

Form ADV Part 2A: Firm Brochure

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This brochure provides information about the qualifications and business practices of Buckingham Capital Management, Inc. (“BCM” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (212) 922-5525 or compliance@buckcap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Please note that registration with the SEC does not imply a certain level of skill, training or ability with respect to the provision of investment advisory services.

Item 2

Material Changes

In July 2010, the SEC adopted amendments to Form ADV requiring registered investment advisers such as BCM to make certain disclosures regarding its business and personnel. The amendments require that Brochures be publicly filed and be presented in a specified manner to correspond with the SEC's mandated Brochure format.

We have modified our Brochure to include the information required under the new Brochure requirements. If BCM makes any material changes to this Brochure in the future, this item will be revised to include a summary of such changes.

BCM recommends that you read this Brochure in its entirety.

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Advisory Business

Buckingham Capital Management, Inc. a corporation formed under the laws of the State of Delaware (“BCM” or the “Firm”), was founded in 1985, and maintains its office in New York City. The Firm is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). The Firm is a wholly-owned subsidiary of The Buckingham Research Group Incorporated, a registered broker-dealer and FINRA member, founded in 1982 (“Buckingham Research”). David B. Keidan, the President of BCM, is the largest single shareholder of Buckingham Research, owning more than 25%, but less than 50% of the shares of Buckingham Research.

BCM offers discretionary investment advisory services to high net worth individuals, corporations, charitable organizations, pension and profit sharing plans, and other clients, primarily through its private commingled investment vehicles (“Funds”). In addition, the Firm offers investment management services to separately managed accounts on an individual basis. The Firm manages approximately \$1.1 billion on a discretionary basis (this figure represents the net assets for which BCM provides discretionary investment advisory services, as of March 31, 2013). All client accounts, including the Funds, are referred to herein as client accounts.

As described below, BCM manages two long/short equity strategies, one diversified (the “Diversified Strategy”) and one focused on the retail, apparel and footwear industries, other industries in the consumer sectors, and companies in other sectors that are retail-oriented (the “RAF Strategy”).

DIVERSIFIED STRATEGY

BCM manages its Diversified Strategy in the form of onshore and offshore funds, as well as separately managed accounts. The Diversified Strategy is a long/short strategy primarily focused on publicly traded U.S. equity securities across multiple sectors and capitalizations. The strategy seeks to invest in companies that the Firm believes are undervalued.

The Diversified Strategy utilizes a fundamental, bottom-up process whose objective is to develop independent and thematic investment ideas. The strategy often employs a contrarian stance in order to uncover investment opportunities with a potential for significant appreciation. The Firm employs price targets for most of the securities in the portfolio, and seeks to limit downside risk by, among other things, selecting the securities of companies that, in the Firm’s view, are trading at a discount to intrinsic value. No assurance can be given that the strategy will achieve its investment objective, and investment results may vary substantially over time and from period to period.

In general, the investment process is comprised of: 1) continuously evaluating the industries in the portfolio; 2) comparing “street” research for outlying opinions including earnings estimates, perception of growth and level of recommendations, to determine the differentiation of the investment idea; 3) idea sourcing through internal, proprietary research utilizing industry conferences, company visits, investment conferences, and “street” research; 4) substantiation of the investment thesis with particular attention to valuation, short term catalysts, and strategic position of a company’s long term potential; and 5) evaluation of downside risk. Ideas are then screened for investment suitability based upon liquidity and appreciation potential, within a non-consensus style. Upon agreement, there is a determination of size, timing and expected outcomes for investment.

The Firm follows a similar process to identify short investments, with particular attention paid to the short interest and timing of any catalyst. The Firm uses proprietary research to identify fundamental short candidates, followed by a review of public filings and a review of balance sheets to identify deteriorating fundamentals. BCM typically does not take short positions in stocks that are hard to borrow or have significant short interest. The Firm may also use exchange-traded funds (“ETFs”), equity swap baskets, and other derivatives to reduce market exposure (or generate alpha).

In seeking to carry out the strategy’s investment objective, BCM anticipates that most of the assets of each account will be invested in securities of U.S. companies that the Firm determines, based on in-depth, value-oriented research, are undervalued, underfollowed or misunderstood by the securities marketplace. The Firm views an “undervalued” company as one in which the stock price does not reflect the value of the company as determined by BCM. An “underfollowed” company is one that, in the Firm’s judgment, has very few analysts following it, and a “misunderstood” company is one that the Firm believes is undergoing a fundamental change that investors have not yet recognized.

BCM may, from time to time, invest in the securities of companies that it considers to possess “special situation” characteristics. In general, a special situation company is one whose securities are expected to increase (or decrease) in value due to certain developments or events that are specific or unique to the company. Developments that may create special situations include, among others, management changes, spin-offs, sales of divisions, assets or subsidiaries, potential acquisition or takeover situations, restructurings and bankruptcies. The Firm believes that many such special situations and events carry a high probability of indiscriminate selling or neglect of valuable assets for reasons other than a lack of investment merits.

Although BCM seeks long term gains through the Diversified Strategy, given periods of heightened volatility, the achievement of this investment objective may necessitate greater portfolio turnover than a long-term strategy would otherwise imply.

BCM may also, from time to time, employ a hedging strategy through the use of options and other derivatives traded on national securities exchanges, over-the-counter markets, or electronic communications networks. These instruments can be used in many ways, such as to increase market exposure (i.e., for purposes of leverage), to reduce overall market exposure (i.e., for hedging purposes), to increase the portfolio’s current income,

or to reduce the cost basis of a new position. The Firm may also utilize certain options, such as various types of index or “market basket” options, in an effort to hedge against certain market-related risks, as the Firm deems appropriate. The Firm believes that this use of options and other derivatives may help reduce risk and enhance investment performance.

The Diversified Strategy focuses on publicly-traded U.S. equity securities, and therefore the use of non-equity securities has been limited. However, BCM may, on occasion, invest in fixed income securities (bonds). The Firm may take advantage of special investment opportunities in the high yield and convertible segments of the fixed income market. The Firm considers these investments to be equity substitutes, with the expectation of providing both current income and capital appreciation. The Firm also may seek opportunities in government issued fixed-income securities as deemed appropriate.

