

# **LEDGEWOOD CAPITAL, INC.**

## **COMPLIANCE MANUAL (INCLUDING CODE OF ETHICS)**

**March 2018**

**This Compliance Manual is the sole property of Ledgewood Capital, Inc. The contents of the Compliance Manual are confidential and not for external distribution.**

## TABLE OF CONTENTS

	Page
<b>SECTION 1: INTRODUCTION AND OVERVIEW .....</b>	<b>1</b>
1.1 Introduction and Overview .....	1
1.2 Adviser's Business.....	2
1.3 Adviser's Regulatory Status .....	2
1.4 Adviser's Fiduciary Obligations .....	3
1.5 Adviser May Not Do Indirectly What It May Not Do Directly.....	4
1.6 Duty to Supervise Under the Advisers Act.....	4
<b>SECTION 2: ADVISER'S COMPLIANCE PROGRAM.....</b>	<b>5</b>
2.1 Development and Implementation of the Compliance Program, Including Risk Assessment.....	5
2.2 Duties of the Principal .....	5
2.3 Role of the Chief Compliance Officer .....	6
2.4 Duties of the Chief Compliance Officer .....	6
2.5 General Compliance Principles Applicable to All Supervised Persons.....	7
2.6 Initial and Periodic Acknowledgements, Certifications and Reports .....	8
2.7 Training.....	9
2.8 Periodic and Annual Review of Adviser's Compliance Program .....	9
2.9 Potential Consequences of Violations of Adviser's Compliance Program .....	10
2.10 Reporting Violations .....	10
2.11 Questions Concerning Adviser's Compliance Program .....	11
<b>SECTION 3: FORM ADV; DUTY TO DISCLOSE.....</b>	<b>11</b>
3.1 Form ADV .....	11
3.2 Need to Keep Form ADV Current .....	11

3.3	Prompt Amendments for Changes in Certain Part 1 Items; Annual Amendments for All Other Part 1 Changes .....	12
3.4	Part 2A Brochure; Rule 204-3 (the Brochure Delivery Rule) .....	12
3.5	Part 2B Brochure Supplement .....	13
3.6	Electronic Delivery .....	14
3.7	Notice Filings.....	14
3.8	Duty to Keep Clients and Investors Informed of Material Information .....	14
3.9	Supervised Persons Must Disclose Disciplinary Actions and Personal Litigation to Adviser.....	15
<b>SECTION 4: CONFLICTS OF INTEREST .....</b>		<b>15</b>
4.1	Identification and Disclosure of Conflicts of Interest.....	15
4.2	Client Consent.....	16
4.3	Providing Investment Advice to Persons Other Than Adviser Clients.....	16
4.4	Disclosure of Personal Interest in Transactions.....	16
4.5	Relationships with Outside Vendors.....	17
<b>SECTION 5: CODE OF ETHICS AND PERSONAL TRADING.....</b>		<b>17</b>
<b>SECTION 6: PREVENTING INSIDER TRADING.....</b>		<b>17</b>
<b>SECTION 7: GIFTS AND ENTERTAINMENT.....</b>		<b>18</b>
7.1	General Policy.....	18
7.2	Receiving Gifts .....	18
7.3	Giving Gifts .....	18
7.4	Gifts From or To Persons Associated with a Broker-Dealer .....	19
7.5	Business-Related Entertainment .....	19
7.6	Gifts or Entertainment Involving U.S. Government Officials, Pension Plan Representatives or Union Officials.....	19
7.7	Gifts or Entertainment Involving Foreign Officials.....	19

<b>SECTION 8: POLITICAL CONTRIBUTIONS; PREVENTING “PAY-TO-PLAY” PRACTICES .....</b>	<b>20</b>
8.1 Overview .....	20
8.2 Rule 206(4)-5 (to Prevent Pay-to-Play Practices).....	20
8.3 Adviser’s General Policy .....	21
8.4 Lobbying Activities .....	21
<b>SECTION 9: OUTSIDE BUSINESS ACTIVITIES .....</b>	<b>22</b>
9.1 General Policy.....	22
9.2 Disclosure and Preclearance of Outside Business Activities.....	22
9.3 Restrictions on Serving as a Director or on an Investment Committee .....	23
<b>SECTION 10: CONFIDENTIALITY AND PREVENTING MISAPPROPRIATION OF INFORMATION.....</b>	<b>24</b>
10.1 Confidentiality as a Condition of Employment .....	24
10.2 Confidentiality Agreements .....	24
10.3 Protection of Adviser and Client Proprietary Information .....	24
10.4 Non-Disclosure of Nonpublic Personal Information .....	25
10.5 Duty to Report.....	25
<b>SECTION 11: PRIVACY POLICY .....</b>	<b>25</b>
11.1 Compliance with Regulation S-AM.....	27
11.2 Information Security Plan .....	27
11.3 State Privacy Laws.....	29
11.4 Proper Disposal of Consumer Information .....	31
<b>SECTION 12: PROMOTIONAL MATERIALS .....</b>	<b>32</b>
12.1 In General.....	32
12.2 Review and Dissemination Procedures.....	39
12.3 Required Maintenance of Supporting Documentation .....	40

12.4	Requests for Proposals .....	40
12.5	No Regulatory Filings of Promotional Material .....	40
<b>SECTION 13: USE OF SOCIAL MEDIA.....</b>		<b>41</b>
<b>SECTION 14: ADVISORY AND SUBADVISORY CONTRACTS .....</b>		<b>41</b>
14.1	Advisory Contracts .....	41
14.2	Subadvisory Agreements .....	42
<b>SECTION 15: SOLICITING PROSPECTIVE INVESTORS .....</b>		<b>42</b>
15.1	Offering Documents.....	42
15.2	Adviser’s Potential Liability for Certain Misstatements and Omissions in Offering Memoranda .....	43
15.3	Duties of Adviser Personnel With Respect to Fund Offering Memoranda .....	43
15.4	Pre-Existing Relationships Generally Required .....	44
15.5	Soliciting Investors .....	44
<b>SECTION 16: LIMITS ON PUBLICITY .....</b>		<b>44</b>
16.1	Adviser Website Passwords .....	46
<b>SECTION 17: ACCEPTING NEW INVESTORS .....</b>		<b>46</b>
17.1	Subscription Agreements .....	46
17.2	Investor Suitability.....	47
17.3	Acceptance of Documentation.....	47
17.4	Performance-Based Fees.....	47
17.5	Special Arrangements with Investors .....	48
<b>SECTION 18: COMPLYING WITH THE CASH SOLICITATION RULE .....</b>		<b>48</b>
<b>SECTION 19: ERISA CONSIDERATIONS.....</b>		<b>48</b>
19.1	Investments by “Plan Asset” Investors .....	48
19.2	No “Plan Asset” Pools Intended .....	49
19.3	Monitoring of “Plan Asset” Percentages .....	49

<b>SECTION 20: COMMUNICATIONS WITH INVESTORS AND REGULATORS .....</b>	<b>49</b>
20.1    Communications Initiated by Adviser’s Personnel with Investors Restricted.....	49
20.2    Client and Investor Reporting .....	49
20.3    Client and Investor Complaints .....	50
20.4    Communications with Regulators Restricted.....	51
<b>SECTION 21: PORTFOLIO MANAGEMENT .....</b>	<b>51</b>
21.1    Duty to Formulate Suitable Investment Programs for Clients.....	51
21.2    Duty to Have Sufficient Expertise and Investment Management Capacity .....	51
21.3    Duty to Devote Sufficient Attention to Affairs of Each Client .....	51
21.4    Portfolio Management Processes .....	52
21.5    Monitoring Consistency of Investments With Clients’ Investment Objectives.....	52
<b>SECTION 22: USE OF CONSULTANTS, EXPERT NETWORKS AND SIMILAR THIRD PARTIES .....</b>	<b>52</b>
<b>SECTION 23: TRADE ALLOCATION.....</b>	<b>53</b>
<b>SECTION 24: BEST EXECUTION AND SOFT DOLLARS .....</b>	<b>53</b>
24.1    Best Execution .....	53
24.2    Directed Brokerage .....	53
24.3    “Soft Dollars” .....	53
<b>SECTION 25: TRADE ERRORS .....</b>	<b>54</b>
<b>SECTION 26: PRINCIPAL AND CROSS TRADES.....</b>	<b>54</b>
26.1    “Principal” and “Cross” Trades Under Section 206(3) of the Advisers Act .....	54
<b>SECTION 27: LIMITATIONS ON SHORT SALES .....</b>	<b>55</b>
<b>SECTION 28: LIMITATIONS ON PARTICIPATION IN “NEW ISSUES” .....</b>	<b>55</b>
<b>SECTION 29: CUSTODY AND SAFEGUARDING OF CLIENT ASSETS.....</b>	<b>55</b>
29.1    General.....	55
29.2    Transfers .....	56

29.3	Advisers Act Custody Rule.....	56
29.4	Avoiding Possession of Client Assets .....	58
29.5	Inadvertent Receipt of Client Assets.....	59
29.6	Avoiding Misuse of Client Assets .....	59
<b>SECTION 30: VALUATION.....</b>		<b>60</b>
<b>SECTION 31: OVERSIGHT OF SERVICE PROVIDERS .....</b>		<b>60</b>
<b>SECTION 32: PROXY VOTING.....</b>		<b>61</b>
<b>SECTION 33: ELECTRONIC DELIVERY OF DOCUMENTS.....</b>		<b>62</b>
33.1	General.....	62
33.2	SEC Guidance .....	62
<b>SECTION 34: RECORDKEEPING .....</b>		<b>63</b>
34.1	Books and Records Relating to Adviser .....	63
34.2	Records Relating to Form ADV .....	64
34.3	Records Relating to Clients and Client Transactions .....	64
34.4	Records Relating to Compliance With Various Regulatory Requirements.....	66
34.5	Retention Periods .....	68
34.6	Storing Records Electronically .....	68
34.7	Review, Retention and Production of Electronic Mail .....	69
34.8	Periodic Review of Records.....	69
<b>SECTION 35: “BLUE SKY” PROCEDURES .....</b>		<b>69</b>
<b>SECTION 36: ANTI-MONEY LAUNDERING .....</b>		<b>70</b>
<b>SECTION 37: FOREIGN CORRUPT PRACTICES ACT .....</b>		<b>70</b>
<b>SECTION 38: ELECTRONIC AND TELEPHONIC COMMUNICATION SYSTEMS AND INTERNET USAGE .....</b>		<b>70</b>
38.1	Appropriate Use of Electronic and Telephonic Systems .....	70
38.2	Personal and Business Use.....	71

38.3	Text and PIN-to-PIN Messaging .....	71
38.4	Instant Messages .....	72
38.5	Privileged E-mails.....	72
38.6	Promotional Material .....	72
38.7	Transmittal of Confidential Information.....	72
38.8	Offensive Content Prohibited .....	72
38.9	Access to Information and Right of Review .....	73
38.10	Recordkeeping .....	73
38.11	Enforcement of Policy .....	73
<b>SECTION 39: REGULATORY REPORTING .....</b>		<b>74</b>
39.1	In General.....	74
39.2	No Exchange Act Registration and Reporting.....	74
39.3	Schedule 13D (Acquisitions of 5% or More) .....	74
39.4	Schedule 13G .....	75
39.5	Schedule 13F (Quarterly).....	77
39.6	Schedule 16 (Acquisitions over 10%).....	77
39.7	Form PF: Private Fund Reports .....	78
39.8	Form 13H: Large Trader Reports .....	80
39.9	Form SLT: Long Term Holdings Reports .....	81
39.10	FATCA Reporting and Withholding Requirements .....	81
39.11	Hart-Scott-Rodino Act .....	82
<b>SECTION 40: BUSINESS CONTINUITY PLAN.....</b>		<b>83</b>
<b>Appendix A <i>Risk Identification and Assessment Chart</i>.....</b>		<b>A-1</b>
<b>Appendix B <i>Initial Acknowledgement</i>.....</b>		<b>B-1</b>
<b>Appendix C <i>Annual Certification</i>.....</b>		<b>C-1</b>



Appendix D <i>Disciplinary Questionnaire</i> .....	D-1
Appendix E <i>Code of Ethics</i> .....	E-1
Appendix F <i>Pay-to-Play Policies and Procedures</i> .....	F-1
Appendix G <i>Disclosure and Request for Approval of Outside Business Activities</i> .....	G-1
Appendix H <i>Use of Social Media Social Networking Policies &amp; Procedures</i> .....	H-1
Appendix I <i>Security Valuation Policies and Procedures</i> .....	I-1
Appendix J <i>Proxy Voting Policies and Procedures</i> .....	J-1
Appendix K <i>Business Continuity Plan (AKA: Contingency &amp; Disaster Recovery Plan)</i> .	K-1
[Charlie: This policy needs to be customized. Please review and provide me with comments.] .....	K-1

## **SECTION 1: INTRODUCTION AND OVERVIEW**

### **1.1 Introduction and Overview**

Ledgewood Capital, Inc. (“Adviser”) is committed to conducting its investment advisory business in accordance with the highest legal and ethical standards in furtherance of the interests of its clients and in a manner that is consistent with all applicable laws, rules and regulations. It is the responsibility of each of Adviser’s members, officers and employees to act at all times in a manner consistent with this commitment.

All Supervised Persons of Adviser (each, a “Supervised Person”) shall be subject to the policies and procedures set forth in this Compliance Manual, including the Code of Ethics (this “Manual”). The term “Supervised Person” includes any partner, officer, director (or other person occupying a similar status or performing similar functions) or employee of an adviser, or other person who provides investment advice on behalf of an adviser and is subject to the adviser’s supervision and control. Adviser’s Chief Compliance Officer (the “Chief Compliance Officer”) also may designate any or all of the policies and procedures set forth in this Manual as applicable to certain “independent contractors” of Adviser or other third parties as the Chief Compliance Officer may deem appropriate; and with respect to such designated policies and procedures, the independent contractor or other third party shall be deemed to be a “Supervised Person.” Presently, the Adviser has only one Supervised Person, but may have additional Supervised Persons in the future.

The purpose of this Manual is to set forth the standards of conduct expected from all Supervised Persons as well to address conflicts of interest that arise in Adviser’s investment management business. Adviser’s investment management business is governed principally by the policies and procedures set forth in this Manual. These policies and procedures are based on: (1) general concepts of fiduciary duty; (2) the requirements of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), the rules and regulations thereunder and certain other United States federal and state securities laws; and (3) Adviser’s internal policies, including Adviser’s interpretation and application of “best practices” (as those practices may evolve and develop over time). These policies and procedures are intended to ensure the highest standards of professional conduct by all Supervised Persons, whether or not required by law or regulation.

This Manual does not attempt to serve as an exhaustive guide to every legal, regulatory and compliance requirement applicable to the types of activities in which Adviser and its Supervised Persons may be involved in the course of conducting Adviser’s business. Rather, this Manual is intended to summarize the principal legal, regulatory and compliance issues relating to Adviser and its Supervised Persons and to establish general policies and procedures governing the conduct of Adviser’s business.

Adviser has adopted a Code of Ethics to which all Supervised Persons are subject. The Code of Ethics, which includes policies and procedures with respect to the personal trading of Supervised Persons and Adviser’s Policy Statement on Insider Trading, is a part of this Manual and is attached as Appendix E.

It is imperative that each Supervised Person reads, understands and adheres to the policies and procedures set forth in this Manual. Failure to do so may result in disciplinary action by Adviser, which may range from a letter of reprimand to termination of employment.

This Manual is subject to modification and further development from time to time. Adviser, in its sole and absolute discretion, may amend, modify, suspend or terminate any policy or procedure contained in this Manual, at any time without prior notice. Adviser will endeavor to promptly inform its Supervised Persons of any relevant changes. Adviser has sole and absolute discretion to interpret and apply (and in certain circumstances waive) the policies and procedures established herein and to make all determinations of fact with respect to their application. The Manual is a living document to be updated as circumstances warrant.

***If you do not understand any of the policies and procedures set forth in this Manual, or if you become aware of any compliance or legal issue that needs resolution, you should promptly contact the Chief Compliance Officer.***

## **1.2 Adviser's Business**

Adviser's sole equity owner and employee is Charles Francis Kiley. Mr. Kiley is a Supervised Person and is subject to all provisions in this manual relating to Supervised Persons. Adviser provides investment management services to pooled investment vehicles.

## **1.3 Adviser's Regulatory Status**

**Adviser is an "Investment Adviser" Registered under the Advisers Act.**

Adviser is an "investment adviser" pursuant to Section 202(a)(11) of the Advisers Act because it engages in the business, for compensation, of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities.

Adviser is registered as an investment adviser with the Securities and Exchange Commission (the "SEC") under the Advisers Act.

The Chief Compliance Officer of Adviser (the "Chief Compliance Officer"), through assistance with outside counsel, monitors Adviser's compliance with requirements of the Advisers Act and other securities laws and regulations. The Chief Compliance Officer is a Supervised Person and is subject to all provisions in this Manual relating to Supervised Persons.

## **State Notification Requirements**

As an SEC-registered adviser, Adviser may be required to submit "notice filings" to one or more state securities authorities. Notice filings are copies of the Adviser's Form ADV Part 1 that are sent electronically to each pertinent state according to the boxes checked on Item 2.B of Form ADV Part 1. An adviser generally must submit a notice filing in any state where it maintains a place of business or has more than five clients (although certain exemptions may be available). However, requirements vary from state to state, and several states require notice filings if an adviser has even one client that is a resident of the state. Additionally, certain states look through pooled investment vehicles to the pool's investors when determining whether an

adviser must provide a notice filing. The Chief Compliance Officer is responsible for monitoring and complying with any state notice filing requirements.

## **Investment Adviser Representatives**

Supervised Persons in certain circumstances may be required to register as investment adviser representatives with various states. “Investment adviser representative” under Advisers Act Rule 203A-3(a) generally means a supervised person of an investment adviser:

- Who has more than five U.S. clients who are natural persons (other than natural persons who are “qualified clients”); and
- More than ten percent of whose U.S. clients are natural persons (other than natural persons who are “qualified clients”).

Currently, because of the nature and number of its Clients, Adviser has no Supervised Persons who are investment adviser representatives.

