
ADV Part 2
April 15, 2013

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This brochure provides information about the qualifications and business practices of UCM Partners, L.P. If you have any questions about the contents of this brochure, please contact us by phone, 212-797-2688, or e-mail, info@ucmpartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

UCM Partners, L.P. is a registered investment adviser. The term registered investment adviser reflects UCM Partners' registration with the SEC and does not imply a certain level of skill or training.

Additional information about UCM Partners, L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

We have included below in this Item 2 only those material changes that have been made to UCM's June 1, 2012 brochure. Since June 1, 2012, (i) UCM has instituted a procedure for pre-clearance of employee trades through Compliance11, an electronic preclearance system; (ii) certain revisions have been made to Item 10 to reflect that certain UCM related persons serve as general partner and/or directors to certain of the funds advised by UCM; (iii) to add certain conflicts in Item 11 to reflect that clients may invest in funds managed by UCM; (iv) update the description of our brokerage practices in Item 12 to reflect that while we may consider research provided by brokers, the Firm does not currently use soft dollars and (v) reflect in Item 15 that UCM is indeed deemed to have custody of certain funds for which its affiliated general partner, or its related persons, have management positions.

UCM will provide you with a new brochure as necessary or when requested without charge.

Currently, UCM's brochure may be requested by contacting Thomas Mandel, Senior Managing Director, at 212-612-9129 or 212-797-2688. UCM's Brochure is also available free of charge on our web site www.ucmpartners.com. Additional information about UCM Partners, L.P. is available via the SEC's web site www.adviserinfo.sec.gov.

Item 2 – Material Changes

April 15, 2013 – UCM New Horizon Fund, L.P. and UCM Secured Asset Allocation Fund, L.P. were removed from ADV Parts 1 and 2 because the funds were closed.

Item 3 -Table of Contents

Item 2 – Material Changes.....	ii
Item 3 -Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	1
Item 6 – Performance-Based Fees and Side-By-Side Management	4
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9 – Disciplinary Information	7
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	8
Item 12 – Brokerage Practices	9
Item 13 – Review of Accounts.....	11
Item 14 – Client Referrals and Other Compensation.....	11
Item 15 – Custody	11
Item 16 – Investment Discretion	12
Item 17 – Voting Client Securities.....	12
Item 18 – Financial Information.....	12

Item 4 – Advisory Business

- A. UCM Partners, L.P. (“UCM” or “the Firm”) is a Delaware limited partnership that has been in business as an SEC registered investment adviser since 1992.

Currently, the Firm’s principal owners are:

UCM Partners II, LLC (34.5 %) (Gregory Parsons, Jerald Menozzi)
RDP I LLC (31.5%) (Richard Parsons)

B. UCM provides advisory services and discretionary and non-discretionary fixed-income portfolio management for institutional and high net worth clients in both long only and alternative strategies. These services include continuous evaluation of a client’s portfolio, and purchases and sales of securities according to client guidelines established prior to account opening in accordance with each client’s investment objectives and constraints. UCM specializes in fixed income securities, specifically securitized debt and short duration strategies. UCM does not provide financial planning services.

C. UCM may tailor a separate account according to an institutional or high net worth client’s guidelines that are established prior to account opening. These guidelines are stated in the investment advisory agreement and entered into UCM’s Bloomberg Compliance Manager System so each trade for the portfolio is “tested” against the guidelines. Portfolio Managers and the Operations Department monitor these portfolios on an ongoing basis. UCM also manages and sub-advises registered and unregistered commingled investment funds.

D. UCM does not participate in wrap fee programs.

E. As of 12/31/2011, UCM had \$1,167,696,164.00 in assets under management. \$612,850,720.00 of assets are managed on a discretionary basis; \$554,845,444.00 of assets are managed on a non-discretionary basis.

Item 5 – Fees and Compensation

- A. UCM may be compensated for advisory services based on one or more of the following:
- i. A percentage of assets under management
 - ii. Fixed fees (other than subscription fees)
 - iii. Performance based fees

Separate account management fee schedules are listed below, and may be negotiable. Fees are an annual percentage of assets calculated quarterly in arrears. Incentive based fees are discussed in Item 6.

