

Vaquero Global Investment LP

Part 2A of Form ADV

Brochure

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This brochure provides information about the qualifications and business practices of Vaquero Global Investment LP (“Vaquero”). If you have any questions about the contents of this brochure, please contact us at 210.826.7781 and/or info@vaquerollc.com. The information in this brochure has not been approved or verified by the United States Securities Exchange Commission or by any state securities authority.

Additional information is available in SEC website at: www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT VAQUERO OR ANY PRINCIPALS OR EMPLOYEES OF VAQUERO POSSESS ANY PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2 - Material Changes

Our last annual update of this brochure was filed on March 30, 2018. Since that filing, the assets under management of Vaquero Global Investment LP have fallen under the \$90,000,000 million threshold to maintain registration with the SEC.

Our brochure may be requested by contacting us at 210.826.7781 and/or info@vaquerollc.com.

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Item 4 - Advisory Business

Vaquero Global Investment LP (“Vaquero”) started its operations in 2007 and is currently owned by Mr. Wilbur L. Matthews II.

Vaquero acts as an investment manager providing advice related to emerging markets investments to investment funds and managed accounts. The investment manager pursues a value-oriented, fundamentals-driven approach to emerging market investments placing particular emphasis on credit.

Vaquero provides its services to Vaquero US EM Credit Fund LP, which is a Delaware limited partnership (the “US Fund”) that invests through a “master fund / feeder fund” structure in Vaquero Master EM Credit Fund Ltd (the “Master Fund”). The Master Fund is an exempted company incorporated with limited liability under the laws of the Cayman Islands, whose investment objective is to maximize returns through investment in emerging markets assets, securities, and interests. The general partner of the US Fund is Vaquero Global Partners LP, a Delaware limited partnership (the “General Partner”). The US Fund’s and the Master Fund’s investment decisions are made by Vaquero. The US Fund and the Master Fund are referred to in this brochure as the “Vaquero Funds.”

In providing advice to the Vaquero Funds, Vaquero takes a view of the overall Vaquero Funds and does not tailor its advisory services to the individual needs and situations of investors in the partnerships. The investors may not impose investment restrictions on the partnerships.

Additionally, Vaquero provides investment advisory services to pension and profit sharing plans (“Retirement Plans”).

As of December 31, 2018, Vaquero managed on a discretionary basis approximately US\$47,000,000 of client assets.

Item 5 - Fees and Compensation

Asset-Based Compensation

Investors in Vaquero Funds pay Vaquero a management fee of up to 2% per annum based on the value of the client’s assets under management. Management fees are charged quarterly in advance, and are refunded in the event of withdrawal and satisfaction of redemption terms.

The fee schedule for sub-advisory services and retirement plans is agreed upon by the primary Adviser and/or retirement plan sponsor and Vaquero. The agreement states the manner and amount that Vaquero will be paid. Generally, the fee will be based upon the value of the assets being managed by Vaquero. Total fees and charges (and the timing of payments for such fees and charges) that clients pay with respect to such arrangements may vary. Such fees may be higher or lower than those paid by Vaquero clients who are not in such arrangements.

Vaquero may reduce, waive or negotiate a different management fee and/ or incentive fee (*See Item 6 – Performance-Based Compensation*) at its discretion, including to its employees or related parties.

The Vaquero Funds are responsible for the organizational and operational expenses of the funds, including brokerage costs, clearing fees, custodial fees, administrative, legal and accounting fees, audit costs and other costs associated with prime brokerage and margin accounts as described in greater detail in the Funds’ offering documents. Vaquero, the investment manager, bears the cost of management research and investment related activities

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

Investors in Vaquero Funds also pay the General Partner an incentive allocation up to 20% per annum, calculated on a “high water mark” basis. In addition, Vaquero receives compensation based on realized, as well unrealized, gains on assets.

These methods of compensation by the Vaquero Funds may create an incentive for Vaquero to make investments that are riskier or more speculative than would be the case in the absence of a performance-based allocation because it is compensated based in part on capital appreciation. This conflict is mitigated by adherence to the investment strategy outlined in the Vaquero Fund’s private offering documents

Because Vaquero manages some accounts which are charged a performance-based fee and other accounts which are not, Vaquero may have an incentive to favor those accounts charged the performance-based fee. To mitigate this conflict, Vaquero has adopted procedures, which include a formal code of ethics. Commensurate with our fiduciary obligations, Vaquero will act in a manner it believes is equitable for all of its clients.

Item 7 - Types of Clients

Vaquero provides investment advice to the US Fund and the Master Fund, retirement plans, separately managed accounts and as a sub-advisor to other investment advisory firms.