BCM may increase the number and size of its “long” positions by borrowing (e.g., by purchasing securities on margin). Entering into short sales also increases an account’s use of leverage. The amount of any borrowing by an account may be limited by regulations imposed by the U.S. Federal Reserve Board (“FRB”), by portfolio margin programs, and by the availability and cost of credit.

BCM may, from time to time, invest in “restricted securities,” which are securities that were not registered under the Securities Act of 1933, as amended (the “Securities Act”), when originally issued, and thus are subject to limitations on disposition. The Firm may also, on occasion, invest in the securities of non-U.S. issuers.

BCM may also invest assets in short-term United States Government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable an account to make investments quickly and to serve as collateral with respect to certain of its investments. If the Firm believes that a defensive position is appropriate because of expected economic or business conditions or the outlook for security prices, or the Firm determines that opportunities for investing are unattractive, a greater percentage of an account’s assets may be invested in such obligations. The Firm may also engage in securities lending activities. From time to time, in the sole discretion of the Firm, cash balances in a client’s brokerage account may be placed in a money market fund.

The Diversified Strategy is managed by David B. Keidan and Brian Clifford. Biographical and other information about each is included in a Brochure Supplement that is available upon request.

RETAIL, APPAREL AND FOOTWEAR STRATEGY

BCM manages its Retail, Apparel, and Footwear strategy in the form of onshore and offshore funds, as well as separately managed accounts. The RAF Strategy is a long/short equity strategy focused on the retail, apparel and footwear industries, other industries in the consumer sectors, and companies in other sectors that are retail-oriented. Within this strategy, RAF holds a diversified portfolio of predominantly mid to large cap U.S. equity

securities. RAF seeks to generate superior risk-adjusted returns by leveraging BCM's collective experience and knowledge through its rigorous bottom-up research and risk management processes.

In general, the investment process is comprised of: 1) identifying investment opportunities; 2) conducting proprietary research utilizing company meetings, trade contacts, industry conferences, and investment conferences; 3) visiting stores, focusing on execution, merchandise and store layouts, to ascertain future prospects for various companies; 4) determining valuation, short-term catalysts, strategic positioning of a company, long-term upside potential, and downside risk; and 5) comparing proprietary research against "street" research to identify areas of differences, such as earnings estimates, perception of growth prospects and analyst recommendations to determine differentiation of investment ideas.

BCM's investment approach generally is long-term - adjustment of securities positions within portfolios is not oriented to specific time frames. If the Firm believes that a security is undervalued, the investment in the security may be maintained even if the security temporarily underperforms market indices, although buy and sell points for particular securities held by a client account will usually be established by the Firm. Although the Firm intends to maintain long-term investments, given the volatility of the marketplace, achieving this investment strategy may necessitate greater portfolio turnover than a long-term strategy would otherwise imply.

BCM cannot accurately predict its portfolio turnover, but anticipates that its annual turnover rate for the RAF Strategy typically can exceed 400%. The Firm will not consider turnover rate a limiting factor in making investment decisions consistent with its investment objectives and policies.

However, high portfolio turnover can result in a portfolio incurring more transaction costs, such as brokerage commissions and dealer spreads. Payment of these transaction costs reduces total return. High portfolio turnover also can result in a portfolio incurring increased taxes on realized capital gains. To the extent a portfolio incurs greater short term capital gains, the portfolio will incur increased gains taxed at ordinary income rates for federal tax purposes, rather than at lower capital gains tax rates.

Although BCM will generally seek to limit the position sizing of its investments, the Firm believes that in order to attain superior investment results, it may be appropriate to concentrate the portfolio from time to time in investments that will produce high absolute returns. In these circumstances, BCM will seek to concentrate its investments in those exhibiting the most advantageous risk/reward characteristics and in which BCM has greatest conviction.

BCM may increase the number and extent of its "long" positions by borrowing (e.g., by purchasing securities on margin). Entering into short sales also increases an account's use of leverage. Short selling activities may not be limited to securities of companies in the retail, apparel, footwear, and consumer-related industries. The amount of any borrowing by an account will be limited by regulations imposed by the FRB, by portfolio margin programs, and by the availability and cost of credit.

As discussed below, the RAF Strategy follows a similar approach to that of the Diversified Strategy with respect to: 1) special situations; 2) hedging; 3) fixed income securities; 4) restricted securities; and 5) money-market type instruments.

The RAF Strategy may, from time to time, invest in the securities of companies that it considers to possess “special situation” characteristics. In general, a special situation company is one whose securities are expected to increase (or decrease) in value due to certain developments or events that are specific or unique to the company. Developments that may create special situations include, among others, management changes, spin-offs, sales of divisions, assets or subsidiaries, potential acquisition or takeover situations, restructurings and bankruptcies. The Firm believes that many such special situations and events carry a high probability of indiscriminate selling or neglect of valuable assets for reasons other than a lack of investment merits.

BCM may also, from time to time, employ a hedging strategy through the use of options and other derivatives traded on national securities exchanges, over-the-counter markets, or electronic communications networks. These instruments can be used in many ways, such as to increase market exposure (i.e., for purposes of leverage), to reduce overall market exposure (i.e., for hedging purposes), to increase the portfolio’s current income, or to reduce the cost basis of a new position. The Firm may also utilize certain options, such as various types of index or “market basket” options, in an effort to hedge against certain market-related risks, as the Firm deems appropriate. The Firm believes that this use of options and other derivatives may help reduce risk and enhance investment performance.

Although the use of non-equity securities in the RAF Strategy has been limited, BCM may, on occasion, invest in fixed income securities (bonds). The Firm may take advantage of special investment opportunities in the high yield and convertible segments of the fixed income market. The Firm considers these investments to be equity substitutes, with the expectation of providing both current income and capital appreciation. The Firm also may seek opportunities in government issued fixed-income securities as deemed appropriate.

The RAF Strategy may, from time to time, invest in “restricted securities,” which are securities that were not registered under the Securities Act when originally issued, and thus, are subject to limitations on disposition. The Firm may also, on occasion, invest in the securities of non-U.S. issuers.

BCM may also invest assets in short-term United States Government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable an account to make investments quickly and to serve as collateral with respect to certain of its investments. If the Firm believes that a defensive position is appropriate because of expected economic or business conditions or the outlook for security prices, or the Firm determines that opportunities for investing are unattractive, a greater percentage of an account’s assets may be invested in such obligations. The Firm may also engage in securities lending

activities. From time to time, in the sole discretion of the Firm, cash balances in a client's brokerage account may be placed in a money market fund.