Cash Management

Up to \$50 million 0.15%
\$51 to \$250 million 0.10%
Over \$250 million 0.08%
Minimum Annual Fee \$50,000

Short Duration

Up to \$50 million 0.25%
\$51 to \$250 million 0.20%
Over \$250 million 0.15%
Minimum Annual Fee \$50,000

Core Fixed Income

Up to \$50 million 0.30%
\$51 to \$250 million 0.25%
Over \$250 million 0.20%
Minimum Annual Fee \$50,000

Passive MBS

Up to \$250 Million 0.12%
\$250 to 500 Million 0.10%
\$500 to 1,000 Million 0.08%
Over \$1 Billion 0.06%
Minimum Annual Fee \$50,000

Active MBS

Up to \$50 Million 0.30%
\$50 to 250 Million 0.250%
Over \$250 Million 0.20%
Minimum Annual Fee \$50,000

Unregistered private fund management fee schedules are listed below. Fees are an annual percentage of assets and, unless otherwise noted, are calculated quarterly in arrears and may be waived by UCM with respect to particular investors in the Funds. Incentive based fees or allocations are also set forth below and are more fully discussed in Item 6.

UCM Opportunistic Mortgage Strategy Fund

Management Fee – 75 basis points of assets under management paid monthly in arrears
Incentive Allocation – 10% of net capital appreciation over hurdle rate of 12 month LIBOR + 75 bps paid annually with a high water mark

Minimum Investment – U.S. \$5,000,000; Minimum additional investment is \$50,000

UCM MIDAS Fund, L.P.

Management Fee – 1.5% of assets under management

Incentive Allocation - 20% of net capital appreciation with a high water mark

Minimum Investment – U.S. \$500,000; Minimum additional investment is \$50,000

UCM Government/Credit Fixed Income Fund, L.P.

Management Fee – 0.014583% of the NAV of the Capital Account of each partner at the close of the last business day of each calendar month (0.175% per annum)

Incentive Allocation - None

Minimum Investment – U.S. \$5,000,000.00; Minimum additional investment is \$50,000.00

UCM Active MBS Fund, L.P.

Management Fee –

i. 0.00042% of the NAV of the capital Account of Class A Partners

ii. 0.0292% of the NAV of the Capital Account of Class B Partners

iii. 0.0083% of the NAV of the Capital Account of Class C Partners

Incentive Allocation – 10% increase of the Aggregate Net Increase in excess of the Hurdle with respect to each Class C Partner. A “high water mark” method of incentive allocation has been adopted by utilizing the Loss Recovery Account method described in the PPM

Minimum Investment - U.S. \$1,000,000; Minimum additional investment is \$50,000

UCM US RMBS Opportunity REIT, Inc.

Management Fee – Compensation Fee

Annual asset management fee of 1.5% of average assets under management, paid monthly,

Incentive Fee – 20% of net proceeds from investment and sales activities after distributions to stockholders of their target dividend of 8.0% on a cumulative basis, for all previous and current distribution periods.

Minimum Investment - 5,000 shares for \$50,000.00 at \$10.00 per share; Minimum additional investment is \$1,000.00; Minimum amount of Shares that must be sold is \$1,000,000 (100,000 shares)

UCM Short Duration Fund

Management Fee – Institutional Shares is .035%; Investor Shares 0.35%

UCM has contractually agreed to reduce a portion of its fee and reimburse the Fund expenses to limit Total Annual Fund Operating Expenses of Institutional and Investor Shares to 0.60% and 0.85% respectively through March 31, 2013. See the prospectus for additional information.

