

# DWM Asset Management, LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of DWM Asset Management, LLC (“DWM”). If you have any questions about the contents of this brochure, please contact us at +1-203-655-5453 in Connecticut, USA. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

## Material Changes

DWM's most recent update to Part 2 of Form ADV was made in March, 2010. DWM's business activities did not change materially in 2010. DWM launched The DWM Microfinance Fund J on March 1, 2011, and pertinent information concerning this fund is described in this Part 2 of Form ADV. Additionally, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by DWM in prior years. Please read this entire document carefully.

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## Advisory Business

DWM Asset Management, LLC ("DWM"), a Connecticut limited liability company and member of the Developing World Markets group of companies, provides discretionary and non-discretionary investment advisory and supervisory services to privately-offered pooled and structured investment vehicles that invest primarily in microfinance institutions.

DWM is dedicated to making socially positive investments in order to promote sustainable economic and social development on a global scale. DWM believes that the private sector and capital markets can be utilized to create positive economic and social change and are often the most effective catalysts for doing so. DWM primarily invests in economically sustainable microfinance institutions that provide small loans to low-income entrepreneurs in the developing world. DWM currently manages investments in approximately 140 microfinance and other socially motivated institutions in about 40 countries worldwide.

At present, DWM provides advisory and supervisory services to the following privately-offered pooled and structured investment vehicles:

The DWM Microfinance Fund and The DWM Microfinance Fund J, each a sub-fund of DWM Income Funds S.C.A. – SICAV SIF, a Luxembourg entity which is structured to house DWM’s funds that are principally focused on debt investments;

DWM Microfinance Equity Fund I, a sub-fund of DWM Funds S.C.A. - SICAV SIF, which is structured to house DWM’s equity-focused funds (collectively, the “DWM Funds”).

DWM sub-advises, on a non-discretionary basis, the SNS Institutional Microfinance Fund and SNS Institutional Microfinance Fund II (the “SNS Funds”), each a Dutch institutional fund managed by SNS Asset Management N.V., part of the SNS REAAL Group.

Additionally, DWM or an affiliate acts as servicer and/or calculation agent to the following microfinance structured investments (the “Structured Investments”), each of which is a compartment of a DWM affiliate, DWM Securitizations, S.A., a Luxembourg company:

- Microfinance Securities XXEB (“MFS XXEB”);
- Microfinance Bank of Azerbaijan (now Access Bank) Bond I (“MFBA Bond I”); and
- LokMicro 2007

The DWM Funds and the SNS Funds (collectively the “Funds”, and each a “Fund”), the Structured Investments and other future funds or structured vehicles under management are collectively referred to as “Clients” or “Investment Vehicles”, and each is individually referred to as a “Client” or “Investment Vehicle” below.

In addition, Developing World Markets MicroFinance, LLC, a wholly-owned subsidiary of DWM, advises on the structure, cash flow analysis, investor relations and payments for a microfinance securitization vehicle, BlueOrchard Microfinance Securities I, LLC (“BOMSI”).

DWM is also exploring opportunities for structuring new Investment Vehicles in socially beneficial sectors in the developing world beyond microfinance, such as small and medium enterprise (“SME”) lending, low-income housing lending, education financing, water procurement and sanitation financing, and mobile banking. DWM considers these sectors as offering opportunities for social impact investing and believes that they represent “adjacent spaces” to the microfinance sector.

DWM was founded in 2003 and registered with the SEC as an Investment Adviser pursuant to the Investment Advisers Act of 1940 in May 2007. DWM is 100% owned by DWM Holdings, LLC. Peter H. Johnson and Judy Kirst-Kolkman each owns more than 25% of DWM Holdings, LLC. DWM manages a total of \$875,745,331 as of March 1, 2011. This total includes assets under management calculated as of December 31, 2010, of which \$200,154,088 was managed on a discretionary basis and \$438,519,444 was managed on a non-discretionary basis on behalf of 7 Clients, as well as an additional \$237,071,799 managed on a discretionary basis on behalf of one new Client, The DWM Microfinance Fund J, initially funded as of March 1, 2011.

## **Fees and Compensation**

DWM charges the Funds for investment advisory fees on a quarterly basis, in advance or arrears, based generally on a percentage of the value of the Fund's committed capital or assets under management. DWM or an affiliate charges the Structured Investments for servicing fees on a semi-annual basis, in arrears, based on a percentage of the value of the assets in the relevant Structured Investment.

All fees are negotiated with each Client on an individual basis. The level of the negotiated fee may be based upon a number of factors including, but not limited to, the type and size of the account; the extent of services desired; the complexity of originating and executing on desired assets; competitive factors; as well as the Client's investment objectives, overall financial condition, goals, risk tolerance and other factors unique to a Client's particular circumstances. Fixed fee contracts, if any, with any Client are generally terminable by either party in writing after a period of prior notice.

DWM earns most of its revenue from the receipt of management and performance fees. DWM does not receive more than 50% of its revenue from the sale of securities or other investment products.

DWM deducts management fees and performance fees, when applicable, directly from the relevant Client's custodial account when such amounts are due and payable.

DWM Finance LLC ("DWM Finance"), DWM's affiliated broker dealer, is the structuring and placement agent for the DWM Funds. It received a structuring and placement fee from the DWM Microfinance Equity Fund I that was paid from that Fund's organizational expenses. DWM Finance will receive a structuring and placement fee from The DWM Microfinance Fund if and when that Fund reaches a certain minimum size.

The general partner of the DWM Funds, DWM Funds S.à r.l. (the "General Partner"), a DWM affiliate, receives an annual fee from each DWM Fund for administrative services.

DWM has entered into relationships with affiliated and unaffiliated solicitors to refer European and Asian (including Japanese) investors to the DWM Funds under various compensation arrangements.

In addition, DWM may allocate Clients' brokerage business to DWM Finance. In particular, DWM Finance may structure private-placement or other offerings that DWM may recommend to its Clients. DWM may reduce its advisory fees to offset the commissions or markups paid by Clients for certain investments placed through DWM Finance.

Furthermore, DWM Finance received a structuring and placement fee for MFS XXEB and MFBA Bond I, and could receive similar fees for future structured investments managed by DWM.

**Below are descriptions of the advisory and performance-based fees and expenses for the Funds and Structured Investments described above that are managed by DWM or its affiliate:**

**The DWM Microfinance Fund (a sub-fund of DWM Income Funds S.C.A. – SICAV SIF)**

Owners of Class A and B units are charged 1.7% annually; owners of Class C units are charged 2.3% annually (out of which a distribution fee is payable to a distributor); and owners of Class D units are charged 1.3% annually. Management fees are paid quarterly, in advance, on the fifth Luxembourg business day of each calendar quarter, based on the net asset value of the fund on the last valuation day of the previous calendar quarter. In the event that Class C-institutional units are offered in the future, Class C-institutional units will be charged a management fee as determined in consultation with the relevant distributor of such units. All subscriptions, once accepted and paid, are debited for the management fee pro rata until the end of the relevant calendar quarter.

The performance-based fees that DWM earns for this Fund consist of carried interest of 20% of net new gains above the cumulative hurdle rate, transferred quarterly, in arrears, subject to a high water mark (such that the carried interest is only applicable to gains higher than the highest net asset value ever previously used to calculate the carried interest).

The hurdle rate is an annual flat rate of 7.0% for A, B and D units; an annual flat rate of 6.4% for C units; and an annual flat rate which is greater than 6.4% for Class C-institutional units (if any), to the same extent as the management fee applicable to such units is less than the management fee applicable to Class C units.

The carried interest that constitutes DWM's performance-based fees is subject to claw-back as follows: upon a redemption of units, if a redeeming investor has paid carried interest that would not have been due to DWM had the calculation of carried interest been made on the entire holding period of the units being redeemed by such investor, then DWM will refund an amount equal to the excess carried interest that such investor previously paid in respect of such redeemed units.

DWM has a distribution agreement with Truestone Asset Management, plc ("Truestone"). In this capacity, Truestone has been appointed to place Class B and Class C units of the Fund with eligible investors exclusively in the United Kingdom. Truestone earns 0.4% of the 1.7% annual management fee paid on Class B units and 1% of the 2.3% annual management fee paid on Class C units applicable to the units it places with eligible investors.

The DWM Microfinance Fund pays operational expenses necessary for its ongoing administration including expenses in connection with custody, administration, registrar and transfer agent, domiciliation and other such services; the preparation of the books of the Company, including annual audits; regulatory and tax filings; other professional fees necessary to operate the Company; and an annual fee to the Fund's general partner. The Fund also pays for certain third party expenses related to investments made by the Fund including legal costs. No organizational expenses were charged to the Fund. As described above, the Fund will pay a structuring and placement fee to DWM Finance once it reaches a minimum size.

**The DWM Microfinance Fund J (a sub-fund of DWM Income Funds S.C.A. – SICAV SIF)**

Owners of Class A and J Units are charged a management fee of 0.825% annually.

Management fees accrue on a daily basis, are paid quarterly in arrears on the fifth Luxembourg business day of each calendar quarter, in US Dollars, and are calculated on the average daily net asset value of the Fund for the quarter then ended.

In addition, the Fund has paid the following organizational expenses: legal and structuring fees, administrative set-up costs, registration costs and expenses, travel expenses to establish the Fund and to meet investors, expenses of Fund service providers, and expenses related to back office systems for tracking fund assets.