### **1.4 Adviser’s Fiduciary Obligations**

#### **Adviser is a “Fiduciary”**

Adviser is a “fiduciary” to its Clients both under common law and the Advisers Act. Adviser’s status as a fiduciary under the Advisers Act stems primarily from Sections 206(1) through Section 206(4) of the Advisers Act (the so-called “anti-fraud” provisions), which make it unlawful for Adviser to: (1) employ any device, scheme or artifice to defraud any Client or prospective Client; (2) engage in any transaction, practice or course of business that operates as a fraud or deceit upon any Client or prospective Client; (3) act as principal in transactions with any Client without disclosing in writing the capacity in which Adviser is acting and obtaining informed consent; and (4) engage in any act, practice or course of business that is fraudulent, deceptive or manipulative. Rule 206(4)-8 under the Advisers Act prohibits Adviser from defrauding investors or prospective investors. (Section 206 and Rule 206(4)-8 apply to all investment advisers, including those exempt from SEC registration.) As a fiduciary, Adviser owes two principal duties to its Clients — the duty of care and the duty of loyalty.

#### **Duty of Care**

In the context of providing investment management services to a Client, Adviser’s principal duties of care include: (1) providing suitable investment advice, with respect to specific recommendations and the Client’s portfolio as a whole; and (2) ensuring that Adviser is managing the assets of the Client in accordance with the Client’s stated investment objective(s) and risk parameters.

#### **Duty of Loyalty – Eliminate or Disclose Material Conflicts of Interest**

Under its duty of loyalty, Adviser must serve the best interests of its Clients in all matters connected with Adviser’s performance of services for them. This includes an obligation not to subordinate Clients’ interests to Adviser’s own. In discharging this obligation, Adviser must

eliminate or disclose to Clients and investors all material conflicts of interest to which Adviser is subject in connection with performing services for the Client. This disclosure requirement applies to all activities in which Adviser would have any reason to act for its own interest, even though Adviser may fully intend not to do so.

### **Duty of Loyalty – Client or Investor Consent**

Adviser may be required to obtain the consent of a Client or investors in order to engage in any practice in which the interests of Adviser, on the one hand, and of such Client and/or investors, on the other hand, conflict – even if the Client and/or investors may benefit from such practice.

### **Duty of Loyalty – Duty to Act Fairly Even Where Consent Has Been Obtained**

Adviser does not have “license” to place its own interests ahead of those of a Client and/or investors even when Adviser has disclosed practices in which Adviser’s interests conflict with those of the Client and/or investors and has obtained the consent of the Client and/or investors to engage in such practices notwithstanding such conflicts. Adviser always has a duty to “act fairly” toward Clients and/or investors.

Adviser may from time to time become subject to material conflicts of interest that have not been disclosed in the applicable disclosure document. Similarly, Adviser may from time to time wish to engage in practices involving material conflicts of interest in situations where Adviser has not reserved the right to do so. Adviser’s personnel may not permit Adviser to engage in any such practice without first consulting with the Chief Compliance Officer, who will determine (in consultation with outside counsel, if deemed appropriate by the Chief Compliance Officer) the type of disclosure that must be made to investors and/or the manner in which their consent to the practices may be obtained.

#### **1.5 Adviser May Not Do Indirectly What It May Not Do Directly**

The Advisers Act focuses on the *substance* of transactions rather than their mere *form* and provides that if Adviser is prohibited from engaging in a particular act or doing a particular thing, Adviser may not *indirectly* engage in such act or do such thing, or engage in such act or do such thing through or by any other person. As a result, if Adviser is prohibited by the Advisers Act or any rule or regulation thereunder from achieving a particular goal, Adviser generally may not attempt to achieve that goal by structuring the transaction in a manner that, on its face, appears to comply with the Advisers Act and the rules and regulations thereunder but, in reality, is designed to achieve the prohibited goal. Also, where the provisions of this Manual provide that Adviser may not engage in a particular act or do a particular thing, such provision must be read to prohibit all Supervised Persons from assisting Adviser in engaging in such act or doing such thing.

#### **1.6 Duty to Supervise Under the Advisers Act**

Adviser has a statutory duty under the Advisers Act to supervise the activities of people who act on its behalf, and Section 203(e)(6) of the Advisers Act authorizes the SEC to sanction an adviser that fails to supervise any person acting on its behalf who violates the federal

securities laws. In general, Adviser will be deemed to have satisfied its duty to supervise if it has:

- Established procedures and a system for their application that would reasonably be expected to prevent and detect, insofar as practical, violations of the law by a Supervised Person; and
- Reasonably discharged the duties and obligations incumbent on it by reason of such procedures and system without reasonable cause to believe that they were not being complied with.

## **SECTION 2: ADVISER'S COMPLIANCE PROGRAM**

### **2.1 Development and Implementation of the Compliance Program, Including Risk Assessment**

Rule 206(4)-7 under the Advisers Act requires each SEC-registered investment adviser to adopt and implement written policies and procedures reasonably designed to prevent violations of the federal securities laws. The SEC staff has indicated that it expects a registered adviser's compliance policies and procedures to be based on an assessment of the regulatory and compliance risks present in the adviser's business and a determination of controls needed to manage or mitigate these risks. The SEC staff also has stated that an adviser's compliance program should continue to evolve over time, as necessary and appropriate, in conjunction with an ongoing risk assessment process.

During an SEC examination, the SEC staff is likely to ask for documentary evidence that a compliance risk assessment has taken place. There is no SEC-mandated form of documentation for the assessment; an adviser may use a "risk matrix," a list or chart or some other means. The key is to ensure that material risks are identified and addressed in the adviser's compliance policies and procedures.

The Chief Compliance Officer, in collaboration with appropriate Supervised Persons in Adviser's various business units, will conduct an initial regulatory and compliance risk assessment in conjunction with the development and implementation of Adviser's compliance program. The Chief Compliance Officer, again in collaboration with appropriate Supervised Persons, also will periodically review and revise Adviser's risk assessment in conjunction with the ongoing evaluation and continued development of Adviser's compliance program. (A sample "template" for a risk assessment chart is attached as Appendix A.)

### **2.2 Duties of the Principal**

As Adviser's sole principal, Mr. Kiley is responsible for (1) general regulatory supervision of all activities conducted by Adviser's Supervised Persons and (2) monitoring for compliance with the Advisers Act and other federal and state securities laws, the rules and regulations of the SEC and the applicable exchanges and Adviser's policies and procedures. Mr. Kiley is responsible for, *e.g.*:

- The actions of persons taken on behalf of Adviser and for supervising Adviser's activities on a daily basis;
- Supporting the development and maintenance of a "culture of compliance" and setting an appropriate "tone at the top";
- Monitoring compliance with the policies and procedures contained in this Manual and monitoring that the supervisory procedures established herein are adequate for the nature of Adviser's business activities and methods of operation;
- Monitoring Adviser's activities and operations to see that they are conducted in accordance with applicable law; and
- Investigating and reporting any violations or suspected violations of this Manual or of applicable securities laws and regulations by personnel under the principal's supervision to the Chief Compliance Officer, and assisting the Chief Compliance Officer if an investigation is warranted.

### **2.3 Role of the Chief Compliance Officer**

Mr. Kiley serves as the Chief Compliance Officer.

Each SEC-registered adviser is required to appoint a chief compliance officer empowered with full responsibility and authority to develop, administer and enforce compliance policies and procedures reasonably designed to prevent and detect violations of fiduciary duties and federal securities laws. In adopting this requirement, the SEC stated that the chief compliance officer should have sufficient seniority and authority within the organization to compel others to adhere to such compliance policies and procedures.

Mr. Kiley has over 40 years of experience in the investment advisory business. He has intimate knowledge of Adviser's business and will work closely with outside counsel to develop and implement Adviser's compliance policies. All Supervised Persons must recognize that in matters of compliance they report not only to the person to whom they report in the ordinary course of business, but also directly to the Chief Compliance Officer. Adviser emphatically supports a culture of compliance. No Supervised Person who reports suspected policy violations to, or otherwise cooperates with, the Chief Compliance Officer, will be subject to any repercussions for doing so.

### **2.4 Duties of the Chief Compliance Officer**

Among the Chief Compliance Officer's responsibilities are the following, without limitation:

- Distributing copies of this Manual (and any updates) to each Supervised Person.
- Obtaining and reviewing all acknowledgements, certificates and reports required to be submitted by Supervised Persons, as described below in Section 2.6.

- Reviewing and approving or denying the purchase and sale of any securities transactions requiring preclearance pursuant to the Code of Ethics.
- Establishing and implementing procedures designed to restrict inappropriate access to files likely to contain material non-public information and prevent misuse of material non-public information.
- Keeping Adviser's Form ADV accurate, complete and up-to-date (including amending it at least annually and more frequently, as needed) and ensuring that Adviser meets the Form ADV Part 2 annual delivery requirements.
- Monitoring compliance with all SEC books and records requirements.
- Monitoring and overseeing all dealings of Adviser's Supervised Persons with Clients, investors and the public, including responding to Client complaints, responding to regulatory inquiries and handling communications with the media.
- Conducting periodic compliance reviews and testing, including an annual review of Adviser's compliance policies and procedures to determine their adequacy and the effectiveness of their implementation.
- Implementing an ongoing, continuing education program concerning regulatory and compliance requirements related to Adviser and its Supervised Persons.

## **2.5 General Compliance Principles Applicable to All Supervised Persons**

Supervised Persons have varying specific compliance obligations, as described in more detail throughout this Manual. In addition to these specific obligations, as a matter of policy, all Supervised Persons are required to:

- Be thoroughly familiar with the policies and procedures set forth in this Manual, as well as to keep current with all compliance notices, policies or programs announced, distributed and/or implemented by the Chief Compliance Officer.
- Maintain ready access to this Manual and all other compliance materials.
- Submit all acknowledgements, certificates and reports required to be submitted by Supervised Persons, as described below in Section 2.6.
- Notify the Chief Compliance Officer of any civil, administrative or criminal proceedings to which he or she becomes subject or which he or she believes may be threatened against him or her (whether or not related to his or her employment with Adviser).
- Attend compliance training and review sessions as requested by the Chief Compliance Officer.



- Cooperate to the fullest extent reasonably requested by the Chief Compliance Officer so as to enable: (1) the Chief Compliance Officer to discharge his or her duties under this Manual and (2) Adviser to comply with the regulatory regime to which it is subject.
- Proactively discharge the compliance duties and responsibilities specifically associated with his or her position, as well as conduct himself or herself in a manner consistent with the general fiduciary and Client protection policies set forth in this Manual.

## **2.6 Initial and Periodic Acknowledgements, Certifications and Reports**

### **Initial Acknowledgements, Certifications and Reports**

At the commencement of employment or association with Adviser, each Supervised Person must complete, execute and submit the following documents to the Chief Compliance Officer within 10 calendar days of such commencement date:

- “Initial Acknowledgement of Having Received, Read and Understood the Ledgewood Capital, Inc. Compliance Manual” (attached to this Manual as Appendix B).
- Initial Holdings Report of positions in all non-exempt public and private securities as well as a listing of all personal securities accounts pursuant to the Code of Ethics (attached to this Manual as Appendix E-1).
- “Initial or Annual Insider Trading Certification” pursuant to the Code of Ethics (attached to this Manual as Appendix E-8).
- Regulatory Compliance Questionnaire (attached to this Manual as Appendix D).
- Disclosure and Request for Approval of Outside Business Activities (attached to this Manual as Appendix G).

### **Quarterly Acknowledgements, Certifications and Reports**

On a quarterly basis, each Supervised Person must complete, execute and submit the following documents to the Chief Compliance Officer within 30 days after the end of the quarter:

- Quarterly Securities Transactions Report of transactions in all non-exempt public and private securities pursuant to the Code of Ethics (attached to this Manual as Appendix E-3).

### **Annual Acknowledgements, Certifications and Reports**

On an annual basis, each Supervised Person must complete, execute and submit the following documents to the Chief Compliance Officer within 45 calendar days of December 31:

- “Annual Certification Regarding Adherence to the LedgeWood Capital, Inc. Compliance Manual” certifying that the Supervised Person has complied in all material respects with the policies and procedures set forth in the Manual (attached to this Manual as Appendix B).
- Annual Holdings Report of positions in all non-exempt public and private securities as well as confirmation of personal securities accounts disclosure (attached to this Manual as Appendix E-5).
- “Initial or Annual Insider Trading Certification” pursuant to the Code of Ethics (attached to this Manual as Appendix E-8).
- Updated Regulatory Compliance Questionnaire (attached to this Manual as Appendix D).

## **Interim Reports and Disclosures**

Each Supervised Person must immediately notify the Chief Compliance Officer of any changes to his or her reports or disclosures including, but not limited to, personal securities accounts, personal relationships, outside business activities and disciplinary actions. Supervised Persons should not wait until the next reporting period to update their disclosures.

### **2.7 Training**

The SEC has emphasized the importance of investment advisers educating their personnel concerning the general principles as well as the specific requirements of the adviser’s compliance program. Adviser believes that facilitating its Supervised Persons’ awareness of their fiduciary, legal and regulatory obligations is imperative to ensuring the “culture of compliance” that is Adviser’s objective.

The Chief Compliance Officer (or his designee) will meet with each new Supervised shortly after commencement of his or her employment or association with Adviser. At that time, the Chief Compliance Officer (or his designee) will discuss Adviser’s general compliance requirements and, as pertinent, draw attention to those policies and procedures that relate to the Supervised Person’s area(s) of responsibility.

The Chief Compliance Officer is responsible for providing, or arranging for, initial and ongoing training necessary for Supervised Persons to meet the applicable requirements of this Manual.

### **2.8 Periodic and Annual Review of Adviser’s Compliance Program**

Each SEC-registered adviser is required under Advisers Act rules to undertake, at least annually, a review of its compliance policies and procedures designed to determine the adequacy of the policies and procedures and the effectiveness of their implementation.

To meet this requirement, the Chief Compliance Officer will conduct periodic reviews throughout the year along with an annual review of Adviser’s compliance program. The annual

review will include consideration of any developments during the year that might suggest a need to revise Adviser's compliance program, including review of material compliance matters that arose; changes in Adviser's business activities or arrangements; and changes to applicable laws, rules or regulations.

As noted above in Section 2.1, the SEC staff has stated that an adviser's compliance program should continue to evolve over time, as necessary and appropriate, in conjunction with an ongoing risk assessment process. To this end, the Chief Compliance Officer also will periodically review and revise Adviser's risk assessment report in conjunction with the ongoing evaluation and continued development of Adviser's compliance program.

Each annual review will be documented by creation of an internal memorandum by the Chief Compliance Officer in which general results of the annual review are noted. The compliance program will be amended to reflect the results of the annual review.

## **2.9 Potential Consequences of Violations of Adviser's Compliance Program**

Adviser regards any violation of this Manual as a serious breach of firm rules. Therefore, any Supervised Person who violates any element of this Manual may be subject to disciplinary action, including possible suspension or dismissal. Further, violation of a policy that a Supervised Person fails to report or attempts to conceal shall be considered an even more serious breach meriting increased disciplinary action. Moreover, all Supervised Persons should be aware that failure to comply with certain elements of this Manual may constitute a violation of federal and/or state law and may subject that Supervised Person and Adviser to a wide range of criminal and/or civil liability. All Supervised Persons who have supervisory responsibility should ensure that the employees they supervise, including temporary employees and contractors, are familiar with and comply with this Manual.

## **2.10 Reporting Violations**

A Supervised Person must notify the Chief Compliance Officer promptly in the event he or she has any reason to believe that he or she may have failed to comply with (or has become aware of another person's failure to comply with) any of the policies and procedures set forth in Adviser's Code of Ethics. Supervised Persons also are encouraged to notify the Chief Compliance Officer in the event of any violation, suspected violation or potential violation of any other aspect of this Manual. Adviser's policy is to encourage self-policing by its personnel, both of each other and of themselves. It is a fundamental business priority of Adviser that all Supervised Persons cooperate in ensuring not only literal compliance with all required policies and procedures but also in fostering a comprehensive "culture of compliance."

Violations may be reported anonymously by depositing a written description of the incident in question to the Chief Compliance Officer or by mailing such description to the Chief Compliance Officer. If the Chief Compliance Officer is involved in a violation or suspected violation or is unreachable, employees may report violations or suspected violations directly to Deutsche Bank's Chief Compliance Officer in accordance with the procedures set forth in Deutsche Bank's Compliance Policy and Procedures Manual (the "Deutsche Bank Compliance Manual").

Adviser's policy is to provide a means for Supervised Persons to raise concerns, with assurance that they will be protected from reprisals for "whistle blowing" in good faith. Hence, no Supervised Person will be penalized in any respect for reporting a violation or suspected violation, even if no violation has in fact occurred.

### **2.11 Questions Concerning Adviser's Compliance Program**

Given the potential consequences of violations of Adviser's compliance program, Adviser urges all Supervised Persons to seek guidance with respect to any issues that may arise. Resolving whether a particular situation creates a potential conflict of interest, or the appearance of such a conflict, may not always be easy, and situations will inevitably arise that will require interpretation of this Manual in particular circumstances. Please do not attempt to resolve such questions yourself. The Chief Compliance Officer's role is to assist Supervised Persons to understand and comply with the policies and procedures in this Manual.

## **SECTION 3: FORM ADV; DUTY TO DISCLOSE**

### **3.1 Form ADV**

Advisers use Form ADV to register either with the SEC or with state securities authorities. Form ADV comprises two parts, each designed to furnish specific information to a particular audience. Part 1 provides regulators with information to process registration and manage their regulatory and examination programs. Part 2 (formerly designated Part II) provides clients with the information they need to evaluate, choose and monitor an investment adviser. Part 2 consists of Part 2A (the "brochure") and Part 2B (the "brochure supplement(s)").

Use of Part 2 (rather than Part II) became mandatory for new registrants as of January 1, 2011. Advisers applying for registration with the SEC must file Part 1A and Part 2 through the Investment Adviser Registration Depository (IARD), the electronic filing system for Form ADV. Part 2A must be filed electronically with the SEC as an attachment to Part 1A in Adobe Portable Document Format ("PDF") through the IARD system.

### **3.2 Need to Keep Form ADV Current**

A registered adviser must keep its Form ADV current, which means that Adviser must make either prompt or periodic filings or amendments with the SEC depending on the nature of any changes. Rule 204-1 under the Advisers Act describes which items in Form ADV must be updated promptly and which must be updated annually. If a business activity in which a Supervised Person is engaged is not within the scope of the ADV contents, he or she should notify the Chief Compliance Officer so that the ADV can be modified if required.