Incentive Fee – None

Minimum Investment –

Institutional Shares - \$1,000,000; no minimum additional investment amount

Investor Shares - \$2,500; no minimum additional investment amount

- B. Separate account and commingled fund management fees are deducted by the client or the client's designee (such as an administrator or custodian) from client assets in a manner that is established at account opening. Generally, as agreed upon with the client at account inception, UCM will invoice the fund administrator, custodian and/or the client for payment of UCM's fees.
- C. UCM's fees are exclusive of custodial fees, trading costs, including brokerage commissions, and other related costs and expenses which may be incurred by the client. UCM does not recommend broker-dealers to clients. Broker-dealers on UCM's approved broker list are approved by UCM after a due diligence compliance and best execution review. See Item 12 of this Brochure for a discussion of UCM's brokerage practices.
- D. UCM does not collect fees in advance.
- E. Neither UCM nor its supervised persons accept compensation for the sale of securities or other investment products including asset-based charges or service fees.

The specific manner in which fees are charged by UCM is established in a client's written Advisory Agreement with UCM. Generally, accounts initiated or terminated during a calendar quarter are charged a prorated fee and, in most instances, a client may terminate a separate account agreement without penalty. Fees and termination terms for funds are stated in the appropriate PPM and investment management agreements.

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

In some cases, UCM has established performance based fee arrangements with institutional investors at account inception. Such fees are subject to negotiation with each client. UCM will structure a performance or incentive fee arrangement subject to Section 205(a) (1) of the Investment Advisers Act of 1940 in accordance with the exemptions available including the exemption set forth in Rule 205-3. In measuring a client's assets for the calculation of performance-based fees, UCM shall include realized and unrealized capital gains and losses.

Performance based fee arrangements may create an incentive for an advisor (such as UCM) to purchase or recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may create an incentive to favor higher fee paying accounts over other accounts, or to favor performance fee paying clients over non-performance fee paying clients, in the allocation of investment opportunities. UCM has established asset allocation procedures designed and implemented to ensure that all client accounts are treated fairly and equitably to prevent and manage conflicts of interest from influencing the allocation of investment opportunities among client accounts. UCM uses the Bloomberg Compliance Manager system together with its asset allocation procedures to ensure assets are appropriately allocated according to a portfolio's or investor's guidelines, requirements, limitations, and directives. The CIO reviews the process on an ongoing basis to ensure that the allocation process follows the prescribed methods to reduce risk and potential conflicts.

UCM does not participate in side-by-side management of assets.

Item 7 – Types of Clients

UCM provides portfolio management services to many different types of clients including institutional and high net worth clients who are accredited investors under Regulation D of the Securities Act and qualified clients under the Advisers Act or qualified purchasers under the Investment Company Act. Institutional clients include corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds (UCM Short Duration Fund (Institutional Shares – UCMIX; Investor Shares – UCMRX), a registered mutual fund which is a series of the Forum Funds), private investment funds (oftentimes in a master/feeder structure), and trust programs.

Fund account opening minimums vary and are stated in the PPM of each fund. Separate account opening minimums are established at account opening.

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

UCM has a series of fixed income investment strategies, most of which have the objective of outperforming benchmark indices or providing absolute returns while managing risk. UCM's historical primary source of value added has been security selection within the securitized debt sector consisting of mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), and asset-backed securities (ABS). In some cases and in some strategies, UCM utilizes sub-advisors to supplement our core competencies. We believe that fixed income market inefficiencies allow for value added through active management.

Through the utilization of a team approach, we generally seek to add value through:

1. Security Selection: Overweighting securities we believe should outperform, and under-weighting securities that we believe are at risk of under-performing the sector overall. This process is both qualitative and quantitative.

2. Sector Selection: Over-weighting/ under-weighting broad fixed income sectors based on our expectation for out-performance or relative under-performance of fixed income sectors, generally consisting of Treasuries, Government Agencies, Corporate Bonds, MBS, CMBS, and ABS securities. Equally important in our process is the management and control of risk.

3. Macro or Yield Curve/Duration Strategies: Modestly adjusting interest rate sensitivity of our portfolios based on our expectation for yield curve changes based on economic, market, and technical conditions.

4. Risk Management: Throughout our investment process we utilize a number of quantitative processes to seek to understand, quantify, and control risk, including minimizing downside risk and volatility.