The US Fund is offered to both institutional and individual investors. The minimum investment in the US Fund is US\$100,000, unless waived by Vaquero. In addition, all investors in the fund must be “accredited investors” as such term is defined in Regulation D promulgated by the SEC under the Securities Act of 1933, and generally “qualified clients” within the meaning of the Investment Advisers Act of 1940.

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

Vaquero employs a multi-dimensional approach to analyzing emerging market credit through a fundamental valuation process accomplished through diligent top-down macro analysis and bottom-up credit analysis. Vaquero’s investment process casts a wide net, encompassing EM fixed income, bank debt, distressed, FX and equity markets. Core to Vaquero’s investment process is disciplined trade execution coupled with pro-active risk management.

Through the various strategies managed by Vaquero, the investment manager may utilize both long and short positions to pursue return objectives and control portfolio risk. Long positions tend to be focused on specific corporate credits while short positions are biased toward large, liquid issues in sovereign debt, equity, options, futures and currency markets.

Vaquero is value oriented and fundamentally driven in its approach to credit analysis. Vaquero's philosophy centers on identifying fundamentally sound, long term credit opportunities with typical investments generally exhibiting: low leverage, real cash flow, compelling industry fundamentals, distinct competitive advantages, experienced management teams, a solid business, a genuinely strong earnings history, asset-heavy balance sheets, strong debt servicing ability, ongoing access to financing, and strong prospects for these to continue.

The crux of Vaquero's investment strategy is identifying and purchasing quality corporate credits at attractive prices. Research of the companies in our investment universe is complemented by quantitative and qualitative analysis including financial modeling, relative value comparison within region, country and industry as well as evaluation of management, business risk and prospects for future growth. Complementing our long strategy is a short strategy that emphasizes cost effectiveness and liquidity, seeking to curtail the drawdowns that have periodically impacted emerging markets and enhance returns by shorting overvalued assets.

Our short strategy features a three-pronged approach focused on: sovereign debt, volatile equities and credit-specific shorts. Additionally, emerging markets have historically experienced periodic bouts of high volatility, which is particularly prevalent in EM equity and FX markets. We regularly evaluate global equity markets with an eye towards those that show signs of potential under-performance (vulnerable economies, high rates of credit growth, excessive concentration in a single commodity, industry or company) and buy deep out of the money puts on selected indices, equities, funds, futures, and ETFs. The third prong of our shorting strategy involves credit-specific shorts. These can be either paired or sold outright and are generally predicated on a bearish view of a company with a near-term catalyst for price decline. Combined, we believe this three-pronged shorting strategy provides a liquid means of isolating the portfolio against generalized risk-aversion, sell-offs in emerging markets assets and credit-specific situations.

Our geographic focus spans the emerging market credit universe. While the emerging markets may include as many as 152 countries, the first cut of our analytical process is to reduce that figure to approximately 20 countries that are truly relevant to credit markets. Typically, those are Brazil, Mexico, and Argentina (secondarily Chile, Peru, Colombia and Venezuela) in Latin America; Russia, Ukraine and Kazakhstan in Eastern Europe; China, Hong Kong, Singapore and Indonesia (secondarily Korea, Philippines and Thailand) in Asia and South Africa, Nigeria and Egypt in Africa. Next, we identify target industries, further restricting the targeted universe of issuers. Finally, we review individual credits and regularly evaluate various characteristics and relative value within the emerging markets and across fixed income asset classes. Sovereign debt is often overvalued and typically had longer durations and larger, more liquid individual issues, which we believe makes it a valuable tool for hedging portfolio risks.

Vaquero's strategy exposes investors to certain risks of emerging market securities, including, but not limited to:

Risk of Global Investing. Investing in emerging markets may bring risks that are not typically present in developed countries. The prices of securities in less developed countries may be influenced by factors such as: less established and rapidly changing political and economic structures, changing supply and demand relationships, the outbreak of civil hostilities, currency exchange controls and regimes, and high levels of inflation, all of which may increase volatility. Moreover, the prices of emerging market instruments are subject to certain risks arising from government regulation of, or intervention in, local financial markets, through restrictions on investments by foreign and domestic investors or limits on capital flows as well as changes in tax regimes.

Emerging Countries Risk. Investments in emerging countries present risks such as a smaller market capitalizations, greater price volatility, less liquidity, a higher degree of political and economic instability, less effective regulatory regimes of the less developed financial protocols and markets, less stringent financial reporting, accounting standards and controls as well as corruption. These countries may also lack the legal, business and social framework to support financial markets, and possess less developed trading markets and exchanges. Economies of developing countries may be more dependent on commodity prices or a relatively small cross-section of industries that may be highly vulnerable to local and global changes.