The Fund also pays operating expenses for daily net asset value calculation, transaction processing, record keeping and other administrative services plus fees for depository, custody, registrar, transfer agent, and domiciliation services, auditor and tax accountant expenses; fees to the independent investment committee members; legal, brokerage and transaction expenses associated with Fund investments, as well as fees for valuation services to an independent microfinance evaluation firm.

**DWM Microfinance Equity Fund I (a sub-fund of DWM Funds S.C.A. – SICAV SIF)**

Unit-holders are assessed a management fee of 2.5% annually during the commitment period (except that investors with less than \$20 million in committed capital pay a management fee of 2.75% annually); and 2.0% annually following the termination of the commitment period (except that investors with less than \$20 million in committed capital pay a management fee of 2.25% annually). The management fee is subject to claw-back during the post-commitment period if the Fund fails to draw the aggregate amount of all capital commitments during the commitment period.

The performance-based fees that DWM earns for this Fund consist of carried interest of 20% of the distributions following: a) the return of 100% of the investors drawn down capital; and b) a return equal to 7% annually compounded on such drawn down capital, on a fund-as-a-whole basis.

The carried interest that constitutes DWM's performance-based fees is subject to claw-back based on the final calculation of the Fund's performance. DWM will place one-third of carried interest received during the life of the Fund into escrow pending the final calculation of the Fund's

performance. The terms and conditions of an escrow agreement were negotiated and documented by the Fund and its investors prior to the closing, and an escrow account will be established with the Fund's custodian at such time as DWM first becomes eligible to receive carried interest.

The Fund paid certain organizational expenses in connection with the preparation and dissemination of the sales documents of the Fund and all legal, fiscal and printing costs subject to a cap. The Fund pays operational expenses necessary for its ongoing administration including expenses in connection with custody, administration, registrar and transfer agent, domiciliation and other such services; the preparation of the books of the Fund, including annual audits; regulatory and tax filings; other professional fees necessary to operate the Fund; and an annual fee to the Fund's general partner. The Fund also pays for certain third-party expenses related to investments made by the Fund including legal costs.

### **SNS Institutional Microfinance Fund and SNS Institutional Microfinance Fund II**

The fund manager for the SNS Funds, SNS Asset Management N.V., receives a fund management fee of 1.70% annually, out of which DWM receives an investment management fee of 1.30% annually, in each case payable quarterly in advance.

In addition to the management fee paid by each of the SNS Funds, the fund manager receives a performance fee that it fully passes through to DWM and which is equal to 20% of the compounded annualized excess return over 7.0%, net of fees and expenses. The performance fee, if applicable, is payable on a quarterly basis, in arrears.

The amount of performance fees paid to DWM is subject to claw-back based on the final calculation of performance for the relevant SNS Fund. No escrow arrangement has been required, however, by the fund manager.

The SNS Funds reimburse DWM for certain investment expenses incurred by DWM, in particular legal and translation expenses. DWM also pays a portion of the fees it receives to a third-party sub-advisor of the SNS Funds.

### **MFS XXEB**

Developing World Markets MicroFinance, LLC, a wholly-owned subsidiary of DWM, (i) received an origination fee equal to 1% of the aggregate principal balance of microfinance loan proceeds disbursed by MFS XXEB, together with the documented out-of-pocket costs related to the diligence and origination efforts undertaken by it with respect to such loans and (ii) receives a semi-annual servicing fee payable equal to the sum of: (a) 1/360 of 1.1% annually multiplied by the daily average aggregate principal balance of the loans for the relevant semi-annual period multiplied by the number of days in such semiannual period; plus (b) \$32,500.00. DWM's affiliate pays a portion of the fees it receives to certain third-party sub-advisors of MFS XXEB.

MFS XXEB pays DWM's subsidiary for costs and expenses of legal proceedings relating to or involving any investment. Additionally, MFS XXEB paid a structuring and placement fee to DWM Finance at the closing in 2006.

## **MFBA Bond I**

DWM receives a fee as servicer and calculation agent payable on a semiannual basis equal to 0.5% annually of the outstanding amount of the notes issued thereunder minus certain operating costs of MFBA Bond I.

MFBA Bond I paid a structuring and placement fee to DWM Finance at two closings in 2007 and 2008.

## **LokMicro 2007**

DWM receives a fee as servicer and calculation agent payable on a semi-annual basis equal to 0.5% annually of the outstanding amount of the notes issued thereunder minus certain operating costs of LokMicro 2007.

## **SIDE LETTERS**

A prospective investor in an Investment Vehicle may request a side letter arrangement regarding the investment. Such side letters may provide for various terms that differ from those described in the Fund's private placement memorandum. Terms addressed in side letters may include, but are not limited to:

- Most favored nation status;
- Immediate notification of certain material events;
- Reduced fees;
- Better liquidity terms;
- Better transparency regarding trades and holdings; and
- More frequent or detailed reporting.

All side letter agreements must be approved in writing by the Chief Compliance Officer of DWM.

DWM will not enter into side letters that are prohibited under an Investment Vehicle's constitutional documents and only as disclosed in the relevant Fund's offering documents or this Part 2 of DWM's Form ADV filing. DWM may consult with outside counsel to determine whether a side letter is permissible, requires additional disclosure, or the terms of which should be offered to other investors.

## **Performance-Based Fees and Side-by-Side Management**

As stated in the Fees and Compensation section above, DWM charges performance-based fees to certain of the Funds, which consist of a portion of the carried interest from capital gains on or capital appreciation of Fund assets, subject to specified hurdle rates. DWM does not receive any

performance-based fees with respect to The DWM Microfinance Fund J or the Structured Investments.

DWM may have an incentive to make investments on behalf of the Funds that may pay such performance-based fees that are riskier or more speculative than would be the case in the absence of such compensation. In addition, since the performance-based fees received by DWM are based both on realized and unrealized gains and losses, the performance-based fees earned could be based on unrealized gains that clients may never realize, although the performance fee claw-back provisions described in the Fees and Compensation Fees section above substantially mitigate such risk.

## **Types of Clients**

DWM provides discretionary and non-discretionary investment advisory services to pooled investment vehicles and other structured investments. Investors in the Investment Vehicles may include high net worth individuals, banking or thrift institutions, investment companies (including mutual funds), pension and profit-sharing plans, other pooled investment vehicles (*e.g.*, hedge funds), charitable organizations, trusts and estates, corporations and other business entities, development finance institutions and federal, as well as state or municipal government entities.

## **CONDITIONS FOR MANAGING ACCOUNTS**

### **The DWM Microfinance Fund**

The minimum investment size is USD 500,000. The general partner may waive, in certain cases, the minimum investment size; provided, that, in the event of an investment less than EUR 125,000, the investor must produce a written assessment which satisfies EU guidelines certifying to the investor's expertise, experience and knowledge to adequately appraise an investment in The DWM Microfinance Fund. All U.S. investors must be "accredited investors" as defined in Regulation D promulgated under the Securities Act of 1933 and "qualified clients" as defined in Rule 205-3(d)(1) under the Investment Advisers Act of 1940 ("Advisers Act").

In addition, the general partner of the Fund reserves the right to limit purchases of units by prospective new investors or existing investors in line with the availability of appropriate investments. In such case, priority generally will be given to existing investors.

### **The DWM Microfinance Fund J**

The minimum investment size is the Japanese Yen equivalent of EUR 125,000 subject to waiver by the general partner in certain cases; provided, that, in the event of an investment less than EUR 125,000, the investor must produce a written assessment which satisfies EU guidelines certifying to the investor's expertise, experience and knowledge to adequately appraise an investment in The DWM Microfinance Fund J.

In addition, the General Partner reserves the right to limit purchases of units in the fund by prospective new investors or existing investors in line with the availability of appropriate investments. In such case priority will be given to existing investors, if possible.

The Fund is not available to US investors.

### **DWM Microfinance Equity Fund I**

Sales of units were subject to a minimum investment size of USD 500,000. All U.S. investors were required to be “accredited investors” as defined in Regulation D promulgated under the Securities Act of 1933 and “qualified clients” as defined in Rule 205-3(d)(1) under the Advisers Act. The Fund is now closed to investors.

### **The SNS Funds**

Sales of units in the SNS Institutional Microfinance Fund and SNS Institutional Microfinance Fund II were subject to a minimum amount of EUR 250,000. Sales were limited to Dutch institutional investors. Both funds are now closed to investors.

There is no standard minimum investment for any other Investment Vehicles.

The Investment Vehicles require investors to make representations concerning investors’ eligibility, sophistication, awareness of the inherent risks and ability to bear the risk of loss of their entire investment.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Investment in the Investment Vehicles is speculative and entails a high degree of risk, since the Investment Vehicles may not achieve their investment objectives and an investor could suffer a substantial or full loss of his or her investment.

The following section describes the principal types of assets managed by DWM on behalf of Clients: (1) microfinance and related assets, in the form of debt or equity investments in microfinance and related financial institutions, including banks, that focus on fields related to microfinance such as SME lending, low-income housing, education financing, water procurement and sanitation, micro-insurance, housing loans for the poor and remittances and (2) bonds or other similar debt securities issued primarily by development finance institutions whose focus is economic development in the developing world.