UCM sources ideas for its investment strategies through internal discussion, macroeconomic analysis of the economy, technical and fundamental market analysis, quantitative analysis using proprietary and third party models, and continuous evaluation of securities available for purchase and sale. We also interact continuously with our partners including sub-advisors, and with trading counterparties including primary and regional broker/dealers, in order to evaluate investment opportunities and strategies presented.

Our sector, sub-sector and industry allocation decisions are based on fundamental “top-down” analysis. Our security selection investment process for securitized debt utilizes a proprietary loan-level loss model which generates separate default and severity vectors for delinquency pipeline, voluntary defaults, and involuntary defaults to analyze the expected loss adjusted yields for residential MBS.

Principal risks of UCM’s fixed income investment strategies may include:

1. Mortgage-Backed Securities Risk

A large portion of UCM’s investment activities involve the purchase, sale, and analysis of mortgage-backed securities. The value of these securities can fall if the owners of the underlying mortgages pay off their mortgages sooner than expected, which could happen when interest rates fall, or later than expected, which could happen when interest rates rise. If the underlying mortgages are paid off sooner than expected, our strategies may require reinvesting this money in mortgage-backed or other securities that have lower yields. Mortgage-backed securities are most commonly issued or guaranteed by U.S. government agencies or instrumentalities (“Agencies”), but may also be issued or guaranteed by other private issuers. Although obligations of Agencies are not debts of the U.S. Treasury, in some cases, payment of interest and principal on such obligations is guaranteed

by the U.S. government. There is no guarantee that the U.S. government will support securities not backed by its full faith and credit. Accordingly, although these securities historically have involved little risk of loss of principal if held to maturity, they may involve more risk than securities backed by the U.S. government's full faith and credit. Mortgage-backed securities issued by private issuers, whether or not such obligations are subject to guarantees by the private issuer, may entail greater risk than obligations directly or indirectly guaranteed by the U.S. government.

2. Commercial Mortgage-Backed Securities Risk

Commercial Mortgage-Backed Securities ("CMBS") include securities that reflect an interest in, and are secured by, mortgage loans on commercial real property. Many of the risks of investing in CMBS reflect the risks of investing in the real estate securing the underlying mortgage loans.

3. Asset-Backed Securities Risk

Payment of interest and repayment of principal may be impacted by the cash flows generated by the assets backing asset backed securities. The value of asset-backed securities may also be affected by changes in interest rates, the availability of information concerning the interests in and structure of the pools of purchase contracts, financing leases or sales agreements that are represented by these securities, the creditworthiness of the servicing agent for the pool, the originator of the loans or receivables, or the entities that provide any supporting letters of credit, surety bonds, or other credit enhancements.

4. Interest Rate Risk

A rise in interest rates typically causes a fall in the value of fixed-income securities.

5. Credit Risk

The value of an investment may change in response to changes in the credit quality or credit ratings of the securities in the portfolio. Generally, investment risk and price volatility increase as a security's credit quality or rating declines.

6. Prepayment Risk

Prepayment risk is the risk that the ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change. Such prepayments often occur during periods of declining interest rates, and may cause a portfolio to reinvest its assets in lower yielding securities.

Investing in securities involves risk of loss that clients should be prepared to bear. Hedge fund investing is speculative and may involve substantial investment, liquidity, derivative, and other risks described in the private placement memorandum (PPM) of each fund. Hedge funds can use leverage and their performance results can be volatile. Hedge funds are not subject to the same regulatory requirements as mutual funds and are not required to provide periodic pricing or valuation information to investors. There is generally no

secondary market for interest in hedge funds nor is one expected to develop. Hedge fund fees and expenses may offset a fund's profits. An investor could lose all or a substantial amount of his/her investment.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or prospective client's evaluation of UCM or the integrity of UCM's management. UCM has no such disciplinary information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

UCM Subadvised GP, LLC serves as the general partner of UCM Government/Credit Fixed Income Fund, L.P. and UCM Active MBS Fund, L.P., UCM Midas GP, LLC serves as general partner of UCM Midas Fund, L.P., Utendahl Investment Partners III, LLC serves as general partner of UCM New Horizon Fund, L.P., Utendahl Investment Partners II, LLC serves as general partner of UCM Global Opportunistic Mortgage Strategy Fund, L.P. and UCM Secured Asset Allocation Fund GP, LLC serves as general partner of UCM Secured Asset Allocation Fund, L.P., all of which are funds advised by UCM. The general partner entities are under common control with UCM.