The RAF Strategy is managed by Larry Leeds, Daniel Schwarzwald, Lee Backus, and Vincent Sullivan. Biographical and other information about each is included in a Brochure Supplement that is available upon request.

MANAGING DIVERGENT INVESTMENT RESTRICTIONS AND CASH IN CLIENT ACCOUNTS

Client portfolios in each investment strategy generally are managed to a single model. Therefore, client portfolios within each investment strategy generally will reflect very similar portfolio securities and weightings of those securities. However, a client's portfolio may diverge from BCM's model portfolio because of cash flows or divergent investment restrictions, among other reasons. Client-imposed investment restrictions, cash flows or other factors specific to a client's account generally may result in weightings of portfolio securities that are not aligned with the Firm's model, and in some cases more or less cash than is held in the model account. These factors also will result in differences between the return achieved in the client's account and that of the Firm's model portfolio or other client accounts. Management of cash balances in a client's account is determined at the beginning of the relationship. Generally, cash is invested in one or more investment alternatives provided by the custodian of the client's account, as selected by the client.

OTHER INVESTMENT RELATED INFORMATION

Testing of Guidelines and Restrictions. Adherence to certain investment guidelines is measured at the time of purchase or at the time of initiation of a position in the strategy. Because of this, a newly-funded account may exceed those limits if market movements have caused BCM's model account to be above those limits at the time the new account is funded. Similarly, cash inflows to existing accounts are generally invested to maintain the relative weightings of the securities held in the portfolio, even if market movements have caused the account to be above certain limits at the time of the cash inflow. As an example, BCM may limit exposure to individual issuers within certain of its investment strategies (for the RAF Strategy, a maximum of 10% of the assets of a portfolio; for the Diversified Strategy, a maximum of 5%, and 20% for any one industry), measured at cost at the time of investment. However, if at the time of a cash inflow an issuer comprises more than the limits referenced above due to market movement, the portfolio may purchase additional securities of that issuer to invest the cash inflow and maintain the weighting consistent with the model portfolio for each strategy.

Country Designation. BCM uses securities information vendors for identifying the country code for portfolio securities. The criteria used include the identity of the jurisdiction of the issuer's incorporation, the main equity trading market for the issuer's securities, the geographical distribution of the issuer's operations and the location of the issuer's headquarters. Because those characteristics may not all point to the same country, a company may be classified as a U.S. company even though it is organized or has substantial business operations outside the United States, or alternatively may be

classified as non-U.S. even if it is organized, trades or has substantial business operations in the United States. However, in the event that the vendor does not assign a security to a particular country, or if the published classification appears to be erroneous, BCM assigns the security to a country using the vendor's published criteria (to the extent available) or BCM's own judgment. Country designations may change over time.

Sector and Industry Designation. For the purpose of testing compliance with each strategy's investment restrictions, BCM also assigns portfolio securities to a particular sector and industry in accordance with the sector and industry classifications of securities information vendors. In the event a securities information vendor does not classify a security to a particular sector or industry or if the published classification appears to be erroneous, BCM classifies the security according to its own judgment, using the company description and other publicly available information about the company's peer group. Sector and industry classifications may change over time.

Foreign Currencies. BCM buys and sells foreign currencies to facilitate purchases and sales of portfolio securities that are denominated in a currency other than a client's base currency and for hedging purposes. BCM generally executes foreign exchange transactions with brokers with whom BCM places its securities trades as necessary to facilitate purchases and sales of portfolio securities that trade in currencies other than a client's base currency. BCM may also execute foreign exchange contracts in the spot market directly with the capital markets (foreign exchange) desk affiliated with the client's custodial bank. For certain accounts, BCM may transact with third party foreign exchange dealers. BCM may (but is not required to) enter into forward foreign currency exchange contracts with banks and brokerage firms in order to hedge the exposure of client portfolios to currencies other than U.S. dollars.

Public Reporting. BCM's clients, either within a particular investment strategy or together with BCM's clients in other investment strategies, in aggregate, may from time to time have a position in the securities of a portfolio company that is large enough to require reporting to the issuer or regulators, or both, under applicable law and regulations. Those reports are often publicly available and may require disclosure of securities positions. BCM's investment teams generally do not invest in companies in which they believe taking an activist role will be necessary to achieve their desired investment results. Therefore, BCM typically does not take what the Firm would consider to be an activist role in prompting a company to make changes in its operations or otherwise. However, members of BCM's investment teams do frequently communicate with management at companies in which the Firm invests, which may include discussions of ideas about the companies' prospects or strategies. The Firm may also communicate with a company's board of directors or members of a company's advisory board. In some circumstances, BCM might act in a public manner to communicate an investment team's views about a particular company's business strategy.

Fees and Compensation

The management fees BCM generally charges to clients are calculated as a percentage of each client's assets under management. Such asset-based fees are typically paid quarterly, in advance, based upon the market value of the assets comprising the account at the beginning of the calendar quarter, although BCM will consider other methods of payment and/or fee calculation at the request of a client.

Clients may choose to pay such fees from the assets of the account managed by BCM or from another source. In the event of the termination of an investment advisory agreement or limited partnership investment, BCM will refund any pre-paid fees attributable to the period after termination on a pro-rata basis, calculated based upon the number of days on which the Firm provided investment management services to the client. Any such refund will be paid promptly after termination. Fees will be similarly prorated where additional funds are added to an account on any day other than the first day of the calendar quarter.

BCM's fee schedule is ordinarily not negotiable. The rate of asset-based fees charged by the Firm to new clients at the date of this Brochure is 1.5% per annum.

To the extent permitted by applicable law, BCM or the Funds have discretion to agree to waive or modify the application of certain terms described within a Fund's offering memorandum, including terms related to fees or withdrawals, for any investor, including the general partner, the investment manager, and any member, officer, director, principal, or employee of the general partner or investment manager or any of their affiliates.

Clients of BCM are responsible for all costs and expenses incurred in connection with the investments in their accounts, including brokerage commissions; clearing fees; fees, interest and other costs in connection with margin accounts or other borrowings; borrowing charges on securities sold short; custodial fees; and bank service fees. The Funds also pay all of their operating costs, including administrative, legal, accounting, auditing and insurance costs and expenses, as described in greater detail in the governing documents for each Fund. See "Brokerage Practices" below for additional information about brokerage costs incurred by clients.