### **MICROFINANCE AND RELATED INVESTMENTS**

The Funds invest debt and equity in microfinance institutions and related financial institutions, including banks, that focus on fields related to microfinance such as SME lending, low-income housing, education financing, water procurement and sanitation, micro-insurance, housing loans for the poor and remittances (“MFIs” and each an “MFI”). MFI debt assets typically take the form of senior unsecured loans, but may also include senior secured loans and subordinated loans,

as well as structured holdings representing MFI debt assets. Debt exposures range from short-to long-term maturities. MFI equity assets typically are unlisted, private equity shares, as well as warrants or other call options on the equity of MFIs; convertible instruments; and structured holdings representing MFI equity or profit participation notes.

In selecting suitable MFI investments, DWM employs a research-intensive bottom-up approach. Each investment is selected for inclusion in a Fund only after substantial due diligence has been performed by DWM and after review and approval by the investment committee of the relevant Fund.

MFIs are selected by DWM from Central America, South America, Eastern Europe, the Caucasus & Central Asia, the Middle East & Africa and South & Southeast Asia or from other developing world areas that meet sufficiently robust financial and institutional criteria as to be suitable for investment by DWM's Clients. Additionally, DWM and its Clients may have social-impact goals that are taken into consideration during the investment process (*e.g.*, raising income levels for micro-entrepreneurs as well as owners and employees of small or medium enterprises currently in poverty; increasing the size of the ability of MFIs to finance micro-entrepreneurs and small or medium enterprises; opening a sizable funding supply to help meet growing demand from MFIs, etc.).

## **MFI DEBT INVESTMENTS**

**Origination:** DWM uses a wide variety of contacts, relationships and financial engineering techniques to originate potential MFI debt assets. Using any combination of these techniques, DWM examines a broad selection of MFIs and identifies those that DWM believes are most likely to meet the standards required for selection as microfinance assets for its Funds. DWM then contacts those MFIs that look promising and invites them to proceed to an initial negotiation and deeper screening process.

**Screening:** Potential MFI debt investments are first screened via desk-top analysis of the company's business model, financial performance and business plan resulting in an initial assessment of the expected return on investment. Following agreement to a preliminary term sheet, DWM's debt team presents promising deals to the investment committees for discussion and feedback.

**Due Diligence:** DWM seeks to substantiate its knowledge of the MFI candidates by conducting due diligence. This process involves the submission by each MFI of detailed financial and other information, as well as meetings or other discussions with the MFI management to assess their competence. This is both a backward-looking and forward-looking process, involving reviews of past performance and future business plans and projections. In nearly all cases DWM will have visited the head office of the MFI and met the management of the MFI prior to submitting the potential investment to the relevant investment committee(s).

**Evaluation:** DWM employs a proprietary scoring system that evaluates each MFI that is a candidate for debt financing based on a number of quantitative and qualitative criteria. The scoring process is based upon the MFIs' financials and track record as well as subjective

judgments of management and other intangible factors. The following criteria are used in evaluating MFIs for potential debt investment by any Fund:

*Financial Strength:* Financially strong, as measured by the quality of the MFI's portfolio, its operating costs and its overall profitability.

*Social Impact:* Evidence of demonstrable social impact through the MFI serving large numbers of poor clients.

*Long Term Competitiveness:* A clear and compelling strategy for achieving or maintaining long-term sustainability.

*Management Values:* Commitment to financial sustainability, transparency of information, and the evaluation of both financial and social impact based on results.

**Investment Approval:** After DWM's relationship managers have completed the evaluation process described above, recommendations and supporting memos are submitted to DWM's internal review process. The first level of internal review for each potential MFI debt investment is by DWM's Chief Credit Officer. The Chief Credit Officer evaluates the MFI and the loan conditions from a credit and risk standpoint, and if approved, it is then forwarded to the internal DWM credit committee, which consists of the four partners of DWM, plus the Chief Credit Officer. The investment proposal is evaluated on the credit committee level and either approved, rejected entirely, or sent back for more due diligence. Debt investments that are approved by the internal DWM credit committee are submitted by DWM to the investment committee of the relevant Fund(s) eligible to invest for consideration. The approval of a Fund's investment committee is required for the Fund to make the investment.

## **MFI EQUITY INVESTMENTS**

**Origination:** DWM originates MFI equity transactions via a variety of sources, including its existing debt relationships, partners' contacts with MFI managers and stakeholders, as well as industry conferences and brokers.

**Screening:** Potential deals are first screened via desk-top analysis of the company's business model, financial performance and business plan resulting in an initial assessment of the expected return on investment. Following agreement to a preliminary term sheet, the equity team presents promising MFI equity investments to the investment committee(s) of the relevant Fund(s) for discussion and feedback.

**Due Diligence:** On-site due diligence is required for final presentation to and approval from the relevant investment committees. Over 3-4 days, DWM employees conduct meetings with senior and middle management, visit branches and borrowers, and in some cases meet with competitors and regulators.

**Evaluation:** Based on the results of its due diligence, the equity team builds a complete financial model that is accompanied by a detailed investment report describing the proposed MFI equity asset. In its evaluation of each individual MFI, DWM focuses especially on the quality of

management, reputation, track record and performance. DWM employs rigorous risk analysis methodologies for MFI based on thorough evaluation of risk and performance dimensions. Risk analysis includes country and industry analysis as well as in-depth specific risk assessment focusing on governance, finance and operations. Performance dimensions cover the double bottom line of each microfinance or related lending program, its social performance and its financial performance. Throughout the process, the following criteria are used in evaluating the microfinance institution or microfinance related assets for investment:

*Financial Strength:* DWM desires to invest only in MFIs that are financially strong, as measured by the quality of their portfolio, their operating costs and their overall profitability.

*Social Impact:* DWM desires to invest in MFIs that show evidence of demonstrable social impact through serving large numbers of poor clients.

*Long Term Competitiveness:* DWM desires to invest in MFIs with a clear and compelling strategy for achieving or maintaining long-term sustainability.

*Management Values:* DWM desires to invest in MFIs committed to financial sustainability, transparency of information, and the evaluation of both financial and social impact based on results.

*Prospects for Growth:* Although this criterion is in many respects a derivative of the above four criteria, it is a key focus of the investment analysis performed by DWM.

**Investment Approval:** Once the evaluation process above is completed, the recommendation of the equity team and the supporting memorandum for each proposed equity investment is submitted for internal approval. All prospective equity investments must be approved by the internal DWM equity investment committee (which consists of all four partners of DWM) before being recommended to the investment committee of the relevant Fund(s) eligible to invest for consideration. The approval of a Fund's investment committee is required for the Fund to make the investment.

## **BONDS**

On March 1, 2011 DWM launched a new fund, The DWM Microfinance Fund J. The Fund provides the underlying investments for a mutual fund in Japan, which is the sole investor to date in the Fund. In order to provide liquidity to investors, DWM targets investing the majority of the Fund's assets in bonds, as described further below, sovereign debt, and other similar marketable debt instruments. The Fund is primarily invested in bonds issued by multilateral development finance institutions and development finance institutions that focus on economic development in the developing world ("DFI Bonds"). The Fund also has the ability to invest in bonds issued by microfinance institutions. The Fund will invest in short-term sovereign debt to provide liquidity for redemptions, funding of MFI loans, and semiannual dividend payments. DWM aims to maintain a diversified portfolio of DFI Bonds targeting a range of issuers, tenors, emerging market currencies and geographies. DWM selects the DFI Bonds that meet the objectives of the Fund, in particular capital preservation, interest income in currencies which offer higher interest rates than offered on Japanese Yen denominated instruments, and substantial liquidity.

The DWM Microfinance Fund J intends to maintain full exposure to emerging market currencies and does not intend to hedge currency or interest rate exposure. DWM has invested the Fund primarily in DFI Bonds denominated in emerging market currencies, and as the fund makes loans to MFIs, the bonds will mature or be sold to fund the loans. As the bonds are public issues of multilateral institutions established by treaty or governmental entities, there is no extensive due diligence performed other than due attention to the role such instruments are intended to play in accomplishing the investment objectives. Each issuer of DFI Bonds will be submitted to the Fund's investment committee for approval, while DWM will retain overall responsibility for selection of such individual assets within the parameters of the Fund's investment guidelines. There is no limit on the allocation to DFI Bonds or DFIs rated AAA. The majority of the DFI Bonds are rated AAA, but DFIs or DFI Bonds rated below AAA can be included in the bond portfolio, and the majority of the DFI Bonds by volume are issued by development finance institutions which are multilateral institutions. While up to 100% of DFI Bonds may be denominated in currencies of developing countries, the majority of DFI Bond exposures by volume are to instruments denominated in investment grade currencies of developing countries; DFI Bonds issued in non-investment grade currencies, together with microfinance loans extended in such currencies, may constitute no more than 10% of the total net assets of the Fund. The maximum percentage of the portfolio allocated to DFI Bonds rated lower than AAA that are not issued by multilateral institutions is 20%.