UCM is the investment adviser for the UCM Short Duration Fund, a registered mutual fund which is a series of the Forum Funds.

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

UCM has adopted a Code of Ethics for all supervised persons of the firm that describes its standard of business conduct and fiduciary duty to its clients. The Code of Ethics covers many areas, including the Firm's expectations regarding appropriate business conduct, confidentiality of client information, prohibition on insider trading, procedures to follow regarding grants, gifts and business entertainment, personal securities trading procedures, and procedures for charitable and political contributions. All employees of UCM must acknowledge the terms of the Code of Ethics annually or as amended.

UCM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it may cause accounts over which UCM has management authority to effect, and may recommend to advisory clients or prospective clients, the purchase or sale of securities in which the Firm and/or other clients, directly or indirectly, have a position or interest. Notwithstanding the foregoing, the Firm and its related persons generally are prohibited from purchasing securities held by, or recommended to, clients. In the unlikely event the Firm or a related person invests in a security/fund/ portfolio that is held by or

recommended to a client/investor, a conflict of interest may result from making such a recommendation to a client if the Firm or related person receives an increase (or decrease) in the value of the security and the client does not receive a benefit and incurs a loss. To seek to manage any potential conflicts, UCM's employees are required to follow the UCM Code of Ethics, which requires, among other things, all employees to preclear their personal securities transactions through Compliance11, an electronic preclearance system. Preclearance requests that are exceptions and cannot be preapproved by the Compliance11 system will be forwarded to the Chief Compliance Officer (CCO) for approval or denial. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between UCM client portfolios and employees. In addition, the Firm's CCO or CEO may restrict trading. Officers, directors and employees of UCM may trade for their own accounts only with the preapproval mentioned above.

The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of UCM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while allowing employees to invest for their own accounts.

Clients may invest in funds advised by UCM and for which a related person services as general partner. UCM's Core strategy invests a portion of its assets into the UCM Government/Credit Fund, while UCM manages the remainder of the assets through either separate accounts or through the UCM Active MBS Fund. UCM acts as an investment adviser to an investment company that it may recommend to clients.

Such transactions may create a potential conflict of interest for UCM in that UCM may have an incentive to recommend a fund for which it serves as investment adviser as an investment to its clients because it, or its affiliate, receives management fees and incentive allocations in connection therewith. UCM seeks to manage this conflict by determining whether the investment is appropriate for the client and by not charging fees at both levels when such an investment occurs.

The Firm's clients or prospective clients may request a copy of the UCM's Code of Ethics by contacting Thomas Mandel, Senior Managing Director, 212-612-9129.

Item 12 – Brokerage Practices

In selecting brokers to effect securities transactions for clients, UCM considers such factors as price, the ability of the brokers to effect the transactions and the brokers' facilities, reliability and financial responsibility. UCM will generally, in selecting brokers and dealers to effect transactions on behalf of the clients, seek to obtain the best price and execution for the transactions, taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm and the firm's risk in positioning a block of securities. Subject to appropriate disclosure, however, UCM may select brokers on a basis other than that outlined above and may receive benefits other than research or that

benefit UCM rather than the client. UCM will generally seek reasonably competitive commission rates, but will not necessarily pay the lowest commission available on each transaction provided it is meeting its best execution obligations.

Consistent with seeking best price and execution, UCM may place brokerage orders with brokers that may provide UCM and its affiliates with supplemental research, market and statistical information, including information as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, and furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. The expenses of UCM are not necessarily reduced as a result of the receipt of this supplemental information, which may be useful to UCM or its affiliates in providing services to clients other than the relevant client. In addition, not all of the supplemental information is used by UCM in connection with an investment in which the particular client invests. Conversely, the information provided to UCM by brokers and dealers through which other clients of UCM and its affiliates effect securities transactions may be useful to UCM in providing services to the client.