To help Adviser ensure and maintain the accuracy of its Form ADV disclosure (and for certain other purposes), Supervised Persons are required to complete and submit a Regulatory Compliance Questionnaire (attached to this Manual as Appendix D) and the Disclosure and Request for Approval of Outside Business Activities (attached to this Manual as Appendix G).

### **3.3 Prompt Amendments for Changes in Certain Part 1 Items; Annual Amendments for All Other Part 1 Changes**

Form ADV must be amended promptly with respect to certain items in Part 1, including changes to an adviser's: name and address; principal place of business; business organizational form; disciplinary events affecting the adviser or certain of its personnel; custody arrangements; officers and directors and other key personnel identified on the Form ADV as control persons; or location of books and records if not at the principal place of business.

If any of the described items listed in the above paragraph occurs, the Chief Compliance Officer shall promptly amend Adviser's Form ADV Part 1.

Form ADV Part 1 must be amended every year within 90 days of Adviser's fiscal year end to reflect all other changes. The Chief Compliance Officer shall amend Adviser's Form ADV on an annual basis by March 30.

### **3.4 Part 2A Brochure; Rule 204-3 (the Brochure Delivery Rule)**

Form Part 2A constitutes Adviser's brochure and includes information that must be provided to Clients. Adviser is required to deliver a Part 2A brochure to each Client, other than a Client that is: (1) receiving only impersonal investment advice for which Adviser charges less than \$500 per year; (2) an investment company registered under the Investment Company Act; or (3) a business development company subject to Section 15(c) of the Investment Company Act.

An adviser with a fiscal year ending on or after December 31, 2010 must amend its Form ADV to add a Part 2A brochure when it files its 2011 annual Form ADV updating amendment. Part 2A must be filed electronically with the SEC as an attachment to Part 1A in PDF through the IARD system and will be publicly available on the SEC's website.

According to Rule 204-3 under the Advisers Act (the "brochure delivery rule"), as revised by the 2010 amendments, as of the date Adviser files its initial Part 2A brochure electronically, Adviser must deliver:

- a brochure to new Clients on or before the date the advisory contract is signed; and
- an updated Part 2B brochure supplement (see below) on or before the date an individual adviser employee formulates investment advice and contacts a Client or makes discretionary decisions with respect to that Client's assets.

Adviser must deliver the Part 2A (and applicable Part 2B brochure supplement(s)) to existing clients within 60 days.

Under amended Rule 204-3, Adviser must keep its brochure current by updating (and filing) it at least annually and updating (and filing) it promptly when any information in the brochure becomes materially inaccurate.

Adviser's annual updating amendment filed on IARD each year will include an updated Part 2A. IARD will not accept an annual Form ADV updating amendment without an updated brochure, a representation by Adviser that the brochure on file does not contain any materially inaccurate information or a representation that Adviser is not required to prepare a brochure because it does not have to deliver it to any Clients. IARD also will not accept an annual updating amendment without a representation that a summary of material changes to the brochure since the last annual update is attached as an exhibit to, or included in, the updated brochure or a representation that no summary of material changes is required because there have been no material changes to Adviser's brochure since its last annual updating amendment.

To comply with Rule 204-3, Adviser annually must deliver to each Client either:

- its updated Part 2A brochure and a summary of material changes to the brochure, if any; or
- a summary of material changes, if any, accompanied by an offer to provide the updated brochure without charge, which, if requested, must be mailed within seven days or delivered electronically in accordance with SEC guidelines.

Although Adviser generally needs only to offer to deliver its brochure on an annual basis, amended Rule 204-3 requires Adviser to redeliver its updated brochure to all Clients if Adviser amends the brochure to add a disciplinary event or to acknowledge a material change in an ongoing disciplinary procedure. In accordance with its fiduciary obligations, Adviser may have a duty to promptly communicate other material changes to Clients, but Adviser has some flexibility in choosing the means for communicating that information.

Rule 204-3 requires only that brochures be delivered to "clients," which the SEC staff has acknowledged does not include Liquidating Trust Beneficiaries as such. Adviser does not deliver its brochure to the Liquidating Trust Beneficiaries, but will take care to disclose all material information to such persons through other means (such as by letters to investors), as necessary.

### **3.5 Part 2B Brochure Supplement**

Part 2B, a new document mandated by the 2010 Form ADV amendments, is referred to as the brochure supplement. Part 2B requires information regarding Adviser's individual employees upon whom clients rely for investment advice. Each Part 2A brochure must be accompanied by one or more Part 2B brochure supplements, except that Adviser is not required to deliver supplements to: (1) Clients to which Adviser is not required to deliver a brochure; (2) Clients that receive only impersonal investment advice; and (3) certain "qualified clients" who also are officers, directors, employees and other persons related to Adviser. Brochure supplements are not filed with the SEC (and hence are not publicly available) but must be preserved by Adviser and made available, if requested, to the SEC for examination.

A brochure supplement must initially be given to each Client at or before the time the supervised person begins to provide advisory services to that particular Client.

Adviser must deliver an updated brochure supplement to existing Clients only when there is new disclosure of a disciplinary event or a material change to disciplinary information already disclosed. As with the brochure, Adviser must amend a brochure supplement promptly if information in it becomes materially inaccurate. Any new Client to which Adviser is obligated to deliver a brochure supplement must be given an amended supplement, or alternatively the “old” supplement and a “sticker.”

### **3.6 Electronic Delivery**

Adviser may elect to deliver brochures and brochure supplements electronically in accordance with the SEC’s guidelines regarding electronic delivery of information. (See Section 33 herein.)

### **3.7 Notice Filings**

As an SEC-registered adviser, Adviser is not required to register as an investment adviser with any state. However, Adviser may be required to provide one or more state securities authorities with copies of its SEC filings on Form ADV (“Notice Filings”). Adviser’s Notice Filings will be sent electronically to the states that are checked on Item 2.B. of Part 1A of Form ADV. Generally speaking, subject to certain exemptions, if Adviser either maintains a place of business in or has more than five clients (and in some cases, investors) in a particular state, then it must Notice File in that particular state. (The definition of “client” in certain states excludes institutional clients, including pooled investment vehicles.) However, at least one state requires a Notice Filing from any adviser that has even one client (of any type) in that state, so it is important to check the regulations of each pertinent state. The Chief Compliance Officer is responsible for monitoring the need for any Notice Filings in one or more states.

### **3.8 Duty to Keep Clients and Investors Informed of Material Information**

Adviser has a duty to keep Clients and investors reasonably informed with respect to all material matters relating to Adviser, the Client account or fund in which they are invested. Adviser, the fund’s general partner and/or Adviser’s or the general partner’s designated agent will carry out various reporting procedures as set forth throughout this Manual. If a Supervised Person becomes aware of any fact that he or she believes may be material to a Client or investor, but which might not have been reported pursuant to such reporting procedures, or if he or she believes that Adviser’s client or investor reporting procedures will not make that fact known to such Client or investor in a timely fashion, he or she should promptly contact the Chief Compliance Officer.

Rule 206(4)-4 under the Advisers Act (now rescinded) historically made it unlawful for Adviser to fail to disclose to any Client or potential Client (including, for this purpose, investors and potential investors):

- any material fact with respect to any financial condition of Adviser that is reasonably likely to impair Adviser’s ability to meet contractual commitments to such Client or potential Client;

- any legal or disciplinary event that is material to Adviser's ability to meet contractual commitments to such Client or potential Client; and
- any legal or disciplinary event that is material to an evaluation of Adviser's integrity.

The information required to be disclosed by this Rule was required to be disclosed promptly to Clients and investors, and not less than 48 hours prior to entering into an advisory agreement with a Client or a subscription agreement with a prospective investor.

In connection with 2010 amendments to Form ADV, the SEC rescinded Rule 206(4)-4, because new Part 2A incorporates disciplinary and financial disclosures required by the Rule.

With respect to any Client to which Adviser is not required to deliver a brochure, Adviser's duty of full and fair disclosure requires Adviser to continue to disclose to that Client any material disciplinary and legal event and any inability on the part of Adviser to meet contractual commitments to its Clients.

### **3.9 Supervised Persons Must Disclose Disciplinary Actions and Personal Litigation to Adviser**

Supervised Persons, upon commencement of employment or association with Adviser and annually thereafter, are required to disclose, among other things, whether they have been (1) subject to disciplinary action by the SEC, any state or federal regulatory authority, self-regulatory organization or foreign regulatory authority or (2) charged in any legal proceeding with conduct that would constitute a basis for disciplinary action by any securities regulatory body. In this connection, Supervised Persons are required to complete and submit the Regulatory Compliance Questionnaire (attached to this Manual as Appendix D).

Supervised Persons also must immediately notify the Chief Compliance Officer if they become involved in or threatened with any litigation, administrative investigation or proceeding of any kind (including personal bankruptcy) or if they become subject to any judgment, order or arrest.

A Supervised Person who fails to accurately and completely disclose disciplinary actions or involvement in litigation to Adviser may be subject to sanctions, including possible termination.

## **SECTION 4: CONFLICTS OF INTEREST**

### **4.1 Identification and Disclosure of Conflicts of Interest**

As discussed in Section 1.4 herein, under Adviser's duty of loyalty Adviser must eliminate or disclose to Clients and investors all material conflicts of interest to which Adviser is subject in connection with performing services for a Client. A Supervised Person must promptly report to the Chief Compliance Officer any actual or potential conflicts with the interests of Clients of which he or she becomes aware, including, but not limited to, those discussed below.



In addition, Supervised Employees are also subject to any conflicts disclosure requirements set forth in Deutsche Bank's Compliance Manual.

Supervised Persons are required to disclose all personal relationships and outside activities that could reasonably present a material conflict of interest, given their role with Adviser. A conflict of interest arises when the personal interests of a Supervised Person actually interfere, or could potentially interfere, with the Supervised Person's responsibilities to Adviser and its Clients. For example, a Supervised Person must disclose if he or she, or an immediate family member, serves as an employee, officer or director of (or otherwise has a substantial interest in or business relationship with) a Client, a competitor of Adviser or a service provider or vendor. Supervised Persons must promptly notify the Chief Compliance Officer of any material changes to their disclosure.

#### **4.2 Client Consent**

Adviser may be required to obtain the consent of a Client or investors in order to engage in any practice in which the interests of Adviser, on the one hand, and of such Client or investors, on the other hand, conflict. Any Supervised Person who becomes aware of any practice that arguably involves Adviser in a conflict of interest and is not sure whether the practice has been fully and accurately disclosed to Clients or investors, or whether Clients or investors have consented to the practice, should promptly contact the Chief Compliance Officer.

In assisting the Chief Compliance Officer in formulating appropriate disclosures, Supervised Persons must bear in mind that Adviser will not be deemed to have properly obtained consent from a particular Client or investor unless the disclosure relating to the conflict is materially accurate and complete and understandable by that particular Client or investor.

#### **4.3 Providing Investment Advice to Persons Other Than Adviser Clients**

To avoid conflicts with the interests of Clients, Supervised Persons may not provide investment advice (*i.e.*, advice as to the value of securities, or as to the advisability of investing in, purchasing or selling securities) or portfolio management services for compensation to any person, other than an Adviser Client, under any circumstances unless that arrangement is disclosed to and approved by the Chief Compliance Officer.

#### **4.4 Disclosure of Personal Interest in Transactions**

It is a conflict of interest to recommend any security to a Client, or to direct any transaction for a Client in that security, if a Supervised Person has a personal interest in that security. Therefore, if a Supervised Person has a personal interest in a security (other than an interest in a fund or the Liquidating Trust), he or she must disclose that interest to the Chief Compliance Officer before recommending that security or before directing an investment decision with respect to that security. If a Supervised Person has the power to direct any transaction in any such security, investment personnel with no personal interest in such security must review the investment decision.

#### **4.5 Relationships with Outside Vendors**

Supervised Persons must be cautious when doing business on behalf of Adviser with outside vendors (“Vendors”) with which the Supervised Person has a financial interest or family or personal relationship. These situations present conflicts of interest that may impair the Supervised Person from acting solely in the best interests of Adviser and its Clients and without regard to the financial interest or family or personal relationship. A Supervised Person who learns that Adviser is, or is considering, doing business with a Vendor with which he, she or another Supervised Person has a financial, family or personal relationship should disclose that information immediately to the Chief Compliance Officer. While there is no absolute prohibition against holding a financial interest in or having a family or personal relationship with a Vendor, Adviser will examine these situations, before the relationship with Adviser begins to the extent practicable, so that Adviser can evaluate any potential conflicts of interest.

In evaluating these situations, a conflict of interest will be presumed to exist when a Supervised Person who has a financial, family or personal relationship with a Vendor approves the use of the Vendor or negotiates the terms of the agreement with the Vendor. Certain mitigating facts can overcome this presumption. Factors that will be considered include the significance of the financial interest, the degree of the family or personal relationship and whether the fairness of the price of the goods or services can be determined independently.

### **SECTION 5: CODE OF ETHICS AND PERSONAL TRADING**

The personal trading policy for all Adviser personnel is set forth in Adviser’s Code of Ethics, attached hereto as Appendix E, and must be acknowledged as received and understood by each employee. Adviser’s personal trading policies are designed to ensure that no Client is disadvantaged in any respect by the transactions executed by any Adviser employee and that Adviser employees in no respect misappropriate any benefit properly belonging to any Client.

In addition, Adviser employees are also subject to the personal trading policy set forth in Deutsche Bank’s Compliance Manual.

SEC regulations require the imposition of personal trading policies on all “access persons” – generally, persons who make trading decisions and/or have access to information relating to such trading decisions. Given Adviser’s small size, all Adviser personnel are considered “access persons” and are subject to the personal trading policies contained in the Code of Ethics.

### **SECTION 6: PREVENTING INSIDER TRADING**

#### **Insider Trading is a Crime**

Because, from time to time, Adviser may be in a position to receive “inside information,” Adviser vigorously enforces procedures to prevent any “insider trading” violation.

Whether or not insider trading occurs, failure to maintain adequate policies to detect and prevent insider trading is a violation of the Advisers Act. One basic aspect of these procedures is

creating and maintaining a record of all employee trades so as to be able to supervise and detect any possible violations of the prohibition on insider trading.

## **Code of Ethics and Annual Certification**

Adviser has established written policies and procedures designed to detect and prevent insider trading. Such procedures are set forth in “Policies and Procedures to Detect and Prevent Insider Trading,” included as part of the Code of Ethics, attached hereto as Appendix E. Supervised Persons are required on an annual basis to execute and submit at least annually to the Chief Compliance Officer an “Insider Trading Certification” certifying that they have read and understood these policies as part of their review of the Code of Ethics, attached hereto as Appendix E.

## **SECTION 7: GIFTS AND ENTERTAINMENT**

### **7.1 General Policy**

Supervised Persons (and their immediate family members), as a matter of Adviser policy, may not accept or give inappropriate gifts, services, entertainment (whether business or personal) or other things of material value that could be deemed to inappropriately influence or compromise Adviser’s reputation, the Supervised Person’s position with Adviser or the Supervised Person’s (or other recipient’s) business judgment.

Gifts or entertainment that relate to any Client, prospective Client or any other person or entity that does business with or on behalf of Adviser are deemed to be “business-related.”

### **7.2 Receiving Gifts**

Supervised Persons may accept business-related gifts only when the value involved, and/or the frequency of such gifts, is not excessive and will not create any appearance of a conflict of interest or an obligation to the donor.

Under no circumstances may a Supervised Person solicit or encourage the provision of a business-related gift from any person or entity.

Supervised Persons must receive written approval from the Chief Compliance Officer before accepting business-related gifts valued more than \$250 in the aggregate from a person or entity in a calendar year.

### **7.3 Giving Gifts**

Supervised Persons may give business-related gifts only when the value involved, and/or the frequency of such gifts, is not excessive and will not create any appearance of a conflict of interest or an obligation to the donor.

Supervised Persons must receive written approval from the Chief Compliance Officer before giving business-related gifts valued more than \$250 in the aggregate to a person or entity in a calendar year.

#### **7.4 Gifts From or To Persons Associated with a Broker-Dealer**

Notwithstanding the limits otherwise set forth in this Section, Supervised Persons must not give gifts to, or accept gifts from, any person associated with a broker-dealer having an aggregate value of more than \$100 per calendar year.

#### **7.5 Business-Related Entertainment**

Supervised Persons may provide or accept a business-related entertainment event, such as a meal, sporting event, theater production or comparable entertainment event of an ordinary and usual nature, provided that (1) the person or firm providing the entertainment is present and (2) such entertainment events are neither so frequent nor so extensive as to suggest any impropriety.

Supervised Persons may not provide or accept business-related entertainment that may be deemed extravagant, excessive or improper. If a Supervised Person has any question as to whether a particular event may be considered extravagant, excessive or improper, he or she should consult the Chief Compliance Officer.

Supervised Persons must receive written approval from the Chief Compliance Officer before providing or accepting business-related entertainment valued at (or reasonably estimated to be valued at) more than \$250 per person.

If the person or firm providing the entertainment is not present at the event, it shall be considered to be a gift and shall be subject to the provisions regarding gifts described above.

#### **7.6 Gifts or Entertainment Involving U.S. Government Officials, Pension Plan Representatives or Union Officials**

Supervised Persons must use particular care and good judgment when providing gifts or entertainment to U.S. federal, state or local government officials in order to avoid violations (including inadvertent violations) of government ethics rules.

Such caution also must be exercised when providing gifts or entertainment to officials of a union or pension plan. Giving extravagant gifts or entertainment to the fiduciary of an account can be construed as an inducement to such fiduciary to allocate client assets on a basis other than the suitability of the manager. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and many state laws (with respect to state plans) prohibit such gifts.

Supervised Persons are prohibited from providing to or receiving from U.S. government officials, representatives of public or private pension plans or their respective agents, employees or immediate family members, any gift, entertainment or anything of value.

#### **7.7 Gifts or Entertainment Involving Foreign Officials**

Supervised Persons are prohibited from providing to or receiving from any foreign officials any gift, entertainment or any of value.

Please refer to Section 37 of this Manual on the Foreign Corrupt Practices Act.

## **SECTION 8: POLITICAL CONTRIBUTIONS; PREVENTING “PAY-TO-PLAY” PRACTICES**

### **8.1 Overview**

Federal, state and/or local regulations currently (and additional regulations may in the future) place restrictions on contributions to public officials, candidates for public office, political parties and other political organizations by investment advisers and their employees. Violation of these regulations, in some instances, can result in harsh penalties.