## **MATERIAL RISKS**

Investment in any of DWM's Investment Vehicles is speculative and entails a high degree of risk, since the Investment Vehicles may not achieve their investment objectives and an investor could suffer a substantial or full loss of his or her investment. Some of the material risks for investments in the Investment Vehicles are set out below:

1. Most of the MFI debt and equity assets are invested in MFIs that are small and recently formed (relative to many small and medium-sized nonprofit and for-profit entities in Europe, United States and other countries with developed economies). Many have not previously received external financing from traditional commercial sources and may not qualify for such financing under traditional bases of evaluation. Many of these MFIs have not been rated by traditional rating agencies or similar commercial institutions.
2. Changes in the economic or political conditions of a country in which an MFI operates or changes in the financial condition of any given MFI could have a material negative impact on the ability of the relevant Investment Vehicle to receive on a timely basis payments due in respect of any given investment and may impair the ability of the MFIs to make, analyze, supervise, record or collect on microloans or similar assets, to function successfully in the other businesses they operate or to service their obligations. Further, the countries in which the MFIs are located are all relatively less well equipped to deal with natural disasters or major upheavals, such as floods, hurricanes, earthquakes, war, terrorism or riots than are the United States and other economically developed countries and may not efficiently and quickly recover from such disaster events. If any Investment Vehicle's receipt, on a timely basis, of payments from any MFI is interrupted, then such

Fund may be unable to make payments and such Investment Vehicle's net asset value could decline.

3. Although DWM has been involved in the initiation, development and fund management of several MFI-related Investment Vehicles, each new fund or structured investment managed by DWM is a new enterprise that lacks both operating and financial experience.
4. Investors in any of the DWM Funds may be paid dividends and may be able to redeem their units in a DWM Fund only to the extent that the assets in such Fund(s) are serviced and repaid or can be sold for value.
5. MFI debt assets may be senior or subordinated, may not be ranked equally in right of payment with all other unsecured debt of the MFIs and will in most cases not be backed by any collateral, liens on assets or other guarantees or security. Furthermore, MFIs typically either do not require collateral security from their clients, the micro-borrowers, or if they do have collateral security from the micro-borrowers they may not have a perfected security interest in such collateral.
6. The MFI equity assets have no right of repayment, and the ability to realize a return or even simply to return capital to investors will be entirely dependent upon the success of a Fund in finding an opportunity to exit, primarily through a secondary sale or an initial public offering. The market for such exit opportunities is not well-developed and only a few MFIs have gone public in the history of microfinance.
7. If The DWM Microfinance Fund is unable to meet its limited offer of liquidity the investors in this Fund may have no choice but to maintain their investment for many years. The DWM Microfinance Fund has no wind up date and DWM intends to operate The DWM Microfinance Fund indefinitely.
8. There is no public market for the units in the DWM Microfinance Equity Fund I, and there likely will be no trading market for them in the future. Accordingly, investors will have difficulty selling or otherwise disposing of their units.
9. The DWM Microfinance Fund J offers redemptions on a limited basis. Based on these redemption procedures there is no assurance that the value of the funds will be the same as at the time that notice was first given or that the investment will be profitable. Investors bear the risk of a downturn in the markets or of a decline in the value of their investment without the ability to redeem their funds.
10. Risks associated with the bond portfolio of The DWM Microfinance Fund J include, but are not limited to, exchange rate risk, interest rate risk, price risk and liquidity risk. In particular, the Fund's investment strategy is to gain exposure to foreign currencies, particularly in the emerging markets. Accordingly, DWM may but ordinarily does not intend to, hedge currency exposure. The creditworthiness of the development finance institutions issuing the bonds are subject to, among other things, adverse changes in the financial condition of such development finance institutions' clients, which may arise from

factors specific to a particular industry or from changes in the macroeconomic environment or the financial markets in the countries in which the clients of the development finance institutions operate.

11. There can be no assurance of a secondary market for bonds in the bond portfolio of The DWM Microfinance Fund J or the liquidity of such a market where it exists. Consequently, DWM may not be able to sell the DFI Bonds readily or at prices that will enable them to realize a yield comparable to that of similar instruments, if any, with a developed secondary market.
12. The interests of DWM and its affiliates may conflict in various ways with the interests of the investors in any of the Investment Vehicles. DWM and its related entities may engage in fund management, financing, advisory, lending, financing, or other businesses with or affecting the MFIs in which a particular Investment Vehicle invests and which may compete with the Investment Vehicles in which a particular Investment Vehicle invests, or may have other business with the MFIs unrelated to the investment. Such activities could even take place simultaneously with the origination of a particular MFI debt or equity asset for a particular Investment Vehicle.
13. The financial and other information of the potential MFIs, upon which DWM will rely in part in selecting and monitoring the MFIs, will be provided primarily by the MFIs themselves and may not have been audited or prepared in accordance with International Financial Reporting Standards (“IFRS”) or United States generally accepted accounting principles (“U.S. GAAP”) as many of the MFIs are small, unregulated enterprises with limited access to sources of funding and service a very impoverished clientele. Furthermore, standards of disclosure in certain economically developing countries where MFIs are located may be materially less stringent than those of the United States. In addition, IFRS, which the General Partner anticipates will be used to audit most or all MFIs, differ in certain material respects from U.S. GAAP. The results of an audit of an MFI conducted pursuant to IFRS may differ materially from an audit performed on the microfinance institution conducted pursuant to U.S. GAAP.
14. MFI debt assets will be denominated in local currencies, US Dollars or Euro, and the MFIs will principally make microloans that are denominated in their local currencies. If, during the term of an MFI debt asset, the value of such local currency falls relative to the currency in which the company has made the loan for the relevant Fund, the MFI may have difficulty repaying such MFI debt asset. In addition, local governments may impose foreign exchange controls on, or block entirely, transactions to convert local currency to foreign currency, including the US Dollars and Euro. Such restrictions could impede the ability of MFIs to repay an MFI asset in any currency.
15. All Investment Vehicles are denominated in one or more of the following currencies: US dollars, Euros, Japanese Yen and/or Pounds Sterling. The assets and liabilities denominated in each of these currencies may not be matched and could expose the relevant Investment Vehicle to a material risk of adverse currency movements. Apart from

staying within fund diversification limits, there may be no attempt to hedge this currency risk in any of the Investment Vehicles going forward.

16. DWM may engage in cross currency or interest rate swaps with international banks or other counterparties to reduce currency or interest rate risks. However, there is no assurance that the swap counterparty will not default on or otherwise fail to make the payment obligations to DWM or the relevant Investment Vehicle. In addition, if the Investment Vehicle fails to make scheduled payments to the swap counterparty, the counterparty can omit corresponding payments due to the Investment Vehicle, can terminate the swap and can add payment obligations due to it from the relevant Investment Vehicle to compensate the counterparty for losses due to the cancellation of the contract or otherwise stemming from the failure of the Investment Vehicle to make scheduled payments.
17. An Investment Vehicle may attempt to reduce repayment risk to the overall MFI asset portfolio by agreeing to fund certain MFI assets indirectly by means of a deposit in US dollars, Euros, Japanese Yen and/or Pounds Sterling placed with an international bank which, in turn, issues a stand-by letter of credit to a local bank in the country in which an MFI is based for the purpose of helping secure a local currency loan to the MFI by the local bank. However, there can be no assurance that the international bank will not fail, causing a loss to the relevant Investment Vehicle of its deposit. There can be no reliance on deposit insurance provided by the Federal Deposit Insurance Corporation (“FDIC”) or any analogous institution in another country for any amount of the deposit which exceeds the applicable insured deposit limit in such country. There also can be no assurance that the international bank will perform correctly in its administration of the stand-by letter of credit. Following a drawing under the stand by letter of credit, it is unlikely that the MFI will meet its reimbursement obligations to the relevant Investment Vehicle or it may not be permitted by governmental authorities or policies to do so.
18. An Investment Vehicle may purchase existing MFI assets from a third party. There is a risk that the authorities in the country in which the MFI is based, or in the country where the third party is based, will impose tax or penalties which might or might not have been due had the MFI asset been issued directly to the Investment Vehicle purchasing such asset or that the MFI asset may not be successfully conveyed and that disputes could arise as to the ownership of the MFI asset or as to the obligation of the MFI to repay such a loan.
19. An Investment Vehicle may purchase participations in MFI assets from a third party. In such circumstances, such Investment Vehicle may not have direct contractual relationship with the MFI and may only enforce its right against the third party. Further, the presence of the third party as the intermediary with the MFI leads inevitably to the assumption of credit risk and performance risk on the third party relating to its ability and willingness to collect and make payments to such Investment Vehicle, to enforce such Investment Vehicle’s rights and to ensure that such Investment Vehicle may successfully collect its investment.

20. An Investment Vehicle's MFI assets may not comprise the majority or a substantial amount, by aggregate value, of such MFI's outstanding short-term or long-term indebtedness. Consequently, DWM may have limited leverage over any MFI to enforce the repayment and other terms of the MFIs' obligations to the relevant Investment Vehicles in the event of the failure of an MFI to make principal and interest payments on the MFI assets to any Investment Vehicle.
21. DWM may have more difficulty establishing and securing legal rights in respect of the MFI debt or equity assets on behalf of the Investment Vehicles in the countries in which the MFIs operate than it would establishing and securing the rights in the United States, Western Europe, Japan or other more developed countries. Accordingly, DWM's recourse to legal and regulatory proceedings in such foreign countries, to establish or secure DWM's rights in respect of one or more MFI debt or equity assets, may be limited or nonexistent. In addition, in connection with the making of the MFI debt or equity assets, DWM's Investment Vehicles may be subject to the jurisdiction of authorities in one or more such foreign countries.
22. DWM may engage third parties to assist or entirely provide the evaluation, due diligence, negotiation and on-going monitoring of certain investments to be made for an Investment Vehicle. There is an inherent risk that the third-party may not provide the same quality of advice as DWM.
23. DWM seeks to place all of the funds subscribed by investors in the Investment Vehicles. There is a substantial likelihood, however, that a portion of funds to be invested in MFI debt or equity assets will remain un-invested for a meaningful period. The outstanding funds will be invested in cash and will earn a correspondingly lower return than the return due on such funds. In certain Investment Vehicles, at DWM's sole discretion, such cash might be invested with MFIs as deposits or other short term instruments in local currencies.
24. If withholding or deduction of any taxes from payments of principal, interest or capital gains in respect of the MFI debt or equity assets is required by law in any jurisdiction, the MFI may not be under any obligation to make any additional payments to any investors in respect of such withholding or deduction. Each investor assumes and is solely responsible for all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessments or charges that may be applicable to any payment to it in respect of its investment in any Investment Vehicle.