Notwithstanding the foregoing paragraph, UCM does not currently participate in soft dollar programs nor does it consider, in selecting or recommending broker-dealers, whether UCM or a related person received client referrals from the broker.

If a client asks for a broker recommendation, UCM will suggest more than one broker, describing their reputation for execution, products, services, and research and price competitiveness.

In carrying out its fiduciary responsibilities for the best execution and appropriate allocation for each portfolio, UCM may aggregate the purchase or sale of securities that are appropriate for more than one account. Asset allocation is based on portfolio guidelines, portfolio requirements to fulfill the guidelines, cash available, and securities available in the market. A strict calculation method is used to determine appropriate asset allocation among accounts.

Certain institutional advisory accounts may trade in the same securities with other institutional advisory accounts on an aggregated basis when consistent with the portfolio guidelines and UCM's obligation of best execution.

Item 6 discusses UCM's allocation procedures.

It is UCM's policy that the Firm will not conduct any principal or agency cross securities transactions for client accounts. UCM will also not cross trades between client accounts.

Item 13 – Review of Accounts

UCM accounts are reviewed at least monthly by the CIO and the senior investment team. This review is based on each portfolio's guidelines, objectives, UCM's investment strategy and other relevant factors. Each portfolio is reviewed daily by the portfolio management team for UCM's investment strategy and other relevant factors. All accounts are reviewed with clients at least annually for necessary changes or updates.

UCM provides quarterly reports to clients and investors in the funds detailing trading, performances, holdings, and information about market activity. UCM also provides monthly reports as requested by clients.

Item 14 – Client Referrals and Other Compensation

UCM and its related persons do not have arrangements, either oral or in writing, that would allow UCM to be paid cash or receive any economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

No party provides economic benefits (such as sales awards or other prizes) to UCM for providing investment advice or other advisory services to UCM's clients.

From time-to-time UCM may maintain a solicitor's agreement arrangement with certain individuals who are not UCM supervised persons for introductions to institutional clients. Where required, such solicitation arrangements will comply with Advisers Act rule 206(4)-3 and such arrangements will be appropriately implemented and disclosed.

UCM maintains third party marketing agreements with Point Capital Markets LLC, ACGM Inc., and Connex International LLC for the purposes of introduction and referral of UCM's unregistered fund products to suitable investors.

Item 15 – Custody

UCM is deemed to have custody over the assets of certain Funds as its affiliate serves as general partner of certain Funds, and its related persons serve as directors of certain Funds. Investors in such Funds receive audited financial statements prepared in accordance with US generally accepted accounting principles within 120 days of the fund's fiscal year end.

In addition, UCM ensures that clients receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains clients' investment assets. UCM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. UCM urges its clients to carefully review statements and compare such official custodial records to the account statements that UCM may have provided.

Item 16 – Investment Discretion

UCM usually receives discretionary authority from a client at the outset of an advisory relationship. This discretionary authority allows UCM to select the identity and amount of securities to be bought or sold for the client. In all cases, however, such discretion is to be exercised by UCM in a manner consistent with the stated investment objectives and guidelines for each client account.

When selecting securities and determining amounts, UCM observes the investment guidelines, policies, limitations and restrictions of the clients which it advises. As a sub-advisor for a registered investment company, UCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

At account inception, investment guidelines and restrictions are established and recorded in the advisory agreement between UCM and the client and in the Bloomberg Compliance Manager system.

Item 17 – Voting Client Securities

UCM specializes in fixed income securities and does not vote proxies for securities held in client accounts. Should this change in the future, UCM will establish proxy voting procedures.

Item 18 – Financial Information

UCM does not collect advisory fees in advance, has no financial condition that is likely to impair the Firm's ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Requests for financial information should be directed to Gregory Parsons, CEO, at 212-612-9190.