Adviser has adopted “Policies and Procedures Regarding Political Contributions and Compliance With Pay-to-Play Regulations” (the “Preventing Pay-to-Play Policies and Procedures,” attached to this Manual as Appendix F) designed to prevent violations of the pertinent regulations regarding political contributions.

### **8.2 Rule 206(4)-5 (to Prevent Pay-to-Play Practices)**

Any investment adviser that currently provides investment advisory services to state and/or local government entities (including, if applicable, government entities that invest in pooled investment vehicles advised by the adviser) or may do so in the future must take care to comply with Rule 206(4)-5 under the Advisers Act. The Rule is designed to curtail “pay-to-play” practices among advisers (including sub-advisers) that manage or seek to manage assets of state or local governments. Among other things, the Rule imposes broad restrictions on political contributions and prohibits certain fundraising activities by an adviser and certain of its employees.

The Rule applies to:

- direct contractual arrangements between an adviser and a state or local “government entity” for advisory services; and
- participation by a government entity in an adviser’s “covered investment pools,” which include (i) private investment funds or (ii) registered investment companies that are an investment option for certain government entity plans or programs.

Definitions of the terms included in the Rule are set forth in the Preventing Pay-to-Play Policies and Procedures.

### **Two-Year “Time Out”**

The Rule prohibits an adviser from receiving compensation for providing investment advisory services to a government entity within two years of any “contribution” (except certain *de minimis* contributions) made by the adviser or a “covered associate” (including a person who becomes a covered associate within two years (or, in some cases, six months) after the contribution is made) to an official in a position to direct or influence the investment activities of the government entity. The two-year time out is intended to discourage advisers from participating in pay-to-play practices by requiring a “cooling-off period” during which the effects of a political contribution on the selection process can be expected to dissipate.

## **Restrictions on Soliciting and Coordinating Contributions and Payments**

The Rule prohibits advisers and covered associates from coordinating or soliciting any person or political action committee to make:

- any contribution to an official of a government entity to which the adviser is providing or seeking to provide investment advisory services; or
- any payment to a political party of a state or locality where the adviser is providing or seeking to provide investment advisory services to a government entity.

These restrictions are intended to prevent advisers from circumventing the Rule's prohibition on direct (other than *de minimis*) contributions, such as by "bundling" a large number of small employee contributions to influence an election or making contributions or payments indirectly through a state or local political party.

## **Ban on the Use of Unregulated Solicitors**

The Rule generally prohibits advisers from paying third parties to solicit government entities for advisory business unless such third parties are registered broker-dealers, registered investment advisers or registered municipal advisors, in each case themselves subject to pay-to-play restrictions.

## **Indirect Contributions or Solicitations**

The Rule includes a provision that makes it unlawful for an adviser or any of its covered associates to do anything indirectly which, if done directly, would result in a violation of the Rule. As a result, an adviser and its covered associates could not funnel payments through third parties (including, for example, consultants, attorneys, family members, friends or companies affiliated with the adviser) as a means to circumvent the Rule.

### **8.3 Adviser's General Policy**

No Adviser funds or services may be paid or provided, directly or indirectly, to a political party, committee or organization, or to an incumbent, candidate or successful candidate for federal, state or local elective office. For further information, please refer to the Pay-to-Play Policies and Procedures.

Supervised Persons may participate voluntarily in political activities on their own personal time and may make personal political contributions, but only in accordance with all applicable laws and according to the policies, procedures and restrictions set forth in the Preventing Pay-to-Play Policies and Procedures.

### **8.4 Lobbying Activities**

Certain jurisdictions require registration and reporting by anyone who engages in a lobbying activity. Generally, lobbying includes: (1) communicating with any member or

employee of a legislative branch of government for the purpose of influencing legislation; (2) communicating with certain government officials for the purpose of influencing government action; or (3) engaging in research or other activities to support or prepare for such communication.

In order to ensure that Adviser complies with applicable lobbying laws, Supervised Persons must notify the Chief Compliance Officer before engaging in any activity on behalf of Adviser that might be considered lobbying.

## **SECTION 9: OUTSIDE BUSINESS ACTIVITIES**

### **9.1 General Policy**

Supervised Persons generally are prohibited from involvement in any outside business activity that could reasonably interfere with the Supervised Person's duties to Adviser, create a material conflict of interest or raise insider trading issues. For purposes of this Section, "outside business activity" includes, but is not limited to, service as an officer, partner, director or employee of another company or business and membership on a creditors' committee.

Supervised Persons also are prohibited from appropriating for themselves business opportunities that belong to Adviser and/or its Clients.

Mr. Kiley has in the past served as a board member of certain private equity funds and he may serve in such capacity in the future. Mr. Kiley's role as a board member or director of any with any company will be subject to the rules and regulations set forth in this Manual and by his fiduciary duties to all of Adviser's Clients.

### **9.2 Disclosure and Preclearance of Outside Business Activities**

#### **Initial Disclosure and Request for Approval Form**

Supervised Persons must request and receive written approval of the Chief Compliance Officer prior to engaging in any outside business activity (whether paid or unpaid) so that determinations may be made regarding (1) the degree to which such activity may interfere with the employee's duties to Adviser and its Clients, (2) whether such activity involves conflicts of interest between Adviser and any Client that need to be disclosed and may require Client and/or investor consent and (3) whether the activity raises insider trading concerns.

Within ten calendar days of the commencement of employment or association with Adviser, each Supervised Person must complete, execute and submit to the Chief Compliance Officer the form entitled "Disclosure and Request for Approval of Outside Business Activities," attached to this Manual as Appendix G (the "Disclosure and Request for Approval Form").

#### **Subsequent Disclosures and Requests**

Each Supervised Person must immediately notify the Chief Compliance Officer of any change to the information on the Disclosure and Request for Approval Form most recently submitted. In particular, any Supervised Person who has received approval for an outside

business activity must immediately report any changes in that position or role to the Chief Compliance Officer.

Supervised Persons are required to request and receive written approval of the Chief Compliance Officer prior to engaging in any new outside business activities by submitting a new Disclosure and Request for Approval Form.

### **Exceptions**

A Supervised Person is not required to include on his or her Disclosure and Request for Approval Form information with respect to, or obtain approval for, outside business activities involving *de minimus* amounts of time and/or income (e.g., selling household items on internet sales sites).

If a Supervised Person has a question regarding whether an activity requires disclosure and approval, he or she should consult the Chief Compliance Officer.

### **9.3 Restrictions on Serving as a Director or on an Investment Committee**

Supervised Persons must receive preclearance from the Chief Compliance Officer (via the Disclosure and Request for Approval Form) before serving on any board of directors or investment committee (other than that of Adviser), whether for a for-profit organization or a non-profit organization.

Preclearance will be granted only when board service will not be inconsistent with the interests of Clients and the Supervised Person's obligations to Adviser. If board service is authorized, Adviser will establish appropriate procedures to ensure that neither the Supervised Person nor Adviser obtains or uses confidential information about the other organization. Any Supervised Person currently serving on a board (or a similar body) or the investment committee of any organization must disclose this information in writing to the Chief Compliance Officer (via the Disclosure and Request for Approval Form), who may require that the employee resign from the board or committee. Preclearance is always required, both for new employees already serving on boards and for existing employees who may wish to serve an additional term.

Further discussion regarding Adviser's policies with respect to outside business activities and serving as officers, trustees and/or directors of outside organizations is included in "II. Policies and Procedures to Detect and Prevent Insider Trading" in the Code of Ethics.

Mr. Kiley has in the past served as a board member of certain private equity funds and he may serve in such capacity in the future. Mr. Kiley's role as a board member or director of any with any company will be subject to the rules and regulations set forth in this Manual and by his fiduciary duties to all of Adviser's Clients.



## **SECTION 10: CONFIDENTIALITY AND PREVENTING MISAPPROPRIATION OF INFORMATION**

### **10.1 Confidentiality as a Condition of Employment**

All Supervised Persons are expected and required to protect Adviser's trade secrets and other confidential information.

All confidential and proprietary information learned or developed by a Supervised Person while employed by or associated with Adviser is at all times Adviser's exclusive property.

The policies and procedures in this Section 10 will continue to apply after termination of a Supervised Person's employment or association with Adviser. Upon such termination, a Supervised Person must promptly return to the Chief Compliance Officer all copies of documents and other materials (whether in electronic, written or other format) containing any confidential or proprietary information.

### **10.2 Confidentiality Agreements**

If a Supervised Person receives a confidentiality agreement from a third party, he or she must submit it to Mr. Kiley for approval before it is executed or put into effect.

### **10.3 Protection of Adviser and Client Proprietary Information**

Unless appropriate in connection with his or her job responsibilities, a Supervised Person may not release to any person not associated with Adviser (except to those concerned with the transaction or entitled to the information on behalf of the Client or to those providing legal, accounting, administrative or other services to the pertinent Client) any information relating to: (1) Client securities holdings; (2) transactions executed for any Client; (3) Client trading decisions, strategies or trading techniques; (4) any information regarding the counterparties to any Client transaction; (5) non-public data furnished to Adviser by any Client, agent or contractor; (6) investor lists, files or other investor information; (7) Adviser promotional material; (8) fund offering memoranda and other offering documents; (9) vendor names; (10) Adviser business records, personnel information, financial information, leases, software, licenses, agreements, computer files and business plans; and (11) the analyses and other proprietary data or information of Adviser. All such information, whether or not material and whether about Clients or investors, Adviser employees or other persons, is strictly confidential. Supervised Persons also must not contravene the provisions of any confidentiality agreement to which Adviser or the Supervised Person is a party.

In particular, Supervised Persons must take special precautions not to disclose information concerning recommendations, transactions or programs to buy or sell particular securities that are not yet completed or are under consideration, except: (1) as necessary or appropriate in connection with their job responsibilities; (2) in conjunction with a regular report to Clients or investors; (3) in conjunction with any report to which the persons are entitled because of provisions of an investment management agreement or other similar document governing the operation of Adviser; (4) as otherwise may be required by law (in such event, upon notice to Adviser); or (5) after the information is otherwise publicly available.

All Supervised Persons owe a primary duty of loyalty to Clients. This duty includes not misappropriating trading information and/or strategies developed for use in managing Clients' capital for use in a Supervised Person's personal trading (or trading for other accounts). In general, Adviser's Personal Account Trading Policies found in the Code of Ethics should prevent any such misappropriation. However, in the event any Supervised Person believes that he or she is in a position to profit from using specific information that he or she received or was generated in the cause of managing Clients' investing and trading, such Supervised Person must not execute the indicated transaction.

#### **10.4 Non-Disclosure of Nonpublic Personal Information**

Supervised Persons may not disclose any nonpublic personal information about investors or account holders or former investors or account holders to anyone other than Adviser's attorneys, accountants, administrators, auditors or another Adviser employee without the written authorization of the Chief Compliance Officer. All disclosure of nonpublic personal information about investors or account holders or former investors or account holders should be limited to the extent necessary or appropriate in connection with Supervised Persons' job responsibilities or as may be required by law.

#### **10.5 Duty to Report**

A Supervised Person must inform the Chief Compliance Officer or a member of Adviser's senior management promptly if he or she discovers that someone else is making or threatening to make unauthorized use or disclosure of confidential or proprietary information.

### **SECTION 11: PRIVACY POLICY**

#### **General**

Adviser is committed to maintaining the confidentiality, integrity and security of Clients' and investors' personal information. Adviser's policy is to respect the privacy of its current and former Clients and investors and to protect the personal information entrusted to it.

#### **Regulation S-P**

Regulation S-P, adopted by the SEC pursuant to the Gramm-Leach-Bliley Act (and similar Federal Trade Commission privacy regulations) sets forth a number of requirements that a registered investment adviser must meet in order to maintain the privacy of personal information about clients and investors who are natural persons.

Regulation S-P only applies to Clients and investors who are natural persons. However, Adviser's policy is to protect and safeguard the privacy of personal information entrusted to Adviser by all Clients and investors.

#### **Privacy Policy**

Adviser generally does not disclose "nonpublic personal information" about Clients or investors to third parties, other than service providers who need access to that information in

order to permit the Client and Adviser to conduct their affairs (*e.g.*, auditors, accountants, prime brokers and attorneys). Adviser adheres to Deutsche Bank's privacy policy. Adviser restricts access to nonpublic personal information internally to those personnel who need the information in order to conduct Adviser's business. Such information also may be disclosed when a Client or investor specifically authorizes the disclosure and for other purposes required or permitted by law, such as where reasonably necessary to prevent fraud or unauthorized transactions, respond to judicial process or subpoena or comply with federal, state or local laws.

Prospective Clients and investors must indicate their understanding in a consulting agreement, trust agreement or other agreement, as applicable, that although Adviser will use its best reasonable efforts to keep Clients' and investors' investments and the information Clients and investors provide to Adviser confidential, (1) there may be circumstances in which applicable law or regulation relating to combating terrorism or money laundering may require the release of information provided to Adviser to law enforcement or regulatory officials, (2) Adviser may present completed documents and/or any information included therein relating to a Client or investor to any service providers of Adviser or to such regulatory bodies or other parties as may be appropriate to establish the availability of exemptions from certain securities and similar laws or the compliance of the Client, its directors, if any, and/or Adviser with applicable laws, (3) Adviser may disclose such completed documents, any information included therein or other information relating to a Client's or investor's accounts or investments when required by judicial process or, to the extent permitted under applicable privacy laws, to the extent Adviser considers that information relevant to any issue in any action, suit or proceeding to which Adviser is a party or by which it is or may be bound and (4) where such disclosure is required by any law or order of any court or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or governmental or regulatory or taxation authority. Any Client that instructs Adviser to send duplicate reports to any third party may revoke such instructions at any time by sending a written notice to Adviser indicating that a previously authorized third party is no longer authorized to receive such reports.

Adviser does not currently intend to enter into any third-party service provider contracts. However, should Adviser do so, it will obtain contractual assurances from third-party service providers to protect the confidentiality of Clients' and investors' nonpublic personal information when it is appropriate to do so and takes reasonable measures to verify that such third parties maintain safeguards designed to provide reasonable protection for the confidentiality of Clients' and investors' nonpublic personal information.

Adviser has implemented an information security plan, which includes policies and procedures reasonably designed to safeguard the security and confidentiality of personal information, protect against any anticipated threats to the security of such information and guard against unauthorized access to or use of such information.

## **Privacy Notice to Clients and Investors**

Regulation S-P requires Adviser to provide an initial and annual notice to each Client or investor who is a natural person describing Adviser's privacy policies and practices (a "Privacy Notice"). In accordance with Regulation S-P, Adviser must (1) provide each Client or investor who is a natural person Adviser's Privacy Notice not later than at the time the Client's or

investor's relationship with Adviser is established and (2) provide the Privacy Notice annually to each Client or investor who is a natural person.

Adviser's Privacy Notice must cover the following: (1) a description of the non-public personal information collected by Adviser; (2) whether or not such information will be disclosed to unaffiliated third parties and, if so, which information and to whom; (3) to the extent information is provided to unaffiliated third parties other than according to certain exceptions included in Regulation S-P, the "opt out" option available to clients and investors and how they are to request the opt-out (not presently required for Adviser's Privacy Notice, since Adviser prohibits such provision of information); and (4) a description of Adviser's policies and procedures designed to protect the confidentiality and security of the information.

Adviser is required to deliver a copy of its Privacy Notice to each current investor who is a natural person once every twelve-month period. Adviser has selected the calendar year as its twelve-month period and, accordingly, provides a copy of its Privacy Notice to each current Client who is a natural person by December 31 of each calendar year.

The Chief Compliance Officer is responsible for ensuring that Adviser's Privacy Notice is up-to-date and has been delivered to each investor who is a natural person both initially and annually.

Adviser follows Deutsche Bank's Privacy Policy. The Chief Compliance Officer will provide a copy of such privacy policy upon request.

### **11.1 Compliance with Regulation S-AM**

Regulation S-AM, adopted by the SEC pursuant to the federal Fair Credit Reporting Act, generally prohibits a financial institution, such as Adviser, from using "eligibility information" (*i.e.*, information bearing on the creditworthiness, credit standing, credit capacity, mode of living, character, general reputation and personal characteristics of a client or investor who is a natural person) received from its affiliate to make a solicitation to such client or investor for marketing purposes unless the client or investor has:

- Received notice of the potential marketing use of the information;
- Been provided a reasonable opportunity and a simple method to opt out of receiving the marketing solicitation; and
- Not opted out.

### **11.2 Information Security Plan**

Regulation S-P requires advisers to implement a written information security plan designed to safeguard the personal information of clients and investors who are natural persons. Although Regulation S-P does not technically apply to the records of clients and investors that are not natural persons, Adviser is committed to safeguarding the confidentiality of information regarding all Clients and investors. To meet the requirements of Regulation S-P and generally safeguard Client and investor information, Adviser requires that:

- Information about Clients and investors must be maintained and used in ways that minimizes the chances of unauthorized access, alteration or destruction.
- Supervised Persons must take reasonable precautions to confirm the identity of parties requesting Client and investor information (particularly personal information). Particular care must be taken to avoid disclosure to identity thieves. Any interaction with a suspected identity thief must be reported as soon as possible to the Chief Compliance Officer. If a Supervised Person receives a complaint regarding a potential identity theft issue from a Client, investor or other party, the Supervised Person should immediately notify the Chief Compliance Officer, who will thoroughly investigate any valid complaint.
- In the event that unintended parties receive access to personal Client or investor information, Adviser will discuss the matter with outside counsel and promptly notify those Clients or investors of the privacy breach as might be necessary. With respect to Clients or investors from certain states, this is a specific requirement.
- As set forth in Adviser's Privacy Policy, Adviser will not disclose personal Client or investor records and information to any third party unless such disclosure is permitted or required by law.

Adviser will maintain appropriate programs and controls (which may include anti-virus protection and firewalls) to detect, prevent and respond to attacks, intrusions or other system failures. Mr. Kiley, with the assistance of Deutsche Bank's IT Department, is responsible for implementing and supervising the maintenance of appropriate protections for Adviser's information technology system, which shall include (at a minimum):

- Secure user authentication protocols (*e.g.*, control of user IDs, secure methodology for assigning and selecting passwords or use of biometrics or token devices).
- Secure access control measures limiting access of personal information to those who need the information to perform their job duties.
- Encryption (if feasible) of personal information to be transmitted across public networks or wirelessly or carried on laptops or other portable devices.
- Reasonable monitoring of systems for unauthorized use of personal information.
- Firewall protection and operating system security patches to maintain the integrity of personal information.
- Installation of reasonably up-to-date system security agent software.
- Education and training of employees in the proper use of the computer security system and the importance of personal information security.