## **OTHER SOURCES OF INFORMATION**

DWM includes in its due diligence and collection of information of potential portfolio companies discussions with senior management, regular monitoring of financial statements and other financial metrics and onsite visits of potential portfolio companies. Such onsite visits occur during the initial stage of the investment process and annually after investment in the portfolio company. During onsite visits, DWM interviews management of the portfolio companies to assess their competence and collects financial data, control systems information and other quantitative and qualitative information needed to perform DWM's due diligence on the portfolio

companies. DWM may utilize other information as it deems appropriate for analysis, and in all cases, in compliance with federal and state securities laws.

In addition, DWM considers a variety of strategies to address currency risks including portfolio diversification, floating interest rate local-currency loans and formal market hedging instruments.

DWM primarily intends to employ a buy and hold strategy with regards to the bonds in the portfolio of DWMF J, except where liquidity is needed for redemptions or to fund microfinance loans. This strategy may include incremental purchases to achieve optimal portfolio size.

DWM does not employ a strategy that involves high frequency trading in any of its Investment Vehicles.

## **Disciplinary Information**

Neither DWM nor its employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

The four Partners of DWM, and certain other employees, are also actively engaged as registered representatives of DWM's affiliated broker-dealer, DWM Finance, described above. Such partners and employees spend on average 10% of their working hours conducting broker/dealer business, although in the case of Peter Johnson, the partner responsible for the firm's capital markets transactions, the percentage can be considerably higher at times.

DWM is the sole owner of Developing World Markets MicroFinance, LLC, which is the master servicer for MFS XXEB and provides advisory and investor relation services for BOMSI, each of which is a microfinance investment vehicle that is structured as a collateralized debt obligation. These collateralized debt obligations have made loans primarily to microfinance institutions.

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

### **PARTICIPATION IN CLIENT TRANSACTIONS AND CONFLICTS OF INTEREST**

#### ***A. Generally***

As an investment adviser, DWM may face unavoidable potential conflicts with the interests of its Clients. As a fiduciary, DWM is obligated to treat each and all of its Clients fairly and to disclose all material conflicts of interest. DWM may face conflicts when investing for portfolios or from other investing activities.

As previously described, DWM and its affiliates provide an array of investment advisory products and services to Clients. Accordingly, DWM and its partners, officers and employees may have multiple advisory, transactional, financial and other interests in securities, instruments, companies or investment vehicles that may be purchased or sold by DWM for its Clients.

DWM or one of its affiliates may also have a conflict with an MFI or other entity or instrument (“Investees”) in which Clients invest. DWM and/or its related entities may engage in fund management, financing, advisory, lending, financing, or other businesses with or affecting the Investees and which may compete with the Investees, or may have other business with the Investees unrelated to a Client’s investment. Such activities could even take place simultaneously with the origination of portfolio investments. One or more Structured Vehicles may invest debt in an Investee in which one or more other Structured Vehicles may invest equity. Investment Vehicles also may hold or make investments in the same Investee that differ in terms of price, maturity (in the case of debt) or other material respects.

In managing its Client’s portfolio investments, DWM does not typically, but may, engage in principal and agency cross transactions, which will be executed in compliance with Section 206(3) of the Advisers Act and the rules promulgated thereunder and in accordance with any relevant Fund offering documents. DWM does not currently have any proprietary accounts to which trades are executed or to which it provides advisory services. However, if at any time in the future DWM does have any proprietary accounts to which it provides advisory services, DWM will comply with Section 206(3) and Rule 206(3)-2 thereunder of the Adviser’s Act with regards to such propriety accounts. In addition, DWM Finance may structure private placements or other offerings that Clients may access, and DWM may allocate trades to DWM Finance on behalf of Clients. Where DWM engages in principal transactions, agency cross transactions and proprietary trading, it may face a conflict of interest with its Clients.

DWM monitors and addresses conflicts of interest in a manner consistent with the adviser’s fiduciary duty to Clients and in accordance with all relevant offering documents of its Investment Vehicles.

## ***B. Resolutions of Conflicts***

DWM recognizes that it has an obligation to identify, monitor, and, where appropriate, seek to reduce or eliminate potential conflicts of interest that might interfere with performance of DWM’s fiduciary duties to Clients, including the duty to seek to achieve best execution. DWM has established restrictions, procedures, and disclosures designed to monitor, identify and address conflicts of interest. Each of the Funds which DWM advises on a discretionary basis has an independent advisory committee comprised of investors or a conflicts of interest committee comprised of independent members of the Fund’s investment committee. In the event that DWM identifies a potential or actual conflict of interest involving a Fund which DWM advises on a discretionary basis, DWM discloses and refers the matter to the Fund’s independent advisory committee or conflicts of interest committee, as applicable. In the event that DWM identifies a potential or actual conflict of interest involving the SNS Funds, it refers the matter directly to the Client. In either case, DWM carries out the decisions of such committee or Client with respect to such matter.

In cases where DWM or its affiliate has been engaged by an issuer to originate, structure or place assets, DWM undertakes to act in such situations professionally and with an overriding duty to its Clients to ensure that any assets purchased on behalf of any of its Clients undergoes the same degree of due diligence, credit and investment analysis as all other Client assets, regardless of who is issuing or selling the assets to the Client. In cases where DWM may recommend that a Client make investments in which DWM (or an affiliate) may simultaneously purchase or sell an interest for itself, DWM will provide full disclosure to the relevant investment/advisory committee of the Client and carry out the decisions made by such committee. Any such transactions that involve principal or agency cross transactions will be executed in compliance with Section 206(3) of the Advisers Act and Rule 206(3)-2 thereunder.

Any exceptions to DWM's conflicts procedures must be approved in writing by the Chief Compliance Officer or his or her designee.

Additionally, DWM requires all access persons to report their personal investment activities in accordance with the policies and procedures set forth in its Code of Ethics.

## **CODE OF ETHICS**

Consistent with Rule 204A-1 under the Adviser's Act, DWM has adopted a Code of Ethics (the "Code") designed to prevent its employees from engaging in any act, practice, or course of business that would constitute a manipulative practice or defraud or mislead any of its Clients.

The Code is designed to address the following risks:

- Violations of Rule 204A-1 of the Advisers Act and applicable federal securities laws;
- Violations of insider trading laws, rules and regulations;
- Reputation harm to DWM;
- Regulatory fines and penalties for violations of the Code;
- Failure to address conflicts of interest concerning the use of confidential information.

The Code applies to directors and officers of DWM (or other persons occupying a similar status or performing similar functions), employees of DWM and persons who, in the course of their regular functions or duties, participate in the process of purchasing or selling instruments or investments, or participate in making recommendations or obtaining information with respect to the purchase or sale of instruments or investments, on behalf of any Clients, including investment funds, and are subject to DWM's supervision or control (collectively "Supervised Persons"). Supervised Persons must adhere to the standards of the Code and provide initial and annual certifications of compliance with the Code as well as acknowledgement of receipt of any amendments to the code.

Investment-related information learned by a Supervised Person during the course of carrying out firm-related duties or in communications between Supervised Persons must be kept confidential until or unless publicly available.

All Supervised Persons, except for individuals with no access to investments made by Clients, are deemed to be "Access Persons." Access Persons are prohibited, without the prior written approval

from the Chief Compliance Officer, from (i) purchasing any security in any public offering that could be construed as a “new issue” under FINRA Rule 5130; (ii) knowingly purchasing or selling any security from any Client; and (iii) purchasing or selling a security in a private placement or other limited offering transaction.

Each Access Person must submit to the Chief Compliance Officer: (i) an initial report containing a complete list of the Access Person’s personal securities holdings that includes the identification any account that holds, or could hold, reportable securities and any reportable security not held in such an account (i.e., physical certificates or privately-issued securities); (ii) an annual report thereafter containing a complete list of the Access Person’s personal securities holdings and accounts; and (iii) quarterly reports containing such Access Person’s reportable personal securities transactions executed during the quarter in reportable securities.

Purchases and sales of securities by an Access Person for his or her own account, for the account of a member of his or her family or for any account in which such Access Person or a member of his or her family may have a direct or indirect beneficial ownership interest, are subject to the DWM Restricted List. The DWM Restricted List includes all publicly or privately traded securities in which an Access Person may receive or has received privileged or otherwise material non-public information during the course of carrying out firm-related duties.