Performance-Based Fees and Side-By-Side Management

In addition to the asset-based fee arrangements described above under “Fees and Compensation,” BCM or an affiliate of BCM also typically receives performance-based compensation.

Performance-based compensation is generally set at 20% of the net profits with respect to a client or investor in the Funds, and is generally subject to a loss carry-forward (or high watermark) obligation.

BCM may have an incentive to manage the assets of accounts with performance-based fees, or with higher performance-based fees, differently from its other accounts because the fees earned from such accounts could be greater than the fees earned from other accounts, depending upon the investment performance achieved by the account. As a result, the Firm may have an incentive to take more risks in, direct its best investment ideas to, or allocate or sequence trades in favor of, the accounts that pay a higher performance-based fee. The Firm believes this potential conflict is effectively controlled by its procedures to manage all client accounts within a particular investment strategy similarly regardless of fee structure, and by its trade processing and allocation procedures.

Please see “Advisory Business” and “Brokerage Practices” for more detailed information.

Types of Clients

BCM currently offers discretionary investment advisory services to high net worth individuals, corporations, charitable organizations, pension and profit sharing plans, and other clients, primarily through investments in the Funds. BCM requires investors in the Funds to be “accredited investors” and “qualified purchasers” (as defined in applicable federal securities laws and regulations).

In general, the Firm does not accept separately-managed accounts, or groups of related separately-managed accounts, that have initial asset values less than the amounts shown below, unless the Firm expects contributions to the account(s) in the future. In addition, BCM may require a client whose separately-managed account balance has fallen below the amounts shown below to make contributions to its account to meet the minimum account size as a condition of maintaining the account, unless the failure to meet the minimum account size is the result of asset depreciation due to market movements. The Firm may, in the future, set a higher or lower minimum account size depending upon circumstances it considers relevant.

Investment Strategy	Minimum Account Size
Diversified	\$25,000,000
RAF	\$25,000,000

Methods of Analysis, Investment Strategies and Risk of Loss

BCM engages in a fundamental research process that includes the use of in-house research, street research, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate ratings services, timing services, company filings including annual reports, prospectuses, SEC filings and press releases, and one-on-one conversations with company management teams, suppliers, customers, end users and sector specialists.

BCM may invest in the following: equity securities (exchange-listed securities, securities traded over-the-counter and foreign issuers), bonds, warrants, corporate debt securities, commercial paper, certificates of deposit, investment company securities (open and closed-end registered funds), and U.S. government securities. The Firm also invests in derivatives, including equity-based swaps and options contracts on securities.

BCM encourages its clients to consider all of the risk factors the Firm has explained, and those enumerated in the relevant private placement memoranda and/or other offering documents for the Funds, as any investment involves risk, and the Firm's clients must be prepared to assume any potential loss.

As summarized below, BCM's investment programs entail substantial risks and there can be no assurance that investment objectives will be achieved. Stock prices may fluctuate widely in response to company, market or economic news, or other events. The practices of short selling, use of leverage, options trading and other investment techniques employed can, in certain circumstances, mitigate the adverse impact to which a client's investment portfolio may be subject. However, there is no guarantee that a client's account will achieve its investment objective, or that a client's account will not lose value. Investing in securities involves risk of loss that clients should be prepared to bear. The development of trading strategies is a continuous process, and each of BCM's trading strategies and methods may be modified from time to time.

The percentage of each account's assets invested in various industries and sectors will vary from time to time depending on the investment team's perception of investment opportunities. Investments in particular industries or sectors may be more volatile than the overall stock market. Consequently, a higher percentage of holdings in a particular industry or sector may have the potential for a greater impact on an account. For more detailed information about the investment processes utilized by BCM in managing client accounts, please see "Advisory Business" above.

BCM does not make investments to pursue income, and an account managed by BCM is not a balanced investment plan.

The risks to which an account managed by BCM is subject include the following:

Competition. The securities industry and the varied strategies and techniques are extremely competitive and each involves a degree of risk. BCM will compete with firms, including many of the larger securities and investment banking firms, that have substantially greater financial resources and research staffs.

Market Volatility. Profitability substantially depends upon BCM correctly assessing the future price movements of stocks, bonds, options on stocks and other securities and the movements of interest rates. BCM cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Equity Securities. Investments in long and short positions in equity securities may fluctuate in value, often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by general economic and market conditions that may result in a broad decline in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts.

Concentration of Investments. A client account may at times hold relatively few investments or be concentrated in a particular industry or sector. In particular, an account managed by BCM using the RAF Strategy will be concentrated in the retail, apparel, footwear and consumer-related industries. The result of such concentration is that a loss in any one position, or adverse developments affecting a particular industry or sector, could materially reduce the value of the client's portfolio to a greater extent than would be the case in a more diversified portfolio.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of BCM and/or its affiliates, certain principals or employees of BCM and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. These individuals may not be free to act upon any such information. Due to these restrictions, BCM may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. BCM selects investments, in part, upon the basis of information and data filed by issuers with various government regulators or made directly available to BCM by the issuers or through sources other than the issuers. Although BCM evaluates all such information and data and sometimes seeks independent corroboration when it considers it appropriate, and when reasonably available, BCM is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Investments in Undervalued Securities and Other Assets. BCM's investment program contemplates that a substantial portion of a portfolio will be invested in securities and other assets that BCM believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated may not

adequately compensate for the business and financial risks assumed. Such investments include bonds and other fixed income securities. While both the Diversified and RAF Strategies invest primarily in equity securities, it is likely that a major economic recession could severely disrupt the market for investments in fixed income securities, including, without limitation, commercial paper and “higher yielding” (and, therefore, higher risk) debt securities, and severely impact their value. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. There can be no assurance that investors will ever come to realize the value of some of these investments, or that they will ever increase in price. BCM’s clients may be forced to hold such investments for a substantial period of time before realizing their anticipated value.

Leverage. When deemed appropriate by BCM and subject to applicable regulations, accounts may use leverage, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities, while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent BCM purchases securities with borrowed funds, net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of an account. If the interest expense on borrowings were to exceed the net return on the investments made with borrowed funds, BCM’s use of leverage would result in a lower rate of return than if an account was not leveraged.