In order to prevent accidental dissemination of personal Client or investor information, Supervised Persons must adhere to the following guidelines:

- Inform management when unauthorized personnel enter the premises.
- Do not leave visitors unattended in Adviser's offices.
- Lock doors at all times in areas that have confidential and secure files.
- Refrain from leaving confidential information on photocopy or fax machines or in "public" areas of the firm.
- Maintain control of confidential documents including materials intended for internal dissemination only.
- To the extent practicable, keep confidential personal information in lockable filing cabinets.
- Remove documents containing confidential information from Adviser offices only for bona fide business purposes and take appropriate care to safeguard such documents until their return to Adviser offices.
- Do not allow passwords to be given to unauthorized personnel or to third parties.

The Chief Compliance Officer is responsible for managing Adviser's response to any security breach. Adviser will periodically evaluate the effectiveness of its information security plan to make necessary adjustments in response to new or revised regulatory requirements, security tests, technological developments and/or changes in Adviser's business arrangements.

### **11.3 State Privacy Laws**

Certain states have adopted privacy regulations that may be applicable to advisers with investors who are residents of those states. For example, under the Massachusetts Privacy Law any adviser that has clients or investors who are both natural persons and resident in Massachusetts must implement a written information security program to protect records that the adviser maintains, stores or otherwise has access to, in connection with its business, that contain non-public personal information about those clients or investors ("Covered Personal Information"). "Personal information" includes last name and first name or initial plus any of the following:

- Social security number.
- Driver's license number or other state-issued identification number.
- Financial account number.
- Debit or credit card number.

The Massachusetts Privacy Law indicates that technically feasible electronic protections should be implemented to safeguard personal data in accordance with (i) the size, scope and type of business of the adviser, (ii) the resources available to the adviser, (iii) the amount of stored data and (iv) the need for security of information. The Law also requires any company subject to the Law to appoint one or more employees to oversee the security program.

The Chief Compliance Officer is responsible for Adviser's program to protect Covered Personal Information in accordance with the Massachusetts Privacy Law. To the extent Adviser currently is, or in the future becomes, subject to the Massachusetts Privacy Law, the Chief Compliance Officer, among other things, will:

- Identify any Client or investor who is covered by the regulation;
- Identify any reasonably foreseeable risks that pertain to the Covered Personal Information;
- Address those reasonably foreseeable risks, including by implementing and supervising Adviser's Information Security Plan, as described in Section 6.1 above;
- Monitor the effectiveness of Adviser's information security plan, including a formal review at least annually and after any material business change that may affect the information security plan;
- Impose disciplinary measures for violations of the information security plan;
- Conduct and document a post-incident review of any security breach;
- Oversee any service providers (including, for example, third-party administrators) that maintain, process, store or otherwise have access to Covered Personal Information;
- Develop policies for storage, access and transport offsite of records containing Covered Personal Information; and
- Implement technically feasible electronic protections (including encryption of laptops and portable storage devices containing Covered Personal Information) with respect to Covered Personal Information that is stored or transmitted electronically.

Adviser presently has access to Covered Personal Information for one or more Clients and Liquidating Trust Beneficiaries who are both natural persons and Massachusetts residents.

As of March 1, 2010, any new contract entered into by Adviser with any service provider that may store, process or have access to Covered Personal Information must include a provision designed to meet the requirements of the Massachusetts Privacy Law. All existing contracts must be revised to include such a provision by March 1, 2012.

Other states have adopted, or may adopt in the future, similar privacy laws. To ensure compliance with the Massachusetts Privacy Law and other state requirements, the Chief Compliance Officer will periodically review such laws and evaluate whether Adviser's procedures and controls are sufficient in light of the review. To the extent necessary, Adviser will revise its procedures and institute additional controls in order to comply with applicable state privacy laws.

#### **11.4 Proper Disposal of Consumer Information**

Adviser is required by Advisers Act rules to take reasonable measures to protect any non-public information or sensitive consumer information that it is discarding. The following procedures are utilized to prevent this discarded information from unauthorized access or use:

- Extraneous paper documents containing any such information (including documents designated for recycling) that are to be discarded must be burned, shredded or otherwise destroyed so that the information cannot be read or reconstructed.
- Any such information saved in a storage medium that is being sold or disposed of (e.g., an Adviser-owned laptop computer that is sold or externally recycled) must be removed from the medium.
- Any such information contained in an electronic medium must be destroyed or erased so that the information cannot be read or reconstructed.

Deutsche bank contracts with service providers for services involving the disposal or destruction of non-public consumer information and Adviser uses such third party vendors and service providers for such purposes. To the extent Adviser individually contracts with any service providers for services involving the disposal or destruction of non-public consumer information, Adviser will require the "proper" disposal of documents containing such information. In order to ascertain that the disposal companies are performing their duties in accordance with this policy, Adviser will:

- Review an independent audit of the disposal company's operations and/or its compliance with the disposal rule;
- Obtain information about the disposal company from several references or other reliable sources;
- Require that the disposal company be certified by a recognized trade association or similar third party; and/or
- Take other appropriate measures to determine the competency and integrity of the disposal company.



## SECTION 12: PROMOTIONAL MATERIALS

### 12.1 In General

#### What is “Promotional Material”?

Adviser currently does not (and does not intend to) market its advisory services to current or prospective Clients or market any funds to any current or prospective investors. As such, Adviser does not have any marketing materials and does not expect to formulate or use such materials anytime in the near future. The purpose of this Section 12 is to set forth Adviser’s policy should Adviser ever start to market any products to current or prospective investors or clients.

The term “promotional material” for purposes of this Manual shall be synonymous with the SEC’s definition in Rule 206(4)-1 of “advertisement” under the Advisers Act. The term “advertisement” shall include any notice, circular, letter or other written communication addressed to more than one person, or any notice or other announcement in any publication or by radio or television, which offers:

- any analysis, report, or publication concerning securities, or which is to be used in making any determination as to when to buy or sell any security, or which security to buy or sell;
- any graph, chart, formula or other device to be used in making any determination as to when to buy or sell any security, or which security to buy or sell, or
- any other investment advisory service with regard to securities.

Adviser takes the position that (irrespective of certain limited regulatory exceptions) any material directed to prospective Clients or investors and all material sent to existing Clients or investors (other than routine correspondence, periodic reports and the like), even if to only a single, prospective institutional investor, constitutes “promotional material.” Electronic mail correspondence with current and prospective Clients or investors may be considered promotional material.

For the avoidance of doubt, promotional material includes, *e.g.*, responses to “requests for proposals”; individual investor solicitations (including electronic mail); standardized “scripts” for responding to inquiries; monthly investor letters; seminar presentations and any advertising designed to encourage attendance at such seminars; advertising (including newspapers, magazines, radio, television and direct or electronic mail); newsletters, reports and circulars; prepared sales scripts, whether actually followed in making sales presentations or developed solely for internal training purposes; material used on the Internet; and hotlines. Any questions regarding whether a communication is or may be considered to be promotional material should be directed to the Chief Compliance Officer.

## **No False or Misleading Promotional Materials**

Adviser promotional material is subject to the general anti-fraud prohibitions in Sections 206(1) and 206(2) of the Advisers Act, the specific restrictions on investment adviser advertising set forth in Rule 206(4)-1 under the Advisers Act and certain related guidance issued by the SEC staff. Adviser must not utilize any advertising practices or materials that could be deemed fraudulent or deceptive in any manner.

Adviser may not use any promotional materials that contain any untrue statement of a material fact or that are otherwise false or misleading. Whether a particular promotional material is misleading depends on all the relevant facts and circumstances, including the level of sophistication of the prospective Client or investor. Adviser ordinarily solicits Clients and investors that are highly sophisticated, high net worth individuals and institutions. However, regardless of the level of sophistication of a prospective Client or investor, Adviser must comply with certain restrictions and prohibitions with respect to the content and use of promotional materials, as follows.

### **No Guarantee of Gain or Guarantee Against Loss**

No Supervised Person may guarantee a general or specific investment result (such as by indicating there will be gains or no losses, that gains will equal or exceed a specified amount or that losses will not exceed a specified amount) to any existing or prospective Client.

Any time statements as to the objectives and/or intended performance and risk/reward profile of a Client are made, it also must be clear that there is no assurance that these objectives and/or intended performance will be achieved or that losses will be avoided.

### **Restrictions on Projections or Predictions of Future Performance**

Supervised Persons may not use promotional materials that contain predictions or projections of future performance, including targeted rates of return, without the permission of the Chief Compliance Officer. No promotional material may list a targeted rate of return without providing a sound basis for investors to evaluate the reasonableness of the stated target.

### **No Flamboyant Material or Statements Suggesting Likelihood of Quick Profits**

Supervised Persons may not use promotional materials that contain exaggerated or unsupportable claims, and all promotional materials must adopt a balanced approach. For example, any statement regarding profit potential (which, as noted above, may not take the form of a guarantee) must be balanced by a statement of risk of loss. In addition, where appropriate, the need for a long-term commitment must be emphasized as opposed to representations suggesting the possibility of short-term profits.

### **Avoid the Use of Testimonials**

Supervised Persons may not use promotional materials containing testimonials of any kind concerning Adviser or concerning any advice, analysis, report or other service rendered by

Adviser, including any statement by an existing or former Client that endorses Adviser or refers to the Client's or investor's favorable investment performance or experience with Adviser.

The term "testimonial" has been very broadly construed by the SEC staff. In certain cases, even presenting to a prospective Client or investor a "reference" list naming Adviser's current Clients or investors may constitute a "testimonial." (In addition, prior to placing the name of any Client or investor on a "reference" list, Adviser must obtain the consent of such party.) Accordingly, Adviser should not use any promotional materials that name any Client or investor, or that contain any type of statement by a Client or investor about any matter, without the prior approval of the Chief Compliance Officer (who will determine whether such material involves the use of a prohibited "testimonial").

### **Use of Client Surveys is Restricted**

Client or investor surveys, even when conducted by unbiased third-party service providers, may be viewed as prohibited "testimonials." As with all other promotional materials, Supervised Persons may not use any Client or investor survey unless it has been reviewed and authorized for use by the Chief Compliance Officer.

### **Circumstances under Which Distribution of Reprints are Ordinarily Permissible**

If a report or article regarding Adviser is published, such report or article — if subsequently distributed in reprinted form — will not be considered to constitute a prohibited "testimonial" as long as the article is *bona fide* (i.e., was not commissioned or paid for by Adviser) and does not include any statement by an existing or former Client or investor that endorses Adviser or refers to such Client's or investor's favorable investment performance or experience with Adviser.

As with all other promotional materials, Adviser personnel may not use any reprint of any such report or article unless it has been reviewed and authorized for use by the Chief Compliance Officer. Reprints of articles, if used by Adviser personnel, must be supplemented with the proper disclosures and disclaimers. Use of any such reprint may also require the permission or purchase from its publisher prior to use. By distributing any reprint, Adviser is "adopting" its contents and must ensure that such contents meet all applicable requirements for promotional material.

### **Reference to Past Specific Recommendations is Restricted**

Due to concerns over "cherry-picking," reference to the results of past specific profitable trades (as opposed to the overall performance of a Client account since inception) is generally prohibited. However, certain references may be permissible if presented in accordance with SEC staff guidance, as discussed below.

No advertising or marketing materials may refer, directly or indirectly, to past specific recommendations of Adviser that were or would have been profitable to any person, without the prior approval of the Chief Compliance Officer (who, in consultation with counsel, will determine whether such material complies with the requirements of Rule 206(4)-1 and pertinent SEC staff guidance).

*Rule 206(4)-1.* Rule 206(4)-1 generally prohibits a registered adviser from using any promotional material that refers directly or indirectly to the adviser's past specific profitable recommendations unless the promotional material includes information about all recommendations made by the adviser within at least the prior one-year period. The advertisement must include the name of each security recommended; the date and nature (whether to buy or sell) of each recommendation; the market price at that time; the price at which the recommendation was to be acted upon; and the market price of each such security as of the most recent practicable date. The term "recommendation" is understood to include decisions to buy or sell securities for client accounts. The advertisement must contain the following legend: "It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities on this list." When a list contains recommendations made over a time period of several years, the prior one-year period is defined by the earliest recommendation included.

*Current recommendations.* In *Franklin Management, Inc.* (SEC No-Action Letter, pub. avail. December 10, 1998) ("*Franklin Management*"), the SEC staff indicated that a list of current recommendations is not subject to the Rule 206(4)-1 prohibition on past specific recommendations. The staff noted, however, that whether a list consists of current or past recommendations would depend on the specific circumstances of how that information is presented in a given advertisement. A list also would come within the rule if the adviser no longer recommends the securities listed or if the advertisement indicates that any of the securities listed were recommended in the past.

*Objective, non-performance-based criteria.* In *Franklin Management*, the SEC staff also permitted advisers to provide information in reports about a limited number of recommendations under conditions designed to ensure the presentation would be objective and not misleading. Generally speaking, past trades must be selected for inclusion in a report based on objective, non-performance based criteria, such as largest positions held during a quarter (which criteria may not vary from period to period). In addition, the reports including such information may not discuss, directly or indirectly, the amount of the profits or losses, realized or unrealized, of any of the specific positions.

*Responses to specific requests for information.* In view of the SEC staff's position in *Investment Counsel Association of America* (SEC No-Action Letter, pub. avail. March 1, 2004), Supervised Persons may provide information with respect to past specific trades that Adviser has made, including a discussion of whether those trades were or were not profitable, in response to a specific request for such information from a Client or investor, a potential Client or investor or the Client's or investor's representative.

Likewise, Supervised Persons may provide investors with information concerning trades that Adviser recently made in the fund in which the investor is invested. Written communications by an investment adviser to an existing Client about the performance of securities in such Client's account are considered part of the advisory services provided to the Client by the adviser.

*Analysis of "top" and "bottom" holdings.* According to SEC staff guidance in *The TCW Group, Inc.* (SEC No-Action Letter, pub. avail. November 7, 2008) ("*TCW*"), advisers may use

materials containing attribution analyses such as lists of best and worst performing investments during a period. The presentation discussed in *TCW* would include the five holdings of a representative account that contributed most positively and an equal number that contributed most negatively during a period. The staff based its relief on a number of specific conditions regarding selection of holdings, calculation methodology, presentation of information, supporting data and recordkeeping.

### **Use of Graphs, Charts and Formulas Is Restricted**

Adviser may not use any promotional materials that represent, directly or indirectly, that any graph, chart, formula or other device being offered by Adviser (1) can in and of itself be used to determine which securities to buy or sell, or when to buy or sell them; or (2) will in and of itself assist any person in making his or her own decisions as to which securities to buy or sell, or when to buy or sell them, without the prior approval of the Chief Compliance Officer.

### **Reports, Analyses and Other Services Offered “Free of Charge”**

Adviser should not use any promotional materials that contain any statement to the effect that any report, analysis or other service will be furnished by Adviser free or without charge unless such report, analysis or other service actually is or will be furnished entirely for free and without any direct or indirect condition or obligation.

### **References to Regulation of Adviser**

Adviser may not represent or imply in any manner whatsoever (whether expressly or by way of the context in which such reference is made) that Adviser has been sponsored, recommended or approved, or that Adviser’s abilities or qualifications have in any respect been passed upon, by the SEC, the CFTC, the NFA or any other government or governmental authority or self-regulatory organization.

Adviser personnel may not use the term “RIA” on their business cards, in promotional materials or in any other manner. Adviser may refer to itself as an “SEC-registered investment adviser,” provided the reference is not made in a context that could be expected to suggest to a “reasonable” reader that Adviser has been sponsored, recommended or approved, or that Adviser’s abilities or qualifications have in any respect been passed upon, by the SEC.

### **Use of “Hedge” Clauses Is Restricted**

Adviser may not attempt to bind any person to waive — or to lead any person to believe that he or she has waived — Adviser’s compliance with any applicable provision of the Advisers Act or any applicable rule or regulation thereunder. In light of this restriction, Adviser may not use any promotional materials that state Adviser assumes no liability for information contained therein, even though the information might be provided by or obtained from third parties who are not under the control of Adviser. This does not preclude Adviser from stating that Adviser believes such third party information to be reliable but cannot guarantee its accuracy. However, Adviser may not make such a statement unless it has a reasonable basis for believing that the information is in fact accurate.

## Performance Advertising

The SEC has not issued any rules prescribing how investment adviser performance must or must not be calculated or presented. Instead, the SEC and its staff have addressed performance issues, including portability, under the general prohibition of misleading performance through no-action letters and enforcement actions. In *Clover Capital Management, Inc.* (SEC No-Action Letter, pub. avail. October 28, 1986) (“*Clover*”), the SEC indicated that an advertisement relating to an adviser’s performance would be considered false or misleading “if it implies, or a reader would infer from it, something about the adviser’s competence or about future investment results that would not be true had the advertisement included all material facts.”

Before any past performance is presented to a prospective or existing Client or investor, the presentation must be pre-approved by the Chief Compliance Officer. Promotional materials that do not change from period to period, other than performance figures, shall not be required to be reviewed on an ongoing basis after an initial review by the Chief Compliance Officer but should be reviewed periodically by the Chief Compliance Officer.

### Guidelines for Preparation of Performance Advertising

The presentation of performance in promotional materials is prohibited if the materials:

- fail to disclose any material conditions, objectives, or investment strategies used to obtain the results portrayed;
- fail to indicate the effect (if any) of material market or economic events on the results portrayed (*e.g.*, an advertisement stating that the accounts of Clients appreciated in value 25% without disclosing that the market generally appreciated 40% during the same period);
- compare model or actual results to an index without disclosing all material facts relevant to the comparison;
- fail to disclose whether and to what extent the results portrayed reflect the reinvestment of dividends or other earnings;
- suggest or make claims about the potential for gain without disclosing the possibility of loss or fail to state that past results are not necessarily indicative of future performance; or
- include results that do not reflect the deduction of advisory fees, brokerage or other commissions, or any other expenses that a client/investor would have paid.

Except in limited circumstances involving one-on-one presentations to wealthy and institutional clients (as discussed below), all performance must be presented net of fees (*i.e.*, reflecting the deduction of advisory fees, brokerage or other commissions and certain other expenses that the account paid). Gross performance also may be used if presented side-by-side with net performance, both presented in the same format and clearly legended.