The Chief Compliance Officer, or his or her designee, reviews all personal securities transactions and holdings reports and trading patterns of Access Persons on a quarterly basis to ensure Access Persons are not trading in securities on the Restricted List or otherwise in violation of the Code of Ethics.

In the event a Supervised Person fails to comply with the provisions of the Code or applicable securities laws, the Chief Compliance Officer may impose sanctions, including but not limited to a warning, fines, disgorgement, suspension, demotion or dismissal.

Clients may obtain a complete copy of the DWM’s Code of Ethics free of charge by submitting a written request to DWM Asset Management, LLC, 800 Post Road, 3<sup>rd</sup> Floor, Darien, Connecticut 06820, or by contacting Edward Marshall at (203) 655-5453 or [edward@dwmarkets.com](mailto:edward@dwmarkets.com).

## **Brokerage Practices**

### **General**

DWM is appointed by its Clients as their investment manager with discretion (except in certain circumstances as described below) to invest each Client’s assets on behalf of such Client. DWM establishes guidelines with each Client regarding management of the Client’s accounts. Within these guidelines, DWM generally is authorized to make the following determinations in accordance with the Client’s specified investment objectives without Client consultation or consent before a transaction is effected:

- which securities to buy or sell;

- the total amount of securities to buy or sell;
- the broker or dealer through whom securities are bought or sold;
- the commission rates at which securities transactions for Client accounts are effected; and
- the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

DWM may accept advisory accounts with little or no discretion or where investments are Client-directed pursuant to a management agreement. In particular, DWM currently sub-advises the SNS Institutional Microfinance Fund and SNS Institutional Microfinance Fund II on a non-discretionary basis on behalf of SNS Asset Management N.V.

As noted above, for accounts for which DWM has discretion, DWM has complete discretion to decide what broker-dealers or other counterparties will be used in executing transactions for Clients, and negotiates the rates of compensation that Clients will pay. In such instances, the primary goal is to achieve best execution on an overall basis—*i.e.*, execution of Client trades at the most favorable net price considering all relevant circumstances. In connection with its determination of whether “best execution” has been obtained, in addition to net price, DWM will consider the full range of services available from and the characteristics of each broker-dealer. Such services and characteristics may include, but are not limited to the following:

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| <ul style="list-style-type: none"> <li>• execution capabilities,</li> <li>• responsiveness,</li> <li>• trading experience,</li> <li>• reputation and integrity,</li> <li>• overall reliability,</li> <li>• willingness and ability to commit capital,</li> <li>• access to underwritten offerings and secondary market trades,</li> <li>• ability to provide useful ideas and market color,</li> </ul> | <ul style="list-style-type: none"> <li>• value of “brokerage” or “research” (in whole or in part), either provided by the broker-dealer, or paid for by the broker-dealer (either by direct or reimbursement payments (in whatever form) or by commissions, mark-ups or credits or by any other means) to be provided by others</li> <li>• ability to provide access to issuers,</li> <li>• ability to facilitate analyst visits</li> </ul> |
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DWM may allocate a portion or all of a Client’s brokerage business to firms whose employees participate as broker-dealers in the private offering of the interests in the DWM Funds. Specifically, DWM has allocated certain Client’s brokerage business to DWM’s affiliate, DWM Finance.

For accounts in which DWM has no discretion over the selection of broker-dealers, DWM provides instructions to the broker-dealer to effect transactions in accordance with the instructions from the Client who has such discretion. See “Directed Brokerage” below for additional information.

In addition to using broker-dealers as “agents” and paying resulting commissions, DWM sometimes causes Client accounts to buy or sell securities directly from or to dealers acting as

principals at prices that include mark-ups or mark-downs, and may also cause Client accounts to buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

DWM is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates. DWM is also not required to solicit competitive bids. DWM does not negotiate “execution only” commission rates. Thus, if DWM determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the brokerage and research products or services provided by such broker-dealer, Clients will pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge for “execution only” commissions or for other products and services to be included in the commission rate.

In general, Clients invest in microfinance investments directly, without the use of brokers-dealers. Certain Clients that trade securities (such as The DWM Microfinance Fund J), however, should expect that their securities transactions will generate a substantial amount of brokerage commissions and other costs, all of which is borne by the Client, and not DWM.

DWM has established a brokerage committee that reviews and makes determinations related to such brokerage-related matters including the composition of the list of approved broker-dealers through whom DWM may conduct trades, matters related to commission (or “soft”) dollars (as described below), and DWM’s compliance with its relevant legal obligations, including its obligation to obtain best execution in connection with Client transactions.

### **Research and Other Soft Dollar Benefits**

Clients may pay for brokerage and research products or services with commission (or “soft”) dollars generated by the investment activities of the Clients. Any brokerage and research products or services obtained using soft dollars is of the type contemplated by Section 28(e) of the Securities Exchange Act of 1934. Types of brokerage and research products or services paid with soft dollars include the following: on-line pricing and financial information; access to computerized data regarding Clients’ accounts; performance measurement data and services; portfolio strategy advice; market, economic and financial information; statistical information; data on pricing and availability of securities; publications; electronic market quotations; document retrieval services; analyses concerning specific securities, companies, governments or sectors; market, economic, political and financial studies and forecasts; industry and company comments; technical data, recommendations and general reports; quotation services; custody; brokerage; computer databases.

While Clients benefit from many of the services obtained with soft dollars generated by Client trades, each Client will not benefit exclusively. DWM does not seek to allocate soft dollar benefits to Client accounts proportionally to the soft dollar credits those accounts generate. In certain instances, brokerage and research products or services obtained with soft dollars generated by a Client may be used by DWM to subsidize DWM’s provisions of service for other Clients that may not have generated such commissions, and thus, such Client whose commission dollars provided for the products or services may benefit, or receive no benefit, from such products or services. Therefore, in the case of any particular transaction or transactions, a Client may pay higher commission rates, compared to commissions paid in the absence of soft dollar

arrangements, without such Client that paid the higher commission rates receiving any benefit. In addition, DWM may also receive direct or indirect benefits from soft dollar services (which such benefits may or may not also be received by Clients). Therefore, DWM may have an incentive to select broker-dealers based on its interest in receiving the research or other products or services at a reduced cost to DWM, rather than based on the Clients' interest in receiving most favorable execution.

As noted above, in allocating Client brokerage, DWM generally considers, among other things, research and brokerage products and services provided by broker-dealers. DWM does not preclude allocations to broker-dealers that do not provide research and other soft dollar services, but the proposed relationships with brokerage firms that do provide soft dollar services to DWM influences DWM's judgment in allocating brokerage business and creates a conflict of interest.

Generally, when a product or service obtained with soft dollars provides brokerage and research as well as non-brokerage and non-research assistance to DWM, DWM will make a reasonable allocation of the cost which may be paid with commission dollars. The receipt of such "mixed-use" products and services and the determination of the appropriate allocation create potential conflicts of interest between DWM and the Clients.

DWM enters into cross-trades between Clients only in accordance with the Client offering memoranda and internal procedures.

### **Brokerage for Client Referrals**

DWM may direct brokerage commissions on purchases or sales of securities to broker-dealers who have referred Clients to DWM. A conflict of interest may exist when executing transactions through such broker-dealers since there may be an incentive to direct more transactions to these broker-dealers in return for future referrals or investments; however, portfolio transactions will be subject to best execution.

### **Directed Brokerage**

In the limited circumstances where DWM does not have discretion to invest a Client's assets on behalf of such Client, the Client may direct DWM in writing to use a particular broker-dealer to execute some or all of the transactions for their account (*i.e.*, directed brokerage). In such circumstances, the Client may be responsible for negotiating the terms and arrangements for the account with such broker-dealer. With directed brokerage, DWM may not be able to negotiate commissions, aggregate orders to reduce transaction costs, or achieve most favorable execution of such Client's transactions. In addition, under these circumstances, a difference in commission charges may exist between the commissions charged to Clients who direct DWM to use a particular broker-dealer and other Clients who do not direct DWM to use a particular broker-dealer, which could result in additional costs and expenses for the Clients with direct brokerage.

### **Allocation of Investment Opportunities and Aggregation of Orders**

DWM endeavors at all times to ensure that investment allocations of investment opportunities are fair and equitable to all Clients eligible to participate in each such investment opportunity. In carrying out its duties and responsibilities to Clients, DWM ensures that the interest of each Client

with respect to the origination, analysis, approval, closing and eventual disposition of portfolio investments ranks in priority equally with the interests of each other Client eligible to participate in the investment opportunity. DWM does not favor or disfavor any Client account, or group of Client accounts, eligible to participate in an investment opportunity over any other Client account or group of Client accounts eligible to participate in such investment opportunity.

In those cases where an investment opportunity meets the investment criteria for more than one Client, and the Client is otherwise eligible to invest in the investment opportunity at such time as such investment opportunity is available, DWM will effect an allocation of the investment to the relevant Clients approximately pro rata (as well as expenses incurred in the transaction) to the portions of such Clients' respective portfolios allocable to such type of investment.

DWM may deviate from DWM's allocation policy due to Client direction, cash positions, or at the DWM internal credit or investment committee's direction; provided, that any deviation is in compliance with the relevant Client offering documents and any deviations result in all Clients being treated fairly over time. Any deviations from DWM's allocation procedures are documented, in writing, to include the reason(s)/justification for deviation from the procedures, including ensuring that any such deviation is deemed consistent with the best interests of each Client.