Political and Economic Risk. Emerging market investments may be subject to changes in political sentiment, resulting in nationalization, confiscatory taxation or other means that prevent investors from repatriating their investments. Governments of developing countries may present greater risks of nationalization or restrictions on foreign ownership of stocks, bonds and loans. While demonstrating improvements over the last 20 years, in many cases, the local economies of many emerging market countries remain underdeveloped, unsophisticated, fundamentally weak and relatively volatile. The political systems of many emerging market countries are slowly developing from a long history of extensive government involvement in economic affairs, political conflict, as well as conflict between the public and private sectors. The persistence or legacy of these factors is likely to continue to impact countries across the emerging markets.

Legal Risk. Legal systems in emerging markets can be very different than those of developed markets. In many cases, they are ineffective at administering due process, making the recognition and enforcement of legal claims difficult or impossible. Local courts in many emerging markets lack experience in commercial dispute resolution. There remains uncertainty as to the extent to which local parties and entities, including local governmental agencies, will recognize the contractual and other rights of the parties with which they deal. Similarly, many countries are not endowed with effective systems for registration of security interests of various types of collateral or with substantive law that permits the enforcement of such security interests in a manner similar to that effective in the United States or other developed countries.

Risks related to availability of information. Investors in emerging markets generally have access to less reliable or less detailed information, including both general economic data and information concerning the operations, financial results, capitalization and financial obligations, earnings and

securities of specific enterprises. As a result, Vaquero may not be able to access or provide information to investors in as timely a fashion as would otherwise be the case.

Risks related to differences in accounting standards. In many cases, the national accounting, auditing and financial reporting standards and practices are different from those employed in the United States or under International Financial Reporting Standards (IFRS). In some instances, they may differ dramatically from standards and requirements generally accepted in the international capital markets. Limited integrity of accounting and reporting standards may limit the extent of due diligence in emerging markets as compared with the standards for due diligence in more developed markets.

Currency Risk. The value of investments may be affected by fluctuations in the value of the local currencies against the U.S. Dollar or other hard currencies, or by changes in local exchange control regulations, economic or monetary policies, tax laws, and withholding taxes. Among the factors that may affect currency values are trade and capital flows, inflation, employment, labor productivity, interest rates, the relative valuation of similar assets in different currencies, commodity prices, and local political and military developments.

Credit Risk. Because many purchases, sales, financing arrangements and derivative instruments are not traded on exchanges but are instead traded “over-the-counter” between counterparties based on contractual relationships, the risk that a counterparty will not perform its obligations under those related contracts is inherent. This risk also includes the risk of settlement default. Furthermore, there can be no assurance that an issuer of an instrument will not default or that an event which has an immediate and significant adverse effect on the value of such instruments will not occur. Additionally, there are risks involved in dealing with the brokers or custodians who execute, clear and settle trades with and for Vaquero, particularly with respect to thinly capitalized financial intermediaries and non-U.S. counterparties.

Interest Rate Risk. Generally, the value of fixed-income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Additionally, changes in the level of interest rates can affect the ability of lenders to originate loans and acquire assets and of borrowers to access financial markets and/ or replace maturing debt. In the event of a significant increase in interest rates, loan defaults may increase and result in credit losses.

Illiquidity Risk. Organized securities and other financial markets in emerging markets are often in an early stage of development and there can be no assurance that such markets will develop to the point that they provide a meaningful avenue for the liquidity of investments. In addition, many Investment Securities and Interests may not be traded on an exchange at all. These investments may be more difficult to dispose of than exchange-traded investments. Furthermore, significant disparities may exist between “bid” and “asked” prices, as well as between various market makers for investments that are not traded on an exchange.

Corruption. Given their embryonic stage, the general business environment and securities markets in emerging markets are more likely to be subject to manipulation, insider trading, bribery and similar abuses than would be the case in more highly regulated and developed markets.

Tax Risks. For many years, the tax laws in some emerging countries have been less well-defined than those in developed markets. The tax rules and regulations prevailing in some emerging markets are either new or under varying stages of review and revision, and there is considerable uncertainty as to whether prevailing tax laws have been duly enacted and, if enacted, how the scope, content and enforcement of such laws will be applied or interpreted. This uncertainty may be magnified by a countries emergent nature, resulting in significant volatility to financial markets and investments in these countries.