## **Current Performance Data Requirement**

All Client performance information included in any promotional material must be as current as practicable. For purposes of Adviser's policy, the term "current" shall mean, at a minimum, quarterly.

## **Wealthy Client Exception**

All performance must be presented net of fees and expenses, except in limited circumstances involving one-on-one presentations to wealthy and institutional Clients or investors, in which case Adviser must disclose:

- that the performance results do not reflect the deduction of advisory fees;
- that the Client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its investment advisory account;
- that the advisory fees are described in Adviser's Form ADV Part 2; and
- a representative example that shows the effect an advisory fee, compounded over a period of years, could have on the total value of a Client's portfolio.

## **Composites**

In *Clover*, the SEC staff stated that if performance results are advertised for only a subset of client accounts, an advertisement must disclose the basis on which the selection was made and the effect of the selection on the results portrayed, if material.

## **Portability of Performance**

The SEC staff has indicated that an adviser may use promotional materials that contain performance information generated by an employee while working at a prior firm, but only under limited circumstances. To use a person's prior performance, an adviser generally must ensure, among other things, that (1) no other person played a significant role in generating the performance; (2) the accounts managed by the person currently are similar to the accounts managed at the prior firm; (3) all accounts managed in a substantially similar manner are included in the calculation of the representative performance results; (4) the advertisement contains all relevant disclosures, including that the performance results were from accounts managed at another firm; and (5) the adviser has the documents necessary to verify the results of the prior firm performance.

Adviser will not include in its promotional materials any reference to performance generated by a Supervised Person at another firm without the prior approval of the Chief Compliance Officer.

"Related performance" (performance for a fund or account other than the one being offered) may only be used for Section 3(c)(7) funds or very sophisticated managed accounts and

must clearly set forth any strategy or other quantifiable difference applicable to the reported fund from the offered fund or account.

### **Model Performance; Use of Hypothetical or Extracted Results**

The SEC staff has acknowledged that model performance data, under certain circumstances, may not be misleading. In *Clover*, the staff took the position that model performance information, like actual performance information, must reflect the deduction of fees and expenses that the model account would have been required to pay and must be accompanied by the same sort of disclosure that would be required with actual performance. In addition, the staff indicated that an adviser must meet certain other specified disclosure obligations in connection with the limitations inherent in model results.

In any case, complex legal considerations apply to the presentation of “hypothetical” results and results of model portfolios. No hypothetical or extracted performance information may be used without the approval of the Chief Compliance Officer. In the event an investor requests that the performance of a particular strategy used by a fund be broken out from the fund’s overall performance, the Chief Compliance Officer must be consulted. Enforcement actions of the National Association of Securities Dealers, the predecessor to FINRA, have held that the use of hypothetical and/or extracted records by broker-dealer members violated its general anti-fraud rules. While Adviser is not itself bound by these decisions, it should nevertheless carefully consider these issues before using such records.

### **No GIPS Reference**

Neither Adviser nor the funds shall refer to their performance records as having been prepared or presented in compliance with the Global Investment Performance Presentation Standards (“GIPS”) of the CFA Institute (formerly the Association for Investment Management and Research) unless and until such records comply in full with such requirements, including footnote requirements.

## **12.2 Review and Dissemination Procedures**

### **Prior Review of All Promotional Material**

Supervised Persons may use only promotional material furnished to them by Adviser, and only if the use of such material has been approved by the Chief Compliance Officer. Supervised Persons may never use their own promotional letters or other presentation material.

All proposed promotional materials designed to promote the Adviser or the services it offers prepared by or under the supervision of Adviser personnel or prepared by any other person with the knowledge and cooperation of Adviser must be reviewed and approved by the Chief Compliance Officer prior to use. It is the responsibility of the person drafting the materials to make clear to the Chief Compliance Officer the manner in which the materials are to be presented to investors and whether the materials must be accompanied by other documents. In each case, such person must ensure that the material contains all appropriate footnotes, legends and disclosures. All third party data or information should be properly attributed and any necessary licenses to use such information obtained. It is the responsibility of the person drafting



the material to confirm that any performance data set forth therein is accurate, complete and current. As noted previously, promotional materials that do not change from period to period, other than performance figures, shall not be required to be reviewed on an ongoing basis after an initial review by the Chief Compliance Officer but should be reviewed by the Chief Compliance Officer on a periodic basis.

### **Promotional Material Log**

If Adviser ever disseminates promotional materials, Mr. Kiley will maintain a Promotional Materials Log that indicates the manner in which all promotional materials sent to potential and existing Clients and investors (as opposed to being used only in the context of a person-to-person presentation and not otherwise distributed) are used, the person(s) who prepared such materials, and the persons to whom such materials were sent.

### **Control of Dissemination by the Chief Compliance Officer**

In order to ensure that all material disseminated by Adviser is reviewed prior to use, only the Chief Compliance Officer will be authorized to transmit, or to authorize others to transmit, such material to existing or prospective investors or clients.

#### **12.3 Required Maintenance of Supporting Documentation**

Adviser must maintain supporting documentation for all information (performance-related or otherwise) contained in its promotional material. In this regard, past performance reporting not only must be accurate, it also must be substantiated. No performance for which supporting documentation is not available and maintained by Adviser may be used.

All promotional material distributed to prospective and existing Clients and investors and any documentation supporting any performance data contained therein must be maintained and preserved in the office of Adviser for two years from the end of the fiscal year during which the document was last circulated and thereafter (for at least three years) in an easily accessible place.

#### **12.4 Requests for Proposals**

Requests for proposals (“RFPs”) are solicitation materials and are subject to Adviser’s guidelines and restrictions regarding promotional material. Supervised Persons should complete any such RFPs to the fullest extent possible, and the Chief Compliance Officer must review and approve any RFP before it is returned to the potential Client.

#### **12.5 No Regulatory Filings of Promotional Material**

While Adviser itself must maintain a file containing all of its promotional material, there is no general requirement that promotional material be filed with any U.S. regulatory authority.

## **SECTION 13: USE OF SOCIAL MEDIA**

Adviser has adopted policies and procedures to be followed by Supervised Persons in the use of social networking tools, such as Facebook, LinkedIn, Twitter, blogs, chat rooms and other public forums (“social networking communications”).

As a general policy (with the exception of any communications protected by an employee’s rights under the National Labor Relations Act), any social networking communication related to Adviser’s business (including any discussion of Clients or investors) is prohibited unless specifically authorized and supervised by the Chief Compliance Officer, in view of the following (and other) considerations:

- Information about Adviser that is posted on a social media site could be deemed to be advertising. All advertising with respect to Adviser is subject to extensive regulation under the Advisers Act.
- Supervised Persons are required to protect the confidentiality of proprietary Adviser information, including, without limitation, information about Adviser’s operations, strategies and trading techniques.
- Supervised Persons are required to protect the confidentiality of all Client or investor information.
- Any information posted about an unregistered fund on a social media site may violate the prohibitions on “general solicitation” or “general advertising” and hence jeopardize the fund’s ability to rely on Section 3(c)(1) or Section 3(c)(7).

Adviser’s “Social Networking Policies and Procedures” are attached as Appendix H. The Chief Compliance Officer will conduct monitoring of social media sites reasonably designed to detect and address violations of the Social Networking Policies and Procedures. Violations detected will be investigated by the Chief Compliance Officer and may result in disciplinary action.

## **SECTION 14: ADVISORY AND SUBADVISORY CONTRACTS**

### **14.1 Advisory Contracts**

Although an adviser is not required under the Advisers act to enter into written advisory agreements, Adviser as a matter of policy requires a written advisory agreement for each Client that satisfies all pertinent regulatory requirements.

The Advisers Act sets forth the following requirements with respect to written advisory agreements entered into by SEC-registered advisers:

- Section 205(a)(1) generally prohibits a contract that provides for performance-based compensation (“performance fees”). Rule 205-3 under the Advisers Act, however, exempts an adviser from the prohibition in certain circumstances,

including when the client is a “qualified client.” For purposes of Rule 205-3, an investor in a private fund that is excepted from the definition of “investment company” by Section 3(c)(1) of the Investment Company Act is considered a client. The Section 205(a)(1) prohibition does not apply to a contract with a fund excepted from the definition of “investment company” by Section 3(c)(7) of the Investment Company Act.

- The agreement must include a provision that there be no assignment of an advisory contract without the client’s consent.
- An adviser that is a partnership must notify the other party to the contract of any change in the membership of the partnership within a reasonable time after the change.
- The Advisers Act prohibits the use of “hedge clauses” that could cause a client to believe it has given up legal rights and is foreclosed from a remedy that it might otherwise have under common law, the Advisers Act or other federal or state laws.
- Provisions binding a client to waive compliance with any provision of the Advisers Act are prohibited.

Mr. Kiley is responsible for approving and maintaining executed copies of all advisory agreements and powers of attorney that evidence the granting of discretionary power or authority.

#### **14.2 Subadvisory Agreements**

Under certain circumstances, Adviser may engage a third party to serve as a subadviser for Client assets under Adviser’s management. Adviser will conduct reasonable due diligence on the third party before engaging it as a subadviser and will perform general oversight of any subadviser engaged on an ongoing basis.

### **SECTION 15: SOLICITING PROSPECTIVE INVESTORS**

#### **15.1 Offering Documents**

Adviser currently does not (and does not intend to) market its advisory services to current or prospective Clients or market any funds to any current or prospective investors. As such Adviser does not have any offering documents and does not expect to formulate or use such materials anytime in the near future. The purpose of this Section 15 is to set forth Adviser’s policy should Adviser ever start to market any products to current or prospective investors or clients.

#### **Offering Documents**

For each fund, Adviser prepares a confidential offering memorandum (the “OM”) or similar document describing the fund; its investment objective(s), policies and restrictions; the

direct and indirect fees and expenses associated with an investment in the fund; the material risks associated with an investment in the fund; the principal tax considerations associated with an investment in the fund; the restrictions on transfers and redemptions of the securities issued by the fund; the conflicts of interest to which Adviser is subject in connection with the management of the fund; and other material matters. The OM relating to a fund will contain or be accompanied by the form of subscription agreement under which a potential investor may subscribe for interests in the fund.

Due to the financial qualifications of all persons solicited to invest in a fund, Adviser is not, as a technical legal matter, required to submit a OM to any investor. As a matter of policy, however, Adviser requires that the relevant OM be provided to each investor.

### **Offshore Legal Compliance**

Legal compliance in respect of the distribution of offering documents (including marketing materials) outside the United States will be the responsibility of the Chief Compliance Officer, who must be consulted before any offshore marketing is undertaken.

### **Domestic and Offshore Disclosures Equivalent**

It is Adviser's policy that offshore investors receive substantially the same disclosures (in pertinent part) as their U.S. counterparts. U.S. taxable persons may invest in offshore funds only with the approval of the Chief Compliance Officer

#### **15.2 Adviser's Potential Liability for Certain Misstatements and Omissions in Offering Memoranda**

Under certain circumstances, Adviser may be subject to monetary and/or other liability or sanction if the OM for a fund contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Each investor will represent in the pertinent subscription document that it has subscribed to the applicable fund "solely on the basis of the information set forth in the fund's offering memorandum." Accordingly, if a Supervised Person believes that there is a disclosure in a OM that might be considered inaccurate or incomplete, he or she must bring the matter to the attention of the Chief Compliance Officer, as it may be necessary to amend the OM in order to ensure that it meets all applicable disclosure standards.

Adviser will review the OM for each fund that is open for investment on an annual basis, and more frequently as needed, to determine whether amendment is necessary.

#### **15.3 Duties of Adviser Personnel With Respect to Fund Offering Memoranda**

##### **Duties of Adviser Personnel With Respect to Fund Offering Memoranda**

In light of the foregoing, Adviser personnel must:

- respond promptly to any request by the Chief Compliance Officer or his or her designee(s) that all or any portion of a fund OM be reviewed for the purpose of determining whether it is accurate, complete and up to date; and
- notify the Chief Compliance Officer or his or her designee(s) promptly upon becoming aware that any part of a fund OM is, or upon believing that any part of a fund OM may be, inaccurate, incomplete or out-of-date in any material respect.

### **Assuring the Accuracy of Adviser Offering Memoranda**

In order to ensure that no OM is used that has not been thoroughly reviewed for the accuracy of its contents, each OM must be approved by the Chief Compliance Officer before use.

## **15.4 Pre-Existing Relationships Generally Required**

### **Pre-Existing Relationship with Prospective Investor Generally Required**

Before soliciting a prospective investor to invest in a fund, Adviser must have a reasonable basis for believing that the solicitee is an “accredited investor” within the meaning of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”). Adviser will be deemed to have a reasonable basis for such a belief only if Adviser or its soliciting agents (including any broker-dealers hired by Adviser or the relevant fund) have a “pre-existing relationship” with the solicitee such that they are sufficiently familiar with the financial status and investment sophistication of the solicitee to conclude that the solicitee is likely to be accredited.

## **15.5 Soliciting Investors**

### **Solicitation Arrangements Must Be Pre-Approved**

In addition, while Adviser may (subject to the considerations set forth above in this Section 15) solicit persons to invest in the funds, it may not pay direct or indirect cash compensation to any person, including any member or employee of Adviser, for soliciting prospective investors for any fund, or referring prospective investors to any fund (or to Adviser), without the prior permission of the Chief Compliance Officer.

## **SECTION 16: LIMITS ON PUBLICITY**

### **Prohibition Against “General Solicitation” and “General Advertising”**

The Liquidating Trust relies on the exclusions to the definition of investment company provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Liquidating Trust may not rely on these exclusions if (among other things) it engages in any “general solicitation” or “general advertising.” The terms “general solicitation” and “general advertising” are construed very broadly and include activities such as:

- any advertisement, article, notice or other communication (including any press release) published in any newspaper, magazine or similar media or broadcast over television, radio or the Internet; and
- any seminar or meeting whose attendees have been invited by any of the foregoing means.

No Supervised Person may engage in any of the foregoing activities with respect to any fund or the Liquidating Trust. Furthermore, if a Supervised Person has any question regarding whether a particular activity might be considered “general solicitation” or “general advertising,” he or she should immediately refer that question to the Chief Compliance Officer and refrain from engaging in that activity unless the Chief Compliance Officer expressly permits the person to engage in that activity.

Violation of the prohibitions on general solicitation and general advertising could cause the forced liquidation of a fund.

### **No Interviews with the Media without the Approval of the Chief Compliance Officer**

Supervised Persons must promptly direct all media inquiries to the Chief Compliance Officer who will consult with Deutsche Bank’s compliance department to determine whether such media contact is permissible. Before granting any interviews or responding to any inquiries from any member of the media, Supervised Persons must obtain clearance from the Chief Compliance Officer. Such interviews can result in news stories that may be considered “public solicitations” by or on behalf of the Adviser.

### **Hedge Fund and Private Equity Fund Conferences**

Active participation by Adviser’s representatives in hedge fund and private equity industry conferences and cooperation by Adviser with hedge fund and private equity publications (and the press in general) would raise serious issues under the prohibition against general solicitation and general advertising, as discussed above, and must be approached with great caution. Therefore, no Supervised Person may participate in any hedge fund, private equity or similar industry conference or cooperate with the press without the express consent of the Chief Compliance Officer.

If a Supervised Person obtains the consent of the Chief Compliance Officer to participate in a hedge fund, private equity or similar industry conference, such Supervised Person speaking or giving presentations may talk generally about the Adviser and the types of private funds sponsored and advised by Adviser or Deutsche Bank (if applicable) and may also discuss general economic analysis and market trends. However, Supervised Persons must not discuss specific information concerning, for example, assets under management, investment strategy or performance with respect to any fund that is open to investment.

Certain exceptions to the foregoing prohibitions may be available for certain “qualified” conferences, but Supervised Persons must consult with the Chief Compliance Officer regarding participation in any such conference. Any permitted promotional presentation must meet all the requirements for promotional material described in “Section 12. Promotional Materials.”

Mr. Kiley attends private equity conferences from time to time and has been (and may in the future) be asked to speak at such conferences. Any participation in such conferences will be pursuant to the policies set forth in this Manual, as well as the policies and procedures set forth in the Deutsche Bank Compliance Manual.

### **Adviser Takes a Conservative Position Towards Publicity of Funds**

There is a wide range of market practice, as well as outright abuse, of the “manner of offering” restrictions as applied to the hedge fund industry. Supervised Persons will see numerous promotional references to different hedge funds, attend presentations at conferences and otherwise witness promotional activities in apparent clear violation of the foregoing restrictions. “Market practice” is not relevant to Adviser’s position on the “manner of offering” restrictions, and Supervised Persons must comply with the foregoing restrictions, irrespective of whether Adviser’s competitors do so themselves.

#### **16.1 Adviser Website Passwords**

Adviser currently does not have a website.

If Adviser creates a website in the future, then only existing investors or other pre-approved prospective investors with which Adviser has a pre-existing relationship may have access to Adviser’s website. However, no person whose first contact with Adviser arises due to the website shall be permitted to invest in any fund. A log must be kept of all investors who are given the password to the website. Upon redemption, an investor’s password must be deactivated. The Chief Compliance Officer will review all material before it is posted on the website and perform periodic reviews of the website to ensure ongoing compliance with the policies in this Manual.

All information posted on Adviser’s website will be subject to the same rigorous review standards as any promotional material, even though website access is limited to existing investors.

## **SECTION 17: ACCEPTING NEW INVESTORS**

#### **17.1 Subscription Agreements**

Adviser currently does not (and does not intend to) market its advisory services to current or prospective Clients or market any funds to any current or prospective investors. As such Adviser does not have any offering documents (including subscription agreements) and does not expect to formulate or use such materials anytime in the near future. The purpose of this Section 17 is to set forth Adviser’s policy should Adviser ever start to market any products to current or prospective investors or clients.

### **All Subscription Agreements Must Be Approved As to Form by the Chief Compliance Officer**

No fund may accept a subscription from any investor except pursuant to the form of subscription agreement approved for such fund by the Chief Compliance Officer. Among other

things, subscription agreements may not contain any condition, stipulation, or provision binding any person to waive Adviser's compliance with any provision of the Advisers Act, ERISA or any rule or regulation thereunder.