When the market value of a particular open position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a “margin call” on the customer is made. If the customer does not deposit additional funds with the broker to meet the margin call within a reasonable time, the customer’s position may be closed out. In the event of a precipitous drop in the value of the assets managed in an account, BCM might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses.

Short Sales. BCM currently intends to sell securities short. Short selling involves the sale of a security that a client account does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the client account must borrow securities from a third party lender. The client account subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The client account must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically

retains his right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the client account a fee for the use of the client's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. A BCM client's account may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Options and Other Derivative Instruments. BCM may write options on some of the securities, currencies and other assets held by client accounts. Further, BCM client accounts may invest in equity swap baskets and other derivative instruments. The prices of many derivative instruments, including many options and swaps, may be highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities, currencies or other assets underlying them. A BCM client account is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other securities, currencies or other assets.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by a client account were permitted to expire without being sold or exercised, the client account would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security, currency or other asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security, currency or other asset would then be sold to the client account at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security, currency or other asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security, currency or other asset would then be sold by the client account at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or other asset above the exercise price of the option. This risk is enhanced if the security, currency or other asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities, currencies or other assets necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities, currencies or other assets to satisfy the exercise of the call option can itself cause the price of the securities, currencies or other assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the client account of all or a substantial portion of its assets.

Swaps and certain over-the-counter options and derivatives, and other custom financial instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Hedging Transactions. Hedging strategies, in general, are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. No assurance can be given that any particular hedging strategy will be successful. The BCM client account may utilize financial instruments such as forward contracts, options, and equity basket swaps to seek to hedge against fluctuations in the relative values of their portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and changes in interest rates. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in a portfolio positions’ value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for BCM to hedge against a fluctuation at a price sufficient to protect the client account’s assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities and of limited utility in hedging against fluctuations in those securities.

BCM is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedging transactions are effected, their success is dependent on BCM’s ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Investments in Non-U.S. Investments. Each BCM client account may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which may give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the

regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets. Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.

Non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and the client account may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the client account's value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the client account's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the client account's foreign currency holdings. If a client account enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if a client account enters forward contracts for the purpose of increasing return, it may sustain losses.

Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Forward Foreign Exchange Contracts. BCM may cause client accounts to enter into forward currency contracts with banks, financial institutions or dealers acting as principal. Forward currency contracts may not be liquid in all circumstances, so that in volatile markets, it may not be possible for an investor to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizeable loss. There are no limitations on daily price moves in forward contracts. Banks and other financial institutions may require a client to deposit margin with respect to such trading. Banks are not required to continue to make markets in forward contracts. There have been periods during which certain banks have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Trading of forward contracts through banks is not regulated by any U.S. government agency. An account will be subject to the risk of failure and the inability of, or refusal by, a bank or other counterparty to perform with respect to such contracts.

Small Companies. BCM may invest a portion of client accounts in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of

smaller companies may be subject to wider price fluctuations. When making large sales, the client account may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Risk of Default or Bankruptcy of Third Parties. Certain BCM client accounts may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, a BCM client account could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, a client account could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the client account does business, or to which such securities have been entrusted for custodial purposes. A client account could also suffer significant losses if a prime broker or custodian of the client account were to become insolvent or file for bankruptcy.

Strategy Restrictions. Certain institutions may be restricted from directly utilizing investment strategies and techniques. Such institutions, including entities subject to ERISA, should consult their own advisers, counsel and accountants to determine what restrictions may apply and whether an investment with BCM is appropriate.

Limited Regulatory Oversight by SEC or CFTC. The Funds are not registered as an “investment company” under the Investment Company Act of 1940. Although BCM is registered as an investment adviser with the SEC, none of the SEC, the CFTC, or any federal or state regulatory authority monitors or oversees client account investment activities.

Tax Risk. The tax aspects of an investment in a Fund or other BCM client account may be complicated. Each client should have them reviewed by professional advisors familiar with such investor’s personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles.

Disciplinary Information

On November 17, 2010, BCM, together with its parent company, Buckingham Research, and BCM's former Chief Compliance Officer ("CCO," collectively, "Buckingham"), settled an administrative proceeding with the SEC, resolving an inquiry into Buckingham's past compliance policies, record-keeping procedures and document production. Buckingham neither admitted nor denied the SEC's findings, but agreed to a censure, the entry of a cease and desist order, and payment of a \$50,000 penalty by Buckingham Research, a \$75,000 penalty by the Firm and a \$35,000 penalty by the former CCO (see Securities and Exchange Commission Administrative Proceeding Release, File No. 3-14125, for more information).

On January 15, 2004, Buckingham Research entered into an Acceptance, Waiver and Consent ("AWC") with the NASD, which provided for payment by Buckingham Research of a \$29,000 fine. The AWC related to the reporting of certain transactions without appropriate short sale modifiers and with symbols that did not state that the registrant acted as agent; the preservation of e-mail communications; continuing education responsibilities of certain associated persons of Buckingham Research; the registration status of one associated person and the supervision of the above matters. Further information regarding this matter is available upon request.

Other Financial Industry Activities and Affiliations

BCM is wholly owned by Buckingham Research, which is a registered broker-dealer and FINRA member. David B. Keidan is the founder and President of both BCM and Buckingham Research, and is the largest single shareholder of Buckingham Research, owning more than 25%, but less than 50%, of the shares of Buckingham Research.

Buckingham Research is an equity research boutique that offers its products and services exclusively to an institutional client base. Buckingham Research acts as an introducing broker and clears its client transactions on a fully-disclosed basis through National Financial Services LLC. As a matter of Firm policy, BCM does not direct any client orders to Buckingham Research for execution. However, BCM may obtain research services from Buckingham Research and will compensate Buckingham Research for such research services through “soft dollars” on trades executed with unaffiliated broker-dealers.

Because of BCM’s affiliation with Buckingham Research, BCM may have an incentive to use soft dollars to compensate Buckingham Research for the research services it provides to BCM. As discussed in Item 12, BCM maintains procedures reasonably designed to ensure that its use of soft dollars addresses this potential conflict of interest, as well as the potential conflicts that may arise with the use of soft dollars in general, and satisfies applicable law. These procedures include the periodic evaluation by portfolio managers, analysts and traders of the research services obtained with soft dollars in relation to the commissions paid for such research services. Research services provided by BCM’s affiliate, Buckingham Research, are evaluated on the same basis as those provided by unaffiliated brokers and other research providers. BCM’s procedures also include the periodic review of trade executions with respect to the “best execution” criteria discussed in Item 12.