Portfolio Concentration Risk. A portfolio may be concentrated and not widely diversified among sectors, industries, geographic areas or types of investment securities and interests. Furthermore, the portfolio may not necessarily be diversified among a wide range of issuers. Portfolio concentration in a particular issuer, security or market may cause the broader portfolio and its investments to become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular issuer, security or market.

Withdrawal / Investor composition risk. There are limits on the amounts of withdrawals or redemptions that are permitted by investors in the Vaquero Funds and Managed Accounts. Substantial withdrawals or redemptions from a Vaquero managed portfolio may result in suboptimal asset sales that may impact other portfolios whether they are experiencing the redemptions or not, due to commonality of holdings, concentrations, etc. In the Vaquero Funds, withdrawals are restricted to 4 dates each year, are subject to an initial 1-year lock-up, may be subject to a redemption fee in early years of investment (2% in year 2, 1% in year 3, 0% thereafter) and may be gated at 10% of NAV at the discretion of the investment manager. Substantial withdrawals may translate into difficulty adjusting asset allocations and trading strategies to the reduced amounts of assets under management. Large withdrawals could require the liquidation of investments more rapidly than otherwise desirable or at inopportune times in order to raise the necessary cash to fund the redemptions. Illiquidity in the markets could make it difficult for Vaquero to liquidate positions on favorable terms, and may result in losses, and / or decrease the value of outstanding investments.

Risks associated with the use of leverage. The use of leverage in certain accounts/ portfolios may result in Vaquero controlling substantially more assets than it has equity. Leverage increases returns if a fund earns a greater return on investments purchased with borrowed funds than the cost of borrowing such funds. Changes in the overall market leverage may adversely impact fund positioning. The use of leverage exposes certain Vaquero accounts to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the portfolio not borrowed, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of borrowed funds.

Risks associated with hedging and short sales. Vaquero may employ certain hedging techniques to address perceived risks to the contents of the portfolio. Hedging against a decline in the value of a portfolio position is an imperfect science and may not eliminate anticipated fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline. The practice of hedging establishes positions designed to gain from the decline in value of a security and, in a manner linked to the performance of other positions in the portfolio, thus potentially moderating the decline in the portfolio positions' value. Such hedge transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, for a variety of reasons, Vaquero may not seek or be able to establish a sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. As such, the implementation of hedges and the success or failure of those hedges in achieving their desired result will vary over time. Vaquero's shorting strategy runs the risk of losing an amount greater than the amount invested. Theoretically, short selling may be subject to unlimited risk of loss because there may be no limit on how much the price of a security may appreciate before the short position is closed out. In addition, the supply of securities that can be borrowed and sold short fluctuates over time and the costs of securing access to a short can change daily and may be quite high.

The above risk factors are dealt with in more detail in the Vaquero Funds' Offering Memorandum, which is available to qualified persons upon request. While Vaquero seeks to mitigate risks associated with an investment, these risks can result in losses by investors of some, or all, of their investment. These are risks that clients should be prepared to bear.

Item 9 - Disciplinary Information

Vaquero and its employees have not been involved in any legal or disciplinary events that would be material to a client's or potential client's evaluation of the company or its personnel.

Item 10 - Other Financial Industry Activities and Affiliations

As further described in *Item 4: Advisory Business*, Vaquero is affiliated with Vaquero Global Partners LP, the general partner of the Vaquero Funds. This entity receives the performance allocation from the Vaquero Funds. Vaquero and its affiliate are under the common control of Wilbur L. Matthews II. We mitigate these conflicts by adopting procedures, including a formal code of ethics and by adherence to the investment strategy outlined in the Vaquero Fund's private offering documents. Commensurate with our fiduciary obligations, Vaquero will act in a manner it believes is equitable for all of its clients.

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

Securities managed for clients are typically securities that could be purchased from time to time for personal accounts of related persons. To avoid any potential conflicts of interest involving personal trades, Vaquero has adopted procedures, which include a formal code of ethics and

insider trading policies and procedures. Vaquero's procedures require, among other things, that its employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Vaquero above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of securities laws.

Our policy also requires all personnel who are involved in the investment process or have access to clients' holdings and trading information to: 1) report personal securities transactions on a quarterly basis, and 2) provide Vaquero with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. A copy of Vaquero's code of ethics will be provided to any client or prospective client upon request.

Item 12 - Brokerage Practices

Vaquero has the authority to determine, without specific client consent: (1) the securities to be bought or sold, (2) the amount of the securities to be bought or sold, (3) broker or dealer to be used for a purchase or sale of securities for a *client's* account, and (4) commission rates to be paid to a broker or dealer for a *client's* securities transactions. Vaquero generally makes these determinations based on best execution and lowest commission cost.