## **Accuracy of Subscription Agreements**

The form of managed account agreement or subscription agreement executed by a prospective Client or investor will contain questions that are designed to elicit responses from the Client or investor concerning his or her investment objectives and financial situation and needs. Adviser will determine, on the basis of these responses, whether a proposed investment in a particular fund or managed account, as well as the proposed size of such investment, is suitable and appropriate for the investor. If you have any reason to believe that a prospective investor's response to any question contained in the investor's subscription agreement, or any investor's representation in any managed account agreement, is incomplete or inaccurate in any material respect, or if you are aware of other facts that may have a bearing on the suitability or appropriateness for the Client or investor of the proposed investment or account, you should promptly contact the Chief Compliance Officer.

### **17.2 Investor Suitability**

Adviser will not accept any investor for any fund unless Adviser reasonably believes that the proposed investment is suitable – both in nature and amount – for the investor in question, on the basis of information furnished by the investor concerning the investor's investment objectives, financial situation and needs and any other information known to Adviser.

Each prospective investor will be required to satisfy Adviser that such investor meets the requisite suitability standards prior to investing in any fund. If Adviser has any reason to believe that a prospective investor's investment in a fund is not suitable, Adviser will not accept such prospective investor.

Once a subscription agreement is accepted by a fund, each investor is required to undertake to inform Adviser of any changes of such investor's representations and warranties that might result in the representations made by such investor no longer being accurate.

### **17.3 Acceptance of Documentation**

#### **All Subscription Agreements Must be Accepted by the Chief Compliance Officer or Another Adviser Agent Before Investment**

All subscription agreements must be reviewed and approved by the Chief Compliance Officer or another Adviser agent before the prospective investor becomes an investor in a fund. From time to time, the Chief Compliance Officer or his or her designee(s) will review all investor files to ensure that executed subscription agreements and any other necessary documents and information have been provided to Adviser.

### **17.4 Performance-Based Fees**

Adviser does not receive any performance-based fees.



## **17.5 Special Arrangements with Investors**

It is not uncommon for prospective investors, particularly larger investors, to request special arrangements regarding fees, reporting or other considerations. Granting special rights to certain investors but not others may only be done where consistent with the applicable fund documentation, applicable law and fiduciary obligations. Granting of preferential liquidity rights or information rights or access to information privileges are particularly sensitive areas and the SEC has publicly stated that it is concerned about such arrangements and adviser conflicts of interest. Adviser personnel should assume that no such preferential rights will be acceptable to Adviser.

In all cases, despite the fact that the granting of such reduction or waiver may have no effect on any other investors, it may create regulatory or internal Adviser policy issues. No special arrangement may be agreed to without the prior approval of the Chief Compliance Officer. Furthermore, only Adviser personnel who have been specifically authorized by the Chief Compliance Officer to do so may discuss the possibility of entering into such arrangements with investors.

## **SECTION 18: COMPLYING WITH THE CASH SOLICITATION RULE**

Neither Adviser nor any person acting on its behalf may solicit persons to open separately managed accounts with Adviser without the approval of the Chief Compliance Officer. The Chief Compliance Officer will determine whether such arrangements: (1) are subject to Rule 206(4)-3 under the Advisers Act and, if so, whether such arrangements comply with Rule 206(4)-3 and (2) comply with other applicable laws, rules and regulations.

## **SECTION 19: ERISA CONSIDERATIONS**

### **19.1 Investments by “Plan Asset” Investors**

Only a “named fiduciary” with respect to an “employee benefit plan” subject to ERISA may enter into a subscription agreement or investment management agreement on behalf of such plan. The named fiduciary must either be identified in the documents governing such plan or be appointed by the sponsor of such plan pursuant to a procedure specified in the plan’s documents.

Acceptance of any investment that would result in “benefit plan investors” representing 25% or more of the total value of any class of equity interests of any fund raises fiduciary and compliance considerations under ERISA because the operations of such fund and the activities of Adviser in operating such fund would be subject to the provisions of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”). For purposes of this Section, “benefit plan investor” means any “employee benefit plan” as defined in and subject to the fiduciary responsibility provisions of ERISA, any “plan” as defined in and subject to Section 4975 of the Code and any entity whose underlying assets include “plan assets” by virtue of a benefit plan investor’s investment in such entity.

## **19.2 No “Plan Asset” Pools Intended**

Adviser does not currently plan to accept any investment that would cause the assets of any fund to be “plan assets.”

In order to avoid causing the assets of any fund to be “plan assets,” Adviser intends to restrict the aggregate investment by benefit plan investors to under 25% of the total value of each class of equity interests of each fund. Because the 25% test is ongoing, it not only restricts additional investments by benefit plan investors but also can cause the general partner to require that existing benefit plan investors withdraw from the fund in the event that other investors withdraw.

## **19.3 Monitoring of “Plan Asset” Percentages**

Adviser will review each fund each time there are new investments or withdrawals to verify that the aggregate investment by benefit plan investors is less than 25% of the total value of each class of equity interests of the fund.

If in the future Adviser advises a “plan assets” account, additional policies and procedures specifically pertinent to advising such an account will be added to this Manual.

# **SECTION 20: COMMUNICATIONS WITH INVESTORS AND REGULATORS**

## **20.1 Communications Initiated by Adviser’s Personnel with Investors Restricted**

### **Communications with Investors Initiated by Adviser’s Personnel**

Adviser’s personnel may communicate freely with other personnel but may not initiate any communication with Clients or investors (existing or prospective), whether oral or written, unless authorized to do so by the Chief Compliance Officer. This does not mean that Adviser’s personnel may not respond to communications initiated by investors or Clients, provided such responses comply with the requirements set forth below in this Section 20.

The prohibition of initiating communications with investors or Clients in this Section 20 shall not apply to Mr. Kiley in connection with his ordinary duties.

### **Promotional Materials**

Distribution of any promotional materials sent to Clients or investors shall comply with Section 12.

## **20.2 Client and Investor Reporting**

Adviser or a third party administrator may provide Liquidating Trust Beneficiaries with periodic reports. Generally, these reports include a semi-annual report which discusses performance of the underlying funds that the Liquidating Trust invests in. This is sent to Liquidating Trust Beneficiaries with financial statements and a capital account statement.

Mr. Kiley will generally monitor the preparation and dissemination to Clients of these reports to ensure that Clients receive the required reports on a timely basis.

Adviser does not currently have (and does not intend to have in the future) any managed accounts. However, should adviser have any managed accounts in the future, reports will be made to holders of managed accounts according to the requirements of the pertinent account documents.

### **20.3 Client and Investor Complaints**

#### **All Client or Investor Complaints to be Referred to the Chief Compliance Officer**

All Client or investor complaints, whether oral or written, must be promptly referred to the Chief Compliance Officer. No Supervised Person may respond (either orally or in writing) to any form of Client or investor complaint unless authorized to do so by the Chief Compliance Officer or member of Adviser.

#### **Complaint Log**

The Chief Compliance Officer must maintain copies of all letters of complaint and memoranda describing all oral complaints, as well as the response (if any), in the Complaint Log. The Chief Compliance Officer or his or her delegate will be the person principally responsible for maintaining the Complaint Log. The Chief Compliance Officer or his or her delegate will periodically review the Complaint Log to ensure that the guidelines above are being followed. The Chief Compliance Officer or his or her delegate will also periodically inquire of Supervised Persons as to whether they have received any complaints, in order to verify that the Complaint Log is being kept up-to-date.

#### **Oral Responses by Supervised Persons to Oral Communications Initiated by Investors**

An Investor Relations employee may respond, orally, to oral communications initiated by Clients or investors (existing or prospective) if the employee reasonably believes he or she has the level of professional competence to meaningfully respond to the communication. If an Investor Relations employee believes that he or she does not possess the requisite level of professional competence to respond to a particular question, that person shall refer the question to the Chief Compliance Officer.

Otherwise, all responses to oral communications by any Supervised Person not within the Investor Relations Department should be immediately referred to the Chief Compliance Officer.

#### **Written Responses by Supervised Persons to Oral Communications Initiated by Investors**

A Supervised Person who wishes to respond in writing to an oral communication initiated by a Client or investor (existing or prospective) must obtain authorization from the Chief Compliance Officer or a member of Adviser before submitting the written response to the Client or investor.

## **Responses by Supervised Persons to Written Communications Initiated by Investors**

A Supervised Person must promptly refer any written communication received from a Client or investor (existing or prospective) to the Chief Compliance Officer. No Supervised Person may respond (whether orally or in writing) to any written communication received from a Client or investor unless authorized to do so by the Chief Compliance Officer.

### **20.4 Communications with Regulators Restricted**

A Supervised Person must notify the Chief Compliance Officer immediately in the event that he or she is contacted (whether in writing, by telephone or otherwise) by a regulator (or self-regulator) or if a regulator (or self-regulator) initiates, or announces an intention to initiate, any regulatory audit or other examination of Adviser or any of its officers.

Supervised Persons may not initiate any oral or written communication with any regulator (or self-regulator), or respond to any oral or written communication initiated by any regulator (or self-regulator), unless required to do so by law or unless authorized to do so by the Chief Compliance Officer or a member of Adviser. This policy is not meant to prohibit any such contacts that a Supervised Person believes may be appropriate or required by law, regulation or best practices, but only to ensure that on routine matters regulators (and self-regulators) receive complete, balanced and consistent information from Adviser.

For the avoidance of doubt, Adviser in no respect discourages or restricts Supervised Persons from communicating with regulators concerning any wrongdoing or impropriety that such personnel believe may have occurred, be occurring or be likely to occur in the future.

## **SECTION 21: PORTFOLIO MANAGEMENT**

### **21.1 Duty to Formulate Suitable Investment Programs for Clients**

Adviser has a duty to formulate an investment program that is suitable for each Client based on the Client's investment objective, policies and restrictions, financial situation and risk parameters (as set forth in the applicable OM or other account documentation) and the applicable policies and procedures set forth in this Manual.

### **21.2 Duty to Have Sufficient Expertise and Investment Management Capacity**

Adviser may not seek to implement a strategy or enter into a transaction on behalf of any Client, unless Adviser reasonably believes that it has the level of staff and expertise necessary to enable it to implement such Client's contemplated investment program in a competent and professional manner.

### **21.3 Duty to Devote Sufficient Attention to Affairs of Each Client**

Adviser has a duty to devote to the affairs of each Client such time and effort as is reasonably necessary to implement such Client's investment program in a competent and professional manner. In discharging this duty, Adviser must carefully monitor the level of its

staff to ensure that it has adequate personnel resources to handle its assets under management and the various strategies which it seeks to implement.

#### **21.4 Portfolio Management Processes**

With respect to Deutsche Bank, Adviser is a member of Deutsche Bank's private equity investment committees, and in this capacity, is responsible for providing information and support to Deutsche Bank's private equity management team with respect to the Underlying Funds. The Adviser provides non-discretionary advice to Deutsche Bank and is not responsible for participating in the day-to-day management and/or supervision of such Underlying Funds. Any investment advice that the Adviser and the other members of the investment committees provide to Deutsche Bank are in accordance with the investment objectives set forth in the offering documents of each of the respective Underlying Funds.

As managing trustee of the Liquidating Trust, the Adviser provides discretionary advice in accordance with the Liquidating Trust Agreement. The Adviser is currently in the process of liquidating the assets of the Liquidating Trust, but due to the illiquid nature of the portfolio, such liquidation may continue over several years.

Mr. Kiley's portfolio management processes with respect to the Liquidating Trust include:

- Reviewing international and domestic events on a daily basis to determine the effect on positions held in client portfolios.
- Review on a regular basis performance of Underlying Funds; such regular review is typically done on a quarterly basis unless there are special circumstances that warrant a more frequent review.

#### **21.5 Monitoring Consistency of Investments With Clients' Investment Objectives**

Due to the nature of Adviser's services to Deutsche Bank, Adviser is not in a position to monitor the performance of the Underlying Funds' performance. Deutsche Bank has specific client advisors who are devoted to monitoring and analyzing the Underlying Funds' accounts to determine whether the objectives of the account are, in fact, being met.

The Liquidating Trust is currently in the process of liquidation. Adviser monitors the performance of the Liquidating Trust on a regular basis to determine whether the objectives of the liquidation process are, in fact, being met. Adviser's duty of care as a fiduciary requires careful ongoing review of all accounts entrusted to its management.

### **SECTION 22: USE OF CONSULTANTS, EXPERT NETWORKS AND SIMILAR THIRD PARTIES**

Adviser does not currently use consultants, expert networks and similar third party services. However, an adviser that uses such resources should have policies and procedures in place. Adviser will institute such policies in the future if needed.

## **SECTION 23: TRADE ALLOCATION**

Adviser has a fiduciary obligation to use its best efforts to ensure that no Client is treated unfairly in relation to any other Client in the allocation of securities and trading opportunities or the order of the execution of transactions. Currently, Adviser does not trade the securities of any of Deutsche Bank's Underlying Funds. Furthermore, the Liquidating Trust is in the process of liquidation and does not trade any securities. The assets of the Liquidating Trust are limited partnership interests in private equity funds. On occasion, the Adviser may receive securities as a distribution from an underlying private equity fund's manager. If this occurs, Adviser's policy is to immediately sell such securities and allocate the proceeds to the Liquidating Trust Beneficiaries.

## **SECTION 24: BEST EXECUTION AND SOFT DOLLARS**

### **24.1 Best Execution**

Adviser does not currently select or recommend broker-dealers for client transactions and does not intend to do so in the future. Adviser will institute "Best Execution Policy and Procedures" should it be required in the future.

### **24.2 Directed Brokerage**

As a matter of policy, Adviser does not permit Clients to direct brokerage.

### **24.3 "Soft Dollars"**

## **Section 28(e)**

Section 28(e) of the Exchange Act ("Section 28(e)") is a "safe harbor" that permits an investment adviser to use commissions or "soft dollars" to obtain certain research and brokerage services in connection with the investment decision-making process. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

Adviser does not permit any soft dollar arrangements at this time. If it changes its policy on soft dollars, Adviser will revise this Manual accordingly at such time.

### **No Guarantees of Minimum Brokerage Payments**

The SEC takes the position that certain “soft dollar” arrangements are impermissible *per se*, irrespective of disclosure and consent. For example, Adviser could not obligate itself to generate a certain minimum level of commission revenue for a broker in return for “soft dollar” services (due to the conflicts of interest created).

### **Monitoring**

If Adviser ever enters into any “soft dollar” and client-directed brokerage arrangements, Mr. Kiley will oversee all aspects of such programs.

### **Full Disclosure**

All soft dollar arrangements must be fully disclosed in Adviser’s ADV Part 2 as well as in each fund’s OM, as pertinent.

### **Gifts, Services or Objects of Value Offered by Brokers**

Please refer to Adviser’s gift policy in Section 7.

### **Recordkeeping**

Adviser maintains appropriate records with respect to soft dollar arrangements, including periodic statements from broker-dealers showing all research and non-research related products or services provided to Adviser and an annual statement of any soft dollar arrangements, which is reviewed by the Chief Compliance Officer.

## **SECTION 25: TRADE ERRORS**

Adviser does not trade securities on behalf of any of its Clients and does not intend to do so in the future. Should it ever pursue trading activities in the future, Adviser will implement the proper trader error policies.

## **SECTION 26: PRINCIPAL AND CROSS TRADES**

### **26.1 “Principal” and “Cross” Trades Under Section 206(3) of the Advisers Act**

Section 206(3) of the Advisers Act makes it unlawful for Adviser (or any affiliate):

- acting as principal for its own account, to sell any security to or purchase any security from a Client, without disclosing to such Client in writing before the completion of such transaction the capacity in which Adviser is acting and obtaining such Client’s consent to the transaction; and

- acting on behalf of a person other than a particular Client (such as another Client), to effect any sale or purchase of any security for the account of such Client, without disclosing to such Client in writing before the completion of such transaction the capacity in which Adviser is acting and obtaining such Client's consent to the transaction.

“Principal” trades are trades in which a Client buys securities for its own account from, or sells securities for its own account to, Adviser or any affiliate of Adviser, acting for its own account. Principal trades may only be undertaken if Client consent is obtained for each specific transaction prior to execution.

## **Cross Trades**

Cross trades may be undertaken with respect to Client accounts when:

- Client consent has been obtained;
- the trade is done at a fair price; and
- the trade is done for the benefit of both accounts.

Adviser does not engage in any principal and cross trades, and does not intend to do so in the future. Should it pursue such activities in the future, it will implement the proper principal and cross trade policies.

## **SECTION 27: LIMITATIONS ON SHORT SALES**

Adviser does not engage in short sales and does not intend to do so in the future.

## **SECTION 28: LIMITATIONS ON PARTICIPATION IN “NEW ISSUES”**

Adviser's Clients do not participate in “new issues” within the meaning of FINRA Business Conduct Rule 5130 and 5131.

## **SECTION 29: CUSTODY AND SAFEGUARDING OF CLIENT ASSETS**

### **29.1 General**

Safeguarding Client assets is one of Adviser's basic fiduciary as well as regulatory obligations. Adviser does not have custody of any of Deutsche Bank's assets. Since the Liquidating Trust is in the process of liquidation, Adviser does not intend to trade any securities on behalf of the Liquidating Trust and therefore does not have any arrangements with prime brokers and counterparties. State Street Bank & Trust Company (“State Street”) currently acts as the custodian of all of the Liquidating Trust's assets and Adviser, in its capacity as liquidating



trustee, regularly monitors State Street's activities to ensure that the Liquidating Trust's assets are properly protected.

## **29.2 Transfers**

Only Mr. Kiley will have the authority to direct transfers of monies among or from the Liquidating Trust's account. Furthermore, transfers in excess of certain amounts will require the approval of two authorizing persons.

## **29.3 Advisers Act Custody Rule**

### **Advisers Act Custody Rule**

Rule 206(4)-2 under the Advisers Act (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have "custody or possession of any funds or securities in which any client has any beneficial interest."

### **Broad Definition of Custody**

The custody regulations apply when an adviser has direct or indirect access to client assets. The adviser has "custody" not only in obvious cases of possession of client assets, but also in situations where the adviser, in connection with advisory services that the adviser provides to clients, *e.g.*:

- Receives the proceeds from the redemption of client securities;
- Has signatory power over a client's checking account;
- Has power of attorney to withdraw funds or securities from a client's account, or to dispose of client funds or securities for any purpose other than authorized trading (*e.g.*, has authority to deduct fees or other expenses directly from a client's account or has authorization to wire funds from a client's custodial accounts);
- Acts in any capacity that gives the adviser, or its supervised person, legal ownership of, or access to, client assets (*e.g.*, acting as both general partner and investment adviser to a limited partnership, as managing member and investment adviser for a limited liability company, or holding a comparable position for another type of pooled entity for which it also acts as investment adviser).