BCM’s affiliates and certain employees of the Firm are members of the general partner, investment managers and/or Board of Directors of the Funds. BCM solicits investors on behalf of the Funds. Certain principals, officers, employees, clients or other related persons of the Firm may invest directly in the Funds. Buckingham Research provides certain administrative and support services to BCM, and as a result the Firm reimburses Buckingham Research for such expenses.

Code of Ethics, Participation or Interest in Client Transactions, Personal Trading

CODE OF ETHICS

BCM and its directors, officers and certain representatives (collectively, “BCM Personnel”) may, under certain circumstances, own, purchase or sell securities that are also held by, purchased for, or sold on behalf of client accounts.

BCM has adopted a Code of Ethics (“Code”) that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Code sets forth standards of conduct and requires compliance by certain of BCM’s and its affiliates’ personnel (“Access Persons”) with federal securities laws. The Code governs, among other things, the personal securities transactions of the Firm’s Access Persons.

The Code requires Access Persons to conduct personal securities transactions in a manner that does not interfere with transactions on behalf of BCM’s clients and does not take inappropriate advantage of their positions and access to information that comes with such positions. The Code requires pre-approval of personal securities transactions believed to present a potentially meaningful risk of a conflict of interest. The Code imposes specific prohibitions on employee trades including: (i) trades based on material non-public information; (ii) trades intended to manipulate the market; (iii) trades in securities on the Firm’s restricted list; (iv) trades in securities subject to open orders; and (v) trades in initial public offerings. Certain securities are exempt from the requirements of the Code, including open-end funds and unit investment trusts that are invested exclusively in open-end funds, money market funds, U.S. government securities, and any securities acquired through stock dividends, dividend reinvestment, stock splits, reverse stock splits, mergers, consolidations, spin-offs, or other similar corporate reorganization or distribution generally applicable to all holders of the same class of securities.

In addition, the Code requires reports of personal securities transactions (which generally are in the form of duplicate confirmations and brokerage account statements) to be provided to the Firm’s compliance department quarterly or more frequently. The Code contains provisions related to, among other things, the making, receipt and reporting of gifts and business entertainment, outside business activities and private investments.

The Firm’s policies and procedures also provide that, with certain exceptions, securities may not be bought and sold or sold and bought within a 30-day period, and that BCM employees generally are prohibited from buying, selling, covering or shorting a security during a “black-out” period of two days before and two days after the security is bought or sold for a client account.

As part of its Code, BCM has established an Insider Trading Prohibition Program that includes specific requirements regarding possession of material non-public information (“MNPI”) in order to avoid situations which may violate applicable statutes or regulations or create the appearance of impropriety. The Firm’s Insider Trading Prohibition Program strictly forbids any employee from conducting trading either personally or on behalf of others, including clients of the Firm, while in possession of MNPI or communicating MNPI to others.

Clients should be aware that BCM and Buckingham Research have implemented information barriers between them that are designed to preclude BCM from sharing its investment decisions with Buckingham Research. Accordingly, persons associated with Buckingham Research who are otherwise not officers or representatives of BCM, and who are not otherwise privy to the investment decisions of BCM, are not similarly restricted from trading in the same securities as the BCM Personnel.

BCM will provide a copy of the Code to any client or potential client upon request or as required by applicable law. Please contact the Compliance Department at (212) 922-5525 or email a request to compliance@buckcap.com.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Buckingham Research is a registered broker-dealer affiliated with BCM that regularly effects securities transactions for compensation for its clients. When effecting transactions for its clients (other than BCM), Buckingham Research may act as an agent or principal. However, Buckingham Research will not execute any transactions for BCM clients. See Item 12 for more information concerning BCM’s brokerage practices.

Cross-trades are transactions in which the account purchasing a security and the account selling the security each are managed by the same investment manager. BCM may, from time to time, cause client accounts it manages to enter into cross trades, provided that the trade is in the best interests of each client and effected at current market prices. Cross trades may include rebalancing transactions undertaken so that, after contributions or withdrawals have occurred in an account, the portfolio compositions of similarly managed accounts remain in proportion to their respective net asset values. Cross trades between client accounts are not permitted if they would constitute principal trades, or trades for which BCM or an affiliate is compensated as a broker, unless client consent has been obtained based upon written disclosure to the client of the capacity in which BCM or its affiliate will act. Cross trades will be executed consistent with BCM’s fiduciary obligations and in accordance with BCM’s policies and procedures and applicable law. Cross-trades executed through a broker-dealer will be executed by an independent broker-dealer, and neither BCM nor its affiliated broker-dealer, Buckingham Research, will receive commissions or other fees in connection with cross-trades.

BCM’s affiliates and certain employees of the Firm are members of one or more of the entities serving as general partner of the Funds that are organized in the United States. Furthermore, certain employees of the Firm may serve on the Board of Directors of some

of the Funds that are organized outside the United States. BCM and its affiliates and employees of the Firm may invest (either directly or indirectly) in the Funds.

From time to time, certain employees may serve on the board of directors or certain other boards or committee (e.g. advisory boards, board of trustees, etc.) of other entities.

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Brokerage Practices

INVESTMENT OR BROKERAGE DISCRETION

BCM is responsible for the placement of the portfolio transactions for its clients and the negotiation of any commissions paid on such transactions. Purchases of portfolio instruments through brokers involve payment of a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the ask price. The Firm will not commit to provide any level of brokerage business to any broker and may utilize the services of one or more introducing brokers who will execute client brokerage transactions through the broker and custodian who will clear the client's transactions.

Securities transactions are executed through brokers that are selected by BCM in its sole discretion and without the consent of the client. In placing portfolio transactions, the Firm will seek to obtain the "best execution" for a client, taking into account factors including: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected and the efficiency of error resolution; the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; on-line pricing; block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; on-line access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available research and related services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria. The Firm is not required to weigh any of these factors equally. Since commission rates in the United States are negotiable, the Firm's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in a client being charged higher transaction costs than it could otherwise obtain.

As a matter of Firm policy, BCM does not direct any client orders to Buckingham Research for execution.