The forgoing policy does not apply in cases in which DWM has recommended an investment opportunity to a Client and such Client declines to authorize the implementation of the investment recommendation. This exception applies to both Clients managed on a non-discretionary basis and to Clients managed on a discretionary basis in which the investment committee of such Client includes independent members.

The DWM Investment Committee periodically reviews the allocation of investment opportunities to ensure that they comply with DWM's policies and procedures.

In limited circumstances, DWM may direct a broker-dealer to aggregate orders, which is the purchase or sale of a security for the accounts of multiple Clients in a single transaction. If a trade is aggregated, each participating Client receives a price that represents the average of the prices at which all of the transactions in a given aggregated order were executed. Executing an aggregated trade allows transaction costs to be shared equally and on a pro rata basis among all of the participating Clients. If the order is not completed filled, the securities purchased or sold are distributed among participating Clients on a pro rata basis or in some other equitable manner.

Trades are aggregated only when DWM reasonably believes that the combination of the transactions provides better prices for Clients than had individual transactions been placed for Clients.

Aggregated orders will not be placed for any Client's account if doing so is prohibited or otherwise inconsistent with the Client's management agreement. If orders are not aggregated, Clients will not receive the benefit of better pricing that may be received from aggregated orders; thus, such transactions will be more costly for the Clients.

## **Review of Accounts**

Generally, the portfolio manager and assistant portfolio manager review each Client account on an ongoing basis, in accordance with the investment approach/strategy, internal investment policy guidelines and the relevant Client's objectives, guidelines and restrictions. The portfolio management team continuously receives and considers investment information provided by its analysts, or obtained from internal and external research reports, contacts in the microfinance community, investment committee meetings, and product-specific analyses, models and screens. This information is interpreted and analyzed within the context of the specific objective and constraints of each Client. On an ongoing basis, investment personnel analyze economic forecasts, industry and country developments, and evaluate the relative attractiveness of individual investments. Revised investment recommendations and changes in client circumstances or objectives are among the factors that may trigger a special account review.

The review of accounts is overseen by DWM's partner for portfolio management and the assistant portfolio manager. DWM also has two analysts who monitor reporting from MFIs. In addition, the relationship manager responsible for the origination and performance of each MFI investment is involved in monitoring during the life of that investment.

## **Review of Fund Accounts**

DWM receives and reviews monthly reports on financial performance for MFI debt investments in the Funds and either monthly or quarterly reports for MFI equity investments in the Funds. DWM provides monthly reports to investors in The DWM Microfinance Fund and DWMF J that include the Fund's net asset value, the unit value, and the value of the investor's holdings, expressed in the currency in which the investment was made, as well as a quarterly newsletter describing the fund's performance. Additionally, DWM reports the following additional information to the investors in DWMF J on a daily basis: the net asset value, a holdings report, a trial balance report and an investor position appraisal report, and, semi-annually, a detailed fund performance report and dividend report. DWM provides a quarterly report to investors in the DWM Microfinance Equity Fund I on the fund's performance, together with financial statements for the fund for the relevant quarter. Additionally, DWM provides annual reports to the investors in the DWM Funds an evaluation of developments in the microfinance industry for the relevant year and consequences for the vehicle in which the Funds invest. DWM does not provide reports to the underlying fund investors in the SNS Funds (which it manages on a non-discretionary basis).

## **Review of Structured Vehicle Accounts**

DWM or its affiliate reviews and reports on Structured Vehicles in accordance with the relevant constitutional documents governing the Structured Vehicles.

Client accounts are audited on an annual basis and the audited financial statements are provided to all investors.

## **Client Referrals and Other Compensation**

DWM is currently engaged in, and will continue to enter into, arrangements with unaffiliated and affiliated solicitors (including DWM's affiliated broker-dealer, DWM Finance), whereby the solicitors refer their clients to DWM or its affiliates in exchange for a referral fee. Any cash compensation to solicitors for client referrals is paid in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940 and the rules set forth by the respective state jurisdictions. While the specific terms of each arrangement may differ, generally, a solicitor's compensation is based upon the referred Client's value of assets managed by DWM.

If DWM establishes a separately managed account with a Client through an unaffiliated solicitor, then any such referral is made only in compliance with the requirements of Rule 206(4)-3 and the rules set forth by the respective state jurisdictions. For unaffiliated solicitors, DWM furnishes or otherwise takes reasonable steps to ensure that disclosure is made to each prospective client indicating that DWM has entered into agreements with unaffiliated solicitors and generally describes the terms and conditions of the compensation arrangements. In so doing, DWM furnishes or otherwise takes reasonable steps to ensure that such prospective client is provided with a current copy of DWM's written disclosure statement and a copy of the solicitor's written disclosure statement containing the information set forth in Rule 206(4)-3(b).

Similarly, when a separate account is established and the Client has been solicited by an affiliated solicitor, the requirements of Rule 206(4)-3 and the rules set forth by the respective state jurisdictions are followed.

The receipt of the foregoing type of referral compensation may encourage solicitors to recommend DWM to their clients over other firms providing similar services or similar investments, which do not compensate such solicitors for client referrals.

## **Custody**

All Client funds and securities are held in custody by qualified custodians, such as unaffiliated broker-dealers or banks; however DWM, or its affiliates, may have access to client accounts in its capacity as general partner of a partnership. The limited partners of the partnership may not receive account statements from the custodian. Instead, the partnership obtains an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements are prepared by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the engagement period, and as of each calendar year-end, by the Public Company Accounting Oversight Board, in accordance with its rules. Such audited financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"), as is permitted for offshore funds or funds having a general partner or other manager with a principal place of business outside the United States. As required by the Custody Rule, however, US Investors are provided with audited financial statements that are reconciled to U.S. GAAP. All audits are conducted in accordance with U.S. GAAS. Audited financial statements are distributed to the underlying fund investors within 120 days of the partnership's fiscal year end.

## **Investment Discretion**

DWM is appointed by its Clients as their investment manager with discretion (except in certain circumstances as described below) to invest each Client's assets on behalf of such Client. Thus, DWM does not require the consent of Clients to determine what assets it, as investment manager, is buying or selling on behalf of its Clients, the date or time at which such transaction is executed, the broker or dealer or other entity selected to execute the transaction, or the price at which such transaction is executed. The extent of DWM's investment and trading discretion is established in the investment management agreement with each Client.

DWM may accept advisory accounts with little or no investment and/or trading discretion or where investments are Client-directed pursuant to the management agreement. With respect to such non-discretionary accounts, DWM provides investment recommendations to the Client developed in accordance with DWM's investment process and any applicable Client investment objectives, guidelines and restrictions. If the Client accepts DWM's investment recommendation, the Client will either execute the transaction or will provide written instructions to which DWM adheres in the execution of the transaction on behalf of the Client.

For accounts in which DWM has discretion, DWM selects the broker or dealer or other entity to effect Client transactions, if any.

## **Voting Client Securities**

DWM's Clients from to time acquire equity securities that require DWM to vote proxies on their behalf. DWM's guidelines are to vote such proxies in the best interest of its Clients. A proxy that is received by DWM will be voted for a Client when voting would be in the best interest of such Client, as determined by DWM in its discretion. If a Client has provided DWM with specific guidelines for voting proxies on its behalf, DWM will follow those guidelines. If a Client informs DWM that it desires to retain the right to exercise its vote with respect to a security held in its account with DWM, the Chief Compliance Officer or his or her designee shall inform the custodian of the relevant Fund to ensure that all shareholder communications and voting materials are sent directly to such Client or its designated representative.

DWM's general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of the Funds, as determined by DWM in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, DWM may refrain from voting proxies where it believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the Funds.

Clients may obtain information from DWM regarding how their securities were voted by contacting Edward Marshall at 203-655-5453 and DWM will provide copies of these procedures upon the request of its Clients.

### **Financial Information**

DWM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

# DWM Asset Management, LLC

## Part 2B of Form ADV

### The Brochure Supplement

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[www.dwmarkets.com](http://www.dwmarkets.com)

Updated: March 2011

This brochure supplement provides information about Kathryn D. Barrios, Peter H. Johnson, James C. Kaddaras, Judy Kirst-Kolkman, and J. Bradley Swanson. It supplements DWM's accompanying Form ADV brochure. Please contact DWM's Chief Compliance Officer at 203-655-5453 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Mss. Barrios and Kirst-Kolkman and Messrs. Johnson, Kaddaras, and Swanson is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

DWM considers business and investment experience one of the most important criteria in the selection of the persons to be involved in determining or giving investment advice to Clients. More generally, DWM seeks people with employment backgrounds that are compatible with the functions they are to perform — either in experience or with a bachelor's and/or advanced degree which indicates the skills and intelligence necessary for the performance of assigned tasks.

The following persons are the partners of DWM or employees of DWM who determine the general investment advice given to Clients or other persons with similar status or performing similar functions. Individuals are listed alphabetically.

## **Kathryn D. Barrios Biographical Information**

### **Educational Background and Business Experience**

**Kathryn Barrios, Chief Credit Officer** (born in 1947).

Kathryn Barrios has served as the Chief Credit Officer of DWM since 2010. As Chief Credit Officer, she is primarily responsible for ensuring high credit quality, and appropriate structure for all new debt investments. Jointly with the portfolio analysts, she is actively involved in ongoing investment monitoring to maintain portfolio quality across all funds. She serves on the DWM Credit Committee.

