accounting principles) are provided annually to Investors in the Funds. Cercano attempts to provide (or cause one or more other persons to provide or furnish) such audited financial statements to Investors in the Funds within 120 (or 180 days for any Fund that operates as a fund of funds) (or such other time period required by law) after the end of each Fund's fiscal year. Qualified custodians do not provide account statements directly to Investors in the Funds.

Certain of the Funds and Managed Account Clients are not audited on an annual basis. The existence and ownership of such Funds or Managed Accounts' offered securities or physical assets are verified during surprise examinations by an independent public accountant.

## **ITEM 16. INVESTMENT DISCRETION**

As a general rule, Cercano buys and sells assets for Client and Fund accounts on a discretionary basis, unless a Client elects only non-discretionary advisory services, in accordance with the Investment Management Agreement for the respective Client and the investment objectives and restrictions set forth in each of the Fund Governing Documents. These investment objectives and restrictions, if any, will be determined at the commencement of the account. The authority for Cercano to exercise discretion is generally contained within the Investment Management Agreements and Cercano is guided by any client-imposed guidelines and/or restrictions in the client-approved Investment Guidelines or Policy Statement when making portfolio investment decisions. Cercano is generally not required to provide notice to, consult with, or seek the consent of a Client prior to engaging in transactions unless a Client is receiving non-discretionary advisory services.

In general, unless agreed otherwise, Cercano has the authority to select brokers and dealers through which to execute transactions on behalf of its Clients, and to negotiate the commission rates, if any, at

which transactions are affected. In making decisions as to which securities are to be bought or sold and the amounts thereof, Cercano is guided by the mandate selected by the Client and any Client-imposed guidelines or restrictions set forth in the Investment Management Agreement. Cercano is not required to provide notice to, consult with, or seek the consent of its Clients prior to engaging in transactions. Please see Item 12 (“**Brokerage Practices**”) of this Brochure for more information.

## ITEM 17. VOTING CLIENT SECURITIES

To the extent Cercano has discretion to vote the proxies on behalf of a Client and in the absence of specific voting guidelines provided by the Client, Cercano will vote proxies in accordance with Cercano’s proxy voting guidelines. In voting proxies, Cercano seeks to maximize the economic value of Client assets by casting votes in a manner that Cercano believes to be in the best interest of a Client. Cercano may determine to abstain from voting a proxy if it believes that such action is in the best interests of a particular Client. In determining whether a specific proposal is in the best interests of a particular Client, Cercano may take into account the following factors, among others: (a) management of the issuer’s views and recommendations on such proposal; (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders’ concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (c) whether Cercano believes that the proposal will fairly compensate management for its and/or the issuer’s performance. If Cercano deems that the issue being voted upon is not material for a Client or Cercano determines that the cost of voting a proxy would exceed the expected benefit to the Client, Cercano will not be obligated to vote on such matter.

Cercano engages an unaffiliated third-party proxy vendor, Institutional Shareholder Services, Inc. (“ISS”), to administer proxy voting on Cercano’s behalf. ISS will pre-populate their votes based on their guidelines. To the extent that ISS automates and electronically pre-populates its voting recommendations prior to submission deadlines, Cercano reserves the right to vote against ISS’s recommendations. It is Cercano’s policy to provide sufficient ongoing oversight of ISS to ensure that the proxies are voted in the best interests of Clients. When applicable, Cercano considers additional soliciting material that becomes available from issuers. To avoid material conflicts of interest, Cercano will generally vote proxies according to the ISS Proxy Voting Guidelines. There are a limited number of situations where Cercano may vote against ISS recommendations. In those situations, Cercano will document the reasons Cercano chose to vote against ISS recommendations.

In the event of a material conflict of interest, Cercano will determine whether it is appropriate to disclose the conflict to affected Clients and give Clients the opportunity to vote the proxies in question themselves. Cercano may also abstain from voting, delegate the voting decision for such proxy proposal to an independent third party to determine how the proxies should be voted, or take any other course of action that, in the opinion of Cercano, adequately addresses the potential for conflict.

Clients may obtain additional information regarding how Cercano voted proxies and may obtain a copy of Cercano’s proxy voting policies and procedures by contacting Malinda Khauv, Chief Compliance Officer. Contact information is provided on the cover page of this Brochure.

## **ITEM 18. FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Cercano has no financial condition that impairs its ability to meet contractual commitments to the Clients and has never been the subject of a bankruptcy proceedings.