RESEARCH PRODUCTS AND SERVICES RECEIVED BY BCM

The term "soft dollars" refers to brokerage commissions generated from a client's securities transactions that are retained by the broker for the use of the adviser who directed the transactions to the broker. Soft dollars accumulated by the broker for the Firm's use may be used to pay for research and brokerage services. The availability of

soft dollars from certain brokers presents investment managers with significant conflicts of interest, and may give incentives for investment managers to disregard their obligations to clients (including, without limitation, their best execution obligations) when directing orders.

Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”) provides a “safe harbor” to those investment managers who use soft dollars to obtain investment research and brokerage services. In order to qualify for the safe harbor, the product or service must constitute eligible research or brokerage. In general, for purposes of Section 28(e), research products or services are advice, analysis, or reports that provide the expression of reasoning or knowledge relating to the value of securities, the advisability of effecting securities transactions, or analyses or reports concerning issuers, securities, economic factors, investment strategies or the performance of accounts. Brokerage services generally include services relating to effecting securities transactions and functions incidental thereto. In addition, the product or service must provide lawful and appropriate assistance to BCM’s decision-making process. Finally, BCM makes a good faith determination that the amount of client commissions paid for the product or service is reasonable in light of the value of the product or service obtained by BCM with respect to the assistance it provides BCM in the performance of its investment responsibilities on behalf of its clients.

BCM uses soft dollars generated by client securities transactions to pay for research and brokerage products and services that fall within the safe harbor, including, but not limited to, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, consultations, general reports, and quotation services.

BCM's soft dollar practices include "mixed use" services. Mixed use services are paid by the Firm in part with soft dollar commissions and in part with direct payment by the Firm.

Products and services provided by broker-dealers with soft dollars may be utilized by BCM in connection with the services provided to all of its clients. Likewise, products and services provided by broker-dealers with soft dollars generated by some clients may be utilized by the Firm in performing its services for other clients.

BCM may obtain research services from its affiliate, Buckingham Research, in which case BCM will compensate Buckingham Research through soft dollar commissions directed to unaffiliated brokers.

BCM maintains procedures reasonably designed to ensure that the products and services BCM obtains with “soft dollars” satisfy the requirements of the Section 28(e) safe harbor. The procedures apply to research services obtained from BCM’s affiliate, Buckingham Research, as well as from unaffiliated brokers and research providers. These procedures include periodic evaluation by portfolio managers, analysts and traders of the research services obtained, the commissions paid for such services, the brokers to whom commissions are paid, and the value-added by the products and services obtained with

soft dollars in relation to their cost. BCM's procedures also include the periodic review of trade executions with respect to the "best execution" criteria discussed above.

REFERRAL OF INVESTORS AND SALES CHARGES

BCM may sell interests of the Funds through broker-dealers, placement agents, employees and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the Firm's own expense. Any prospective investor in the Funds subject to a sales fee or charge will be advised of such fee or charge, and asked to acknowledge its understanding of any such arrangement.

ALLOCATION OF INVESTMENT OPPORTUNITIES

BCM may at times determine that certain investments will be suitable for acquisition by a client and by other accounts or Funds managed by the Firm, possibly including the Firm's own accounts or accounts of an affiliate. If that occurs and the Firm is not able to acquire the desired aggregate amount of such investments on terms and conditions which the Firm deems advisable, the Firm will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which the Firm considers them to be suitable. The Firm may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved.

AGGREGATION OF ORDERS

Although not required to do so, BCM typically aggregates purchase and sale orders of investments across client accounts, with similar orders being made simultaneously for all client accounts managed in the same investment strategy. BCM will aggregate purchase and sale orders if, in the Firm's judgment, such aggregation is reasonably likely to result in an overall economic benefit to a client based on an evaluation that the client will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for a client will be effected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at the Firm's sole discretion, and the client may be charged or credited, as the case may be, with the average transaction price.

TRADE PROCESSING

As discussed above under "Aggregation of Orders," BCM typically aggregates client orders. By aggregating orders, clients receive an average price of the execution, which may be higher or lower than had each client order been separately executed.

It is the policy of BCM to allocate client transactions in a fair and equitable manner. Typically, block trades are pre-allocated to client accounts using a methodology designed to ensure that each account maintains the same level of holdings of each security, measured as a percent of total assets in the account. These allocations may be modified manually from time to time to take into consideration a particular client's requirements or investment restrictions. Final allocations are generally done at the time the order is completed.

New issue trade allocations are generally effected on a pro-rata basis across all accounts eligible for participation. Generally, new issues in stocks that are part of the Diversified Strategy are allocated to eligible investors in that strategy. Similarly, new issues in stocks that are part of the RAF Strategy are allocated to eligible investors in that strategy.

New issues are allocated by a trader, subject to the review of a portfolio manager or Chief Compliance Officer.

TRADE ERRORS

It is the policy of the Firm that a client should not bear the loss from a trade effected in error by BCM. In the event that BCM identifies a trade in a client account that was effected in error (e.g. the Firm allocates a trade to a client account in a security that the client has specified should be excluded or restricted from the client's investment portfolio), the Firm promptly may either: (i) reallocate the trade to an appropriate client account(s) (if such reallocation would be in compliance with the investment strategy and guidelines of that client's account, as well as applicable rules and regulations); (ii) retain the trade in the client's account if there is a gain on the trade (and the relevant investment guideline does not prohibit the account from retaining the trade); or (iii) place the trade in the Firm's Error Account (if there is a loss on the trade, or the account is prohibited from retaining the gain). It is the policy of the Firm to avoid realizing any profit on error trades

Review of Accounts

Accounts generally are monitored on a daily basis by the portfolio management teams/trading team for each strategy. The Firm's portfolio management teams are generally responsible for the accounts in their respective investment strategies. Each team will review the accounts to assure that the portfolio's structure and individual securities held are suitable and consistent with that account's investment objectives and strategies.

Compliance, Trading and Operations are also involved in this monitoring process to ensure that each client's portfolio is managed in accordance with its stated investment guidelines and restrictions. Investment restrictions are coded into a monitoring system in order to prevent transactions in specific securities that are restricted for the Firm, its separately managed accounts, or a Fund.