Ms. Barrios' grass roots involvement in economic development began as an Urban Community Development volunteer in the U.S. Peace Corps in Panama City, Panama. She also spent thirty years in the commercial banking sector in both Latin America and the USA.

In Brazil, Ms. Barrios served as Deputy Credit Officer for Chase Manhattan Bank from 1989-1992, and ran a team of 20 analysts and exercised credit authority over a portfolio of 300 Brazilian accounts during the turbulence of the hyper-inflationary years. In 1993, she opened a women's not for profit office in Stamford, Connecticut to provide training for women entrepreneurs.

Ms. Barrios has a BA in International Relations from Pomona College, and a Master's from the Thunderbird School of Global Management. She is fluent in Spanish and Portuguese.

### **Disciplinary Information**

Ms. Barrios has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Barrios or of DWM.

### **Other Business Activities**

Ms. Barrios does not receive compensation in connection with any business activity outside of advisory services provided by DWM.

### **Additional Compensation**

Ms. Barrios does not receive economic benefits from any person or entity other than DWM in connection with the provision of investment advice to clients.

### **Supervision**

Ms. Barrios' investment recommendations are supervised by DWM's Credit Committee, which includes all of the partners of DWM as well as herself.

## **Peter Johnson's Biographical Information**

### Educational Background and Business Experience

**Peter H. Johnson, Partner, Capital Markets Manager** (born in 1954):

Peter H. Johnson is responsible for the origination of structured opportunities, fund development, investor relations. He also serves as the relationship manager for certain investments. He is a member of the DWM Credit Committee and Investment Committee.

From 1994 through 2004 Mr. Johnson co-managed DWM I Fund, L.P., the firm's legacy activity, with Judy Kirst-Kolkman, which participated in over 350 IPOs and Secondary Offerings on local emerging market stock exchanges. Prior to DWM, Mr. Johnson spent 14 years with Bankers Trust, focused exclusively on emerging markets. As an investment banker in London with Middle Eastern institutional clients, he helped restructure their direct investments in Asia, Latin America, and Eastern Europe. In New York, Mr. Johnson conceived and executed multiple bond issues to restructure \$14 billion of Foreign Military Sales (FMS) debts to the U.S. government by emerging market governments. In Cairo, Mr. Johnson opened and managed Bankers Trust's Egypt office and negotiated Bankers Trust's first debt for equity swap and first asset backed financing backed by workers' remittances.

Mr. Johnson has an MA from the Fletcher School of Law and Diplomacy at Tufts University and a BS from the School of Foreign Service at Georgetown University. He is competent in French and conversational Spanish. Since 1996 Peter has been on the board of Pro Mujer International and served from 2003-2006 as Chairman of the Board. Until 2007 he was also on the board of Pro Mujer Mexico.

### Disciplinary Information

Mr. Johnson has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Johnson or of DWM.

### Other Business Activities

Mr. Johnson is a registered representative of DWM Finance LLC, DWM's affiliated broker-dealer. Mr. Johnson does not receive compensation in connection with any business activity outside of advisory services provided by DWM.

### Additional Compensation

Mr. Johnson does not receive economic benefits from any person or entity other than DWM in connection with the provision of investment advice to clients.

### Supervision

Mr. Johnson's investment recommendations are supervised by DWM's Credit Committee (for debt investments), which includes all of the partners of DWM as well as the Chief Credit Officer, Kathryn Barrios, and DWM's Investment Committee (for equity investments), which consists of

all of the partners of DWM. Kathryn Barrios can be reached directly by calling the telephone number +1 (203) 655-5453 extension 103.

## **James C. Kaddaras's Biographical Information**

### Educational Background and Business Experience

**James C. Kaddaras, Partner, Debt Manager** (born in 1955): James C. Kaddaras joined DWM in 2005 and is a partner in the firm. His principal role is as head of the lending team, with overall responsibility for the firm's debt products and transactions, and legal affairs. He is a member of the DWM Credit Committee and Investment Committee. A practicing lawyer for many years, Mr. Kaddaras provides general oversight on the legal aspects of the firm's transactions and is responsible for its corporate structures.

Prior to joining DWM, Mr. Kaddaras served as President and CEO of Working Capital and then as VP for Special Projects at ACCION International, a leading microfinance network, following the merger of Working Capital with ACCION USA that he negotiated in 2001. At ACCION, Mr. Kaddaras was the chief architect and principal negotiator and fundraiser for ACCION Investments, then a \$20 million Fund investing in microfinance institutions in Latin America and Africa. Previously, Mr. Kaddaras spent 12 years as an international lawyer with BankBoston, where he had a wide-ranging financial law practice, much of which focused on Latin America. Prior to that, he was a foreign service officer for five years, including postings in Greece and Panama.

Mr. Kaddaras received his BA in French magna cum laude from Tufts University (1976) and his JD from The George Washington University National Law Center (1980).

### Disciplinary Information

Mr. Kaddaras has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Kaddaras or of DWM.

### Other Business Activities

Mr. Kaddaras is a registered representative of DWM Finance LLC, DWM's affiliated broker-dealer. Mr. Kaddaras does not receive compensation in connection with any business activity outside of DWM.

### Additional Compensation

Mr. Kaddaras does not receive economic benefits from any person or entity other than DWM in connection with the provision of investment advice to clients.

### Supervision

Mr. Kaddaras' investment recommendations are supervised by DWM's Credit Committee and Investment Committee and Kathryn Barrios, Chief Credit Officer. Kathryn Barrios can be reached directly by calling the telephone number +1 (203) 655-5453 extension 103.

## **Judy Kirst-Kolkman's Biographical Information**

### Educational Background and Business Experience

#### **Judy L. Kirst-Kolkman, Partner, Portfolio Manager (born in 1960):**

Judy Kirst-Kolkman heads DWM's fund management team, and chairs the DWM Credit and Investment Committees. From 1999 through 2004 Judy co-managed the DWM I Fund L.P., the firm's legacy activity, with Peter Johnson (and from 2004 sole-managed), with its focus on emerging market IPOs, secondary offerings, and private placements – participating in over 350 such offerings.

Before 1999, Ms. Kirst-Kolkman focused on DWM's then sole client, the LHO Global Markets Fund, first as senior emerging markets analyst and later as assistant investment manager. She began in 1995 with a focus on country analysis and contributed to the development of an emerging markets country assessment methodology used by DWM, LHO and Brinson Partners, Inc/UBS Brinson.

Before taking time out to have two children, Ms. Kirst-Kolkman was the financial manager of a private Connecticut-based real estate development business and had positions in financial management and accounting for Connecticut-based subsidiaries of Control Data and 3M Corporation from 1986 to 1992.

Ms. Kirst-Kolkman has BA in Finance from Purdue University (1983) and speaks conversational Spanish. She is a member of the board of Creative Connections, a nonprofit international cultural exchange organization and previously served as a member of the Loan Fund Committee of Pro Mujer International, which makes loans for affiliate micro-finance institutions in Latin America.

### Disciplinary Information

Ms. Kirst-Kolkman has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Kirst-Kolkman or of DWM.

### Other Business Activities

Ms. Kirst-Kolkman is a registered representative of DWM Finance LLC, DWM's affiliated broker-dealer. Ms. Kirst-Kolkman does not receive compensation in connection with any business activity outside of DWM.

### Additional Compensation

Ms. Kirst-Kolkman does not receive economic benefits from any person or entity other than DWM in connection with the provision of investment advice to clients.

### Supervision

Ms. Kirst-Kolkman's investment recommendations are supervised by DWM's Credit Committee and Investment Committee as well as the Chief Credit Officer, Kathryn Barrios. Kathryn Barrios can be reached directly by calling the telephone number +1 (203) 655-5453 extension 103.

## **Bradley Swanson's Biographical Information**

### Educational Background and Business Experience

**J. Bradley Swanson, Partner, Private Equity Manager (born in 1954):** Mr. Swanson is a partner and oversees DWM's private equity business in global emerging markets. He is also a member of the DWM Investment Committee.

Prior to joining DWM in 2004, Mr. Swanson served with investment banks and fund managers in Washington DC (Global Environment Fund), London (Bankers Trust and BNP) from 1995 to 2000, and New York (DLJ) from 1988 to 1990, mainly focusing on emerging markets. Mr. Swanson has also worked for the US government twice, first as a diplomat in West Africa for the State Department in the 1980s and again in 2004 in the occupation government in Iraq for the Defense Department, where he managed funding programs for medium, small, and micro enterprises. Mr. Swanson wrote the chapter on capital markets in Microfinance: Emerging Trends and Challenges (Edward Elgar Publishing, 2009). His pro bono work includes a board seat with Partners for the Common Good, a non-profit community development finance institution in Washington DC.

Mr. Swanson has a BA from Princeton University (1976) and an MBA from Columbia University (1988).

### Disciplinary Information

Mr. Swanson has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Swanson or of DWM.

### Other Business Activities

Mr. Swanson is a registered representative of DWM Finance LLC, DWM's affiliated broker-dealer. Mr. does not receive compensation in connection with any business activity outside of DWM.

### Additional Compensation

Mr. Swanson does not receive economic benefits from any person or entity other than DWM in connection with the provision of investment advice to clients.

### Supervision

Mr. Swanson's investment recommendations are supervised by DWM's Investment Committee.