Commissions in the bond market are embedded in the price of a security and the bid/offer spread. While price is generally the key criteria in trade execution, other factors such as counter-party credit risk, quantity, transaction size, etc., are also taken into consideration.

Vaquero may receive, on an unsolicited basis, various research and other products and services from brokers or dealers. Vaquero does not use soft dollar arrangements.

If Vaquero believes that the purchase or sale of a security is in the best interest of more than one of its clients, Vaquero will generally aggregate the securities to be purchased or sold to obtain most favorable execution and/or lower brokerage commissions. In certain instances, clients

participating in aggregated orders may be charged minimum transaction fees from the executing broker/dealers. Vaquero has established allocation and aggregation procedures that are designed to ensure that each Vaquero client is treated fairly and equitably and that transactions are allocated in a fair and equitable manner to each client, relative to the other clients, taking into account all relevant facts and circumstances.

Clients should recognize that the advice given and the actions taken with respect to their accounts may differ from advice given or the timing and nature of action taken with respect to other advisory accounts. Vaquero managed accounts and Funds may bid, offer, purchase and sell the same securities, however, their investment strategies are, or can be, materially different. Differences among investment portfolios can result from several factors, including; differences in investment strategy, potential regulatory constraints, client imposed investment restrictions, optimal concentration limits, ideal position sizes, ratings, country or industry concentrations, and the amount of cash available for investment.

For these reasons, purchase and sale orders, and allocations of trades, may differ across accounts, may be made separately and may not be allocated on a pro-rata basis, but rather according to the portfolio manager's judgment of what is most appropriate and best suits each account. Clients should recognize that transactions in a specific security may not be accomplished for all advisory accounts at the same time or at the same price, if at all. Clients may not always receive a pro-rata allocation of the aggregated order in instances where the aggregated order is partially filled or executed. In such instances, clients may not receive any allocation, including if the pro-rata allocation is less than a *de minimus* amount or because Vaquero has used another equitable method for allocation of the aggregated order. In the event the portfolio managers for Vaquero determine to aggregate offers to buy or sell the same bonds across accounts, the aggregation policies described above will be in effect.

Item 13 - Review of Accounts

Vaquero Funds' and other Vaquero clients' portfolios are generally reviewed daily by Wilbur L. Matthews II, portfolio manager and principal at Vaquero. Mr. Matthews acts as Compliance Officer and reviews documentation, subscriptions, redemptions and client communications. Additionally, a third party administrator reviews subscriptions, redemptions and cash transfers and "know your client" and anti-money laundering related matters. Reviews are triggered by timing (monthly) as well as intermittently as a result of new subscriptions or redemptions, audits and information requests. Monthly account statements are sent to Vaquero Funds' investors by Vaquero's third party administrator. In addition, independently audited financials are distributed to investors each year.

Item 14 - Client Referrals and Other Compensation

Vaquero hired the services of a 3rd party marketer whose compensation is partially based on retainer as well as on a revenue share of business originated.

Item 15 - Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however Vaquero is deemed to have custody of the Vaquero Funds since a related person serves as the general partner of the Vaquero Funds. Investors in the Vaquero Funds do not receive statements from the custodian. Instead, the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with auditing standards generally accepted in the United States of America and distributed within 120 days of the Fund's fiscal year end.

Item 16 - Investment Discretion

Vaquero typically has the authority to determine, without specific client consent: (1) the securities to be bought or sold, (2) the amount of the securities to be bought or sold, (3) broker or dealer to be used for a purchase or sale of securities for a *client's* account, and (4) commission rates to be paid to a broker or dealer for a *client's* securities transactions. This authority is subject to the disclosures in the Vaquero Funds' offering documents and various investment management agreements and may be limited by specific client's investment guidelines.

Item 17 - Voting Client Securities

Vaquero evaluates each corporate action relevant to its portfolios to determine whether it would be in the best interest of Vaquero Funds and accounts to participate, and how to do so.

Vaquero's policy is to vote proxies in the interest of maximizing value for Vaquero clients. To that end, Vaquero will vote in a way that it believes is consistent with our fiduciary duty to put clients' interests first. Consideration will be given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote.

Our complete proxy voting policy and procedures are in writing and our complete proxy voting record is available to our clients. These documents may be obtained by simply notifying Vaquero using the contact information on the cover of this brochure. Generally, Vaquero manages fixed income portfolios, and as a result, we do not frequently vote proxies.

Item 18 - Financial Information

Vaquero has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair Vaquero's ability to meet its contractual commitments to its clients.