Clients receive monthly statements generated by each client's brokerage firm(s) or other custodian(s). BCM provides to each separately-managed account client quarterly commentary, performance, and appraisal, detailing the client's portfolio holdings as of the end of the period, as well as the unit and total cost and total market value.

The administrator of each Fund provides investors with: (i) monthly statements containing information about the Fund in which they have invested; (ii) quarterly commentary, including performance information; and (iii) annual reports that contain audited financial statements and tax information.

Client Referrals and Other Compensation

Except as described above under “Brokerage Practices” with respect to services paid for with soft dollars, BCM does not receive economic benefits for providing investment advice or other advisory services to its clients from parties other than its clients.

BCM may enter into fee-sharing arrangements with third party marketers or solicitors who refer clients or investors to BCM. Such third party marketers may have a conflict of interest in advising prospective clients whether to engage BCM. Under the terms of the agreements with third party marketers or solicitors, BCM compensates them if persons introduced by them become investors in the BCM Funds or engage BCM to manage separately managed accounts. The third party marketer or solicitor is required to provide potential clients of BCM with disclosures related to the payment incentives to be received from BCM. All payments to third party marketers or solicitors for client or investor referrals are made in accordance with all applicable rules and regulations.

Custody

BCM is deemed to have custody of certain of its client's funds and securities because the Firm or an affiliate acts as a general partner to certain of the Funds, and because it has the authority to obtain client funds under certain circumstances, for example, by deducting advisory fees from a client's account.

BCM complies with Rule 206(4)-2 under the Advisers Act, which requires that client assets must be held by a qualified custodian, with the exception of certain privately offered securities and certain loans. In accordance with Rule 206(4)-2, the Firm also: (1) engages an outside auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, to audit the Funds at the end of each fiscal year; and (2) distributes the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in each Fund within 120 days after the end of the fiscal year.

BCM does not have physical custody of the assets of any of its managed account clients. These clients will receive account statements directly from their custodian and should review them carefully.

Investment Discretion

BCM accepts responsibility for management of a client account only on a discretionary basis and requires that each client enter into a written agreement with the Firm granting it discretionary authority.

BCM generally does not tailor its investment management services to the individual needs of clients. Generally, client portfolios in each investment strategy are managed to a single model. However, a client may, with BCM's consent, impose limited restrictions on investments in certain securities or types of securities in its account. For more detailed information concerning the limitations clients may place on BCM's discretionary authority, please see Item 4, "Advisory Business," above.

Voting Client Securities

BCM votes proxies solicited by or with respect to the issuers of securities in which assets of a client account are invested, except as set forth below. When the Firm votes a client's proxy with respect to a specific issuer, the client's economic interest as a shareholder of that issuer is the Firm's primary consideration in determining how the proxy should be voted. Except as otherwise specifically instructed by a client, the Firm generally does not take into account interests of other stakeholders of the issuer or interests the client may have in other capacities.

If the client has a proxy voting policy that it has delivered to BCM and has directed the Firm to follow that policy without using the Firm's discretion, the Firm will vote proxies solicited by or with respect to the issuers of securities held in that client's account in accordance with that policy. If the client does not have or has not delivered a proxy voting policy to the Firm, the Firm votes proxies in a prudent and diligent manner, intended to serve the client's best interests, and to be consistent with the client's investment objectives. A client may direct the Firm how to vote with respect to securities held by that client for a particular proxy solicitation by communicating its desire to do so to the Firm, provided that such desire to direct the vote is communicated sufficiently in advance of any applicable vote submission deadline.

Because clients have, in most cases, delegated the power to vote their securities to BCM, the Firm has implemented proxy voting policies and procedures in accordance with the securities laws and its fiduciary obligations to its clients.

BCM has retained an unaffiliated third party proxy voting research service ("Third Party Proxy Service"), to assist with its voting of U.S. and non-U.S. proxies. The Third Party Proxy Service provides the Firm with in-depth research analysis of shareholder meeting agendas, vote recommendations, reporting and recordkeeping. While the Firm ultimately makes all voting decisions, the Firm generally expects to vote in accordance with the recommendations of the Third Party Proxy Service.

However, BCM or an affiliate of BCM may have a relationship with an issuer that could pose a potential conflict of interest when voting the shares of that issuer on behalf of a client. BCM recognizes a potential conflict in voting the proxies of an issuer in the following examples: (i) BCM manages assets for the issuer; (ii) a corporate insider of the issuer (e.g., a director or executive officer of the issuer) is a client of BCM or an investor in one of BCM's funds; (iii) BCM is actively soliciting that issuer, an affiliate of the issuer, or a corporate insider of the issuer or its affiliate, as a client, and the BCM employees who recommend, review or authorize a vote have actual knowledge of such active solicitation; (iv) a director or an executive officer of the issuer has a personal

relationship with a BCM employee who recommends, reviews or authorizes the vote; or (v) another relationship or interest of BCM or an affiliate exists that may be affected by the outcome of the proxy vote and that is deemed to represent an actual or potential conflict for the purposes of the proxy voting policy.

In order to address potential conflicts of interest, BCM has formed a Proxy Group and has adopted procedures by which the Proxy Group will assess and make a determination with respect to situations in which BCM may be considering voting contrary to the recommendation of the Third Party Proxy Service. The procedures require that where a Portfolio Manager determines that it is in a client's best interest for a proxy to be voted contrary to the recommendation of the Third Party Proxy Service, the Proxy Group will review the matter, and make a determination. A proxy may be voted in a manner contrary to the recommendation of the Third Party Proxy Service only with the approval of the Proxy Group obtained in accordance with this procedure.

BCM maintains a summary of its voting decisions, including any instance in which the Firm voted contrary to the recommendations of the Third Party Proxy Service. This summary includes the following:

1. A numeric summary of proxies voted;
2. An offer to provide actual proxies voted;
3. A summary of those instances, if any, in which BCM voted contrary to the Third Party Proxy Service; and
4. A description of any potential conflicts of interest in connection with proxies voted, including but not limited to those instances in which a client of BCM or an investor in a BCM Fund is a corporate insider of the issuer of the security voted.

BCM maintains this summary and annually will make it available to any client upon request. Clients also may obtain a copy of BCM's proxy voting policies and procedures and information about how BCM voted proxies for their securities. Please contact the Compliance Department at (212) 922-5525 or email a request to compliance@buckcap.com.

Financial Information

BCM is not required to provide a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.