### **Adviser May Have Custody of the Assets of Certain Clients**

An adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, funds or securities of the adviser's clients. Adviser presently is deemed to have custody of the Liquidating Trust's assets because Mr. Kiley is the trustee of the Liquidating Trust with the authority to dispose of funds and securities in the funds' accounts. Adviser does not have custody of any of Deutsche Bank's assets.

## **Use of Qualified Custodians**

Adviser is required to maintain the funds and securities over which it has custody with a “qualified custodian”: (1) in a separate account for each Client under the Client’s name; or (2) in accounts that contain only the funds and securities of the Adviser’s Clients, under the Adviser’s name as agent or trustee for its Clients. Qualified custodians include banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

## **Reporting Requirements**

Rule 206(4)-2 requires that, upon opening an account with a qualified custodian on a Client’s behalf, Adviser must promptly notify the Client in writing of the name and address of the qualified custodian and the manner in which the funds or securities are maintained. Unless Adviser qualifies for the exception to the account statement delivery requirements described below with respect to a particular Client, Adviser also must have a reasonable basis, after due inquiry, for believing that the qualified custodian sends an account statement, at least quarterly, directly to each such Client for which it maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during the period. Account statements must be sent to each limited partner, member or other beneficial owner of a pooled investment vehicle. The account statements may be sent to the investors’ independent representative.

An adviser may elect to send its own account statements in addition to those sent by the qualified custodian. However, an adviser that sends account statements to a client must include in the original notice and in any account statements it sends a statement urging the client to compare the account statements sent by the adviser with those sent by the custodian.

## **Exception from Reporting Requirements for Pooled Investment Vehicles**

As noted above, Rule 206(4)-2 imposes on advisers with custody of client assets certain requirements concerning reports to such clients. However, advisers need not comply with the reporting requirements with respect to pooled investment vehicles (such as the funds) if the pooled investment vehicle:

- Is audited at least annually and upon liquidation by a firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (the “PCAOB”); and
- Distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners, members or other beneficial owners within 120 days (180 days, if the pool is a fund of funds and 260 days, if the pool is a “top-tier” pooled investment vehicle that invests in one or more funds of funds) of its fiscal year end.

Adviser does not intend to distribute audited financials of the Liquidating Trust to the Liquidating Trust Beneficiaries. Instead, it has opted to be subject to the surprise examination discussed below.

## **Surprise Examination Requirement (and Exception for Certain Advisers to Pooled Vehicles)**

Rule 206(4)-2, as amended in December 2009, requires all registered advisers deemed to have custody of client assets, with limited exceptions, to receive an annual “surprise examination” by an independent public accountant. Certain advisers are exempt from the surprise examination requirement, including, *e.g.*:

- Advisers that have custody solely by virtue of their ability to deduct advisory fees from a client account and use an independent qualified custodian; and
- Advisers to pooled investment vehicles that obtain an annual financial statement *audit of the pool from a PCAOB-registered and –inspected independent public* accountant and distribute the audited financial statements within the time periods specified above (120 days, 180 or 260 days, as pertinent).

## **Privately Offered Securities**

An adviser is not required to meet the requirement that client funds and securities be maintained with a qualified custodian with respect to securities that are:

- Acquired from the issuer in a transaction or chain of transactions not involving any public offering;
- Uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and
- Transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

This exemption is available with respect to securities held for the account of a limited partnership (or a limited liability company, or other type of pooled investment vehicle) only if the pooled investment vehicle (such as a fund) is subject to audit as described above in “Exception from Reporting Requirements for Pooled Investment Vehicles.”

## **29.4 Avoiding Possession of Client Assets**

Adviser has implemented certain procedures to ensure that it does not obtain possession of Client assets that should be maintained with a qualified custodian. While it is expected that the implementation of these procedures will insulate Adviser from any claim that it has possession of a Client’s funds or securities, and while it is unlikely that any Client, broker-dealer, bank or other financial institution would inadvertently send funds or securities directly to Adviser, Supervised Persons have the following responsibilities:

- If a Supervised Person becomes aware that a Client or investor is contemplating delivering securities to Adviser, to instruct such Client to deliver such securities to the Client’s custodian and not to Adviser.

- If a Supervised Person becomes aware that a Client or investor has delivered securities to Adviser, to notify the Chief Compliance Officer promptly.
- If a Supervised Person becomes aware that a broker-dealer, bank or other financial institution is contemplating wiring (or otherwise sending) funds to Adviser or delivering securities to Adviser for a Client's account, to instruct such person to wire (or send) such funds or deliver such securities to such Client's custodian and not to Adviser (this does not apply, however, to payment of Adviser's fees by a Client's custodian).
- If a Supervised Person becomes aware that a broker-dealer, bank or other financial institution has wired (or otherwise sent) funds to Adviser or delivered securities to Adviser for the account of a Client, to notify the Chief Compliance Officer promptly.

## **29.5 Inadvertent Receipt of Client Assets**

Adviser will not be deemed to have custody solely as a result of inadvertent receipt of Client funds or securities, provided Adviser returns the assets to the sender within three business days of receipt.

Adviser also will not be deemed to have custody if it inadvertently receives a check made out to a Client's qualified custodian or other unaffiliated third party. Adviser must promptly forward any checks made out to third parties to the pertinent recipient.

In a no-action letter (*Investment Adviser Association*, September 20, 2007), the SEC staff stated that an adviser could promptly forward certain inadvertently received client assets (specifically, client tax refunds, settlement proceeds of class action lawsuits and stock certificates or dividend checks in the client's name) to the client or qualified custodian, rather than the sender. An adviser relying on this letter must:

- Promptly identify inadvertently received client assets;
- Promptly identify the client or former client to which the assets belong;
- Forward the assets to the client, former client, qualified client or the sender, as appropriate, within five business days following receipt; and
- Maintain and preserve records of all inadvertently received client assets.

## **29.6 Avoiding Misuse of Client Assets**

Adviser has implemented certain procedures to make it difficult for any one Supervised Person to misuse client assets without being detected, including conducting background and credit checks on Supervised Persons who will have access (or could acquire access) to Client assets to determine whether it would be appropriate for those Supervised Persons to have such access.

## **SECTION 30: VALUATION**

### **Adviser's Duties as a Fiduciary with Respect to Pricing Clients' Securities Holdings**

The Advisers Act does not prescribe particular methods by which advisers must value the holdings in a client's portfolio. However, based upon the underlying tenets of Section 206 of the Advisers Act and various interpretive releases issued and civil cases brought by the SEC, advisers must determine in "good faith" that the value of a client's portfolio securities is reasonable, appropriate and based upon "fair value" or the price that a client might reasonably expect to receive upon the current sale of its securities.

### **Net Asset Value**

The net asset value for each Underlying Fund is calculated (by the respective managers of each Underlying Fund) on the last business day of each quarter. The Liquidating Trust is valued by State Street on a semi-annual basis.

### **Documentation**

Adviser substantiates its pricing procedures by maintaining documentation that records Adviser's efforts to determine in "good faith," that the value of Client portfolio securities are reasonable, appropriate and based upon "fair value" (*i.e.*, the price that the Client might reasonably expect to receive upon the current sale of its securities).

Adviser's "Security Valuation Policies and Procedures" are attached to this Manual as Appendix I.

## **SECTION 31: OVERSIGHT OF SERVICE PROVIDERS**

Adviser may engage a number of unaffiliated third-parties in connection with its investment advisory business. The failure of a third-party service provider to meet its contractual obligations could damage Adviser's reputation, cause violations of the federal securities laws, and/or harm Clients or investors.

Adviser currently only engages third-parties in connection with the administration of the Liquidating Trust. Adviser does not participate in engaging any third-party services providers on behalf of Deutsche Bank or any of the Underlying Funds.

### **Oversight Procedures**

Adviser must conduct due diligence prior to retaining any third-party service providers that are involved in Adviser's provision of investment advisory services or that have contact with Clients or investors. This due diligence process may include a review of any factors considered relevant by Adviser, including, without limitation:

- quality and cost of service;
- responsiveness;

- financial stability;
- organizational structure;
- compliance and control environment;
- back-up facilities; and
- past service history.

Depending on the circumstances, Adviser may also review other factors it believes are relevant and material or may determine that certain factors are of primary importance in certain instances and may focus on these factors to a greater extent than, or to the total exclusion of, other factors under appropriate circumstances. In conducting a due diligence review for the selection of a service provider, an RFP or DDQ may be used but is not required. Adviser will maintain any documentation associated with this due diligence process.

Mr. Kiley oversees Adviser's relationships with the following third-party service providers:

- Independent qualified custodian
- Fund auditors
- Independent accountants

In evaluating third-party service providers, Mr. Kiley must:

- Determine the specific services to be provided.
- Ensure that the service provider's obligations are described in detail in a written contract to be executed by the provider. All contracts with third-party service providers must be reviewed by outside counsel prior to execution by Adviser.
- Review the provider's service levels at least annually. Such reviews should be completed by no later than January 30<sup>th</sup> of each year. More detailed reviews of service providers, including on-site visits or the review of DDQs, may be conducted as necessary.

## **SECTION 32: PROXY VOTING**

### **Adviser's Duty to Vote Clients' Securities in the Interests of the Client**

The rules under the Advisers Act require every registered investment adviser to adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interest of its clients.

The Adviser does not have any authority to vote any securities of the Underlying Funds. Although the Adviser has the authority to vote securities held by the Liquidating Trust, the Adviser has concluded, based on, among other things, the investment discipline and philosophy underlying its methods of analysis, that the cost of voting all proxies arising out of the Liquidating Trust's holdings will exceed the expected benefits. As a result, the Adviser's general proxy voting policy is to abstain. The Adviser may, on an exception basis, vote on matters that come to its attention as part of its fundamental analysis. The following is a description of Adviser's proxy voting policy should it ever decide to vote proxies in the future.

### **Addressing Conflicts of Interest**

Adviser votes proxies in the manner that it believes is consistent with efforts to achieve a Client's stated objectives, including maximizing the value of the Client's portfolio. Adviser follows procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of Clients. If it is determined that any such conflict or potential conflict is not material, Adviser may vote proxies notwithstanding the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, the Chief Compliance Officer will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict.

Adviser presently does not advise a "plan asset" account. If in the future Adviser plans to advise a "plan asset" account, additional policies and procedures specifically pertinent to voting proxies for any accounts subject to ERISA will be added to this Manual.

Adviser's "Proxy Voting Guidelines and Procedures" are set forth in Appendix J to this Manual and are disclosed to all Clients and investors.

## **SECTION 33: ELECTRONIC DELIVERY OF DOCUMENTS**

### **33.1 General**

Adviser may use electronic media, in accordance with SEC guidance, to satisfy the following Advisers Act requirements, among others:

- obtaining consent to assignment of an advisory contract;
- delivery of Form ADV Part 2;
- delivery of a privacy notice; and
- delivery of the Code of Ethics (*i.e.*, upon request from a Client).

### **33.2 SEC Guidance**

In several interpretive releases, the SEC indicated three basic issues an adviser must consider in providing information electronically:

- *Notice.* Clients must be given timely and adequate notice that the information is available electronically. This may require supplementing the electronic communication.
- *Access.* The material sent electronically must be substantively equivalent to what would be sent in paper; accessing the information must not be unduly burdensome; and the recipient must be able to retain or download the information.
- *Evidence to show delivery.* The adviser should have reason to believe that information delivered electronically will satisfy delivery requirements under the federal securities laws. This may be evidenced by: (a) obtaining informed consent from the client; (b) obtaining evidence of actual receipt (*e.g.*, an e-mail return receipt); or (c) facsimile delivery.

Before sending required information or disclosure to a Client electronically, Adviser will either:

- obtain the Client's informed consent, which must be revocable at any time; or
- obtain evidence that the Client actually received the information (*e.g.*, an e-mail return receipt).

When obtaining informed consent, Adviser must disclose:

- the specific electronic medium or source through which the information will be provided (*e.g.*, e-mail);
- the potential costs the Client may incur by obtaining documents electronically (*e.g.*, internet time); and
- the period during which, and the documents for which, the consent will be effective.

## SECTION 34: RECORDKEEPING

The following records are maintained as pertinent:

### **34.1 Books and Records Relating to Adviser**

**Charter Documents.** Charter documents of Adviser and the offering documents of any future funds established by Adviser will be maintained by the Chief Compliance Officer.

**Personnel Biographies.** Biographical information concerning all personnel must be obtained by the Chief Compliance Officer in order to verify their qualifications and that they have been subject to no material litigation or disciplinary proceedings. (Employees must report to the Chief Compliance Officer any civil, administrative or criminal proceedings to which they become subject or which they believe may be threatened against them.)



**Adviser's Financial Records.** These will be maintained by Adviser and include: (i) financial statements; (ii) check books, bank statements, cancelled checks and cash reconciliations; and (iii) paid and unpaid invoices, bills and statements for receivables and payables.

**Accounting Records.** The records of personal financial transactions of Adviser's principals must be kept strictly separate from those of Adviser itself.

**Communications with Regulators.** The Chief Compliance Officer will maintain a file of all communications (other than routine transmittal letters) by or on behalf of Adviser and any regulatory body.

### **34.2 Records Relating to Form ADV**

**Form ADV Part 1.** Adviser will maintain a chronological file of Adviser's Form ADV Part 1 and each amendment thereto.

**Form ADV Part 2.** Adviser will maintain: (1) a chronological file of Adviser's Form ADV Part 2 (including the brochure and any brochure supplements) and each amendment or revision thereto; (2) a chronological file of any summary of material changes not contained in Adviser's ADV Part 2; and (3) a record of the dates that each brochure and brochure supplement, each amendment or revision thereto, and each summary of material changes not contained in a brochure was given to any Client (or investor, if pertinent) or to any prospective Client or investor that subsequently became a Client or investor.

**Documentation Regarding Calculation of Assets under Management.** Adviser must maintain documentation describing the method used to compute managed assets for purposes of Item 4.E of Form ADV Part 2A, if the method differs from the method used to compute assets under management in Item 5.F of Form ADV Part 1A.

**Documentation Regarding Legal or Disciplinary Events Not Disclosed.** For any legal or disciplinary event listed in Part 2A Item 9 or Part 2B Item 3 (Disciplinary Information) and presumed to be material that involves Adviser or any of its Supervised Persons and is not disclosed in the brochure or brochure supplement, Adviser must produce and maintain a memorandum describing the event and explaining Adviser's reasoning in overcoming the presumption of materiality.

### **34.3 Records Relating to Clients and Client Transactions**

**Agreements to Which Clients Are a Party.** All executed agreements (including agreements no longer in effect) relating to Clients and all trading documentation relating to all clients will be maintained by the Chief Compliance Officer.

**List of Discretionary Accounts.** Adviser must maintain a list or other record of all accounts in which Adviser is vested with any discretion with respect to the funds, securities or transactions of any Client.

**Powers of Attorney.** Adviser must maintain all powers of attorney and other evidences of the granting of any discretionary authority by any Client to Adviser (or copies thereof).

**Client and Investor Correspondence.** Adviser will retain copies of all incoming and outgoing correspondence with Clients and investors, either in files for each Client or investor or in a centralized correspondence file.

**Written Communications.** Adviser must maintain all written communications received and all written communications sent relating to: (1) any recommendation made or proposed to be made and any advice given or proposed to be given; (2) any receipt, disbursement or delivery of funds or securities; or (3) the placing or execution of any order to purchase or sell any security.

**Records of Orders and Client Instructions.** Adviser must maintain records of each order it gives for the purchase or sale of any security, of any instruction received from the Client concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. Such records also shall show the terms and conditions of the order, the identity of the person(s) connected with Adviser who made the recommendation and placed the order, the account for which the order was entered and the bank, broker or dealer by or through whom the order was executed, where appropriate. Orders entered pursuant to the exercise of discretionary power shall be so designated.

**Records Regarding Client Portfolios.** With respect to each Client portfolio for which Adviser provides investment supervisory or management services, Adviser will maintain: (1) records showing separately for each Client the securities purchased and sold, and the date, amount and price of each such purchase and sale; and (2) for each security in which any such Client has a current position, information from which Adviser can promptly furnish the name of each such Client, and the current amount or interest of such Client.

**Records Required When Adviser Has Custody of Client Assets.** With respect to any Client for which Adviser has custody of client assets, Adviser must maintain: (i) a journal or other record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) for such accounts and all other debits and credits to such accounts; (ii) a separate ledger account for each such Client showing all purchases, sales, receipts and deliveries of securities, the date and price of each such purchase and sale, and all debits and credits; (iii) copies of confirmations of all transactions effected by or for the account of any such Client; and (iv) a record for each security in which any such Client has a position, which record shall show the name of each such Client having any interest in such security, the amount or interest of each such Client, and the location of each such security.

**Complaint Log.** All Client and Liquidating Trust Beneficiaries complaints (both written and oral) must be recorded and maintained in a Complaint Log, together with the responses (if any) thereto. A written description of the outcome of the complaint will be maintained by the Chief Compliance Officer.

#### **34.4 Records Relating to Compliance With Various Regulatory Requirements**

**Copies of all Policies and Procedures.** The Chief Compliance Officer shall retain all compliance manuals containing policies and procedures in effect at any time for the period that each such manual was in effect. Each such manual must be retained for a period of five full fiscal years thereafter.

**Record of Distribution of Internal Policies.** Records identifying the distribution of this Manual and its appendices and any other internal compliance materials will be maintained by the Chief Compliance Officer.

**Annual Compliance Reviews.** The Chief Compliance Officer shall retain any records documenting Adviser's annual review of its compliance policies and procedures, including a copy of any internal control report obtained or received.

**Promotional Material.** If Adviser distributes a notice, circular or advertisement to more than 10 persons and they are named on a list, Adviser will maintain a copy of the list along with the notice, circular or advertisement. Additionally, if such notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommends the purchase or sale of a specific security and does not state the reasons for such recommendation, Adviser will write and retain a memorandum indicating the reasons therefor.

**Performance Data.** All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for or demonstrate the calculation of the performance or rate of return of any or all managed accounts or securities recommendations in any notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that Adviser circulates or distributes directly or indirectly, to 10 or more persons not connected with Adviser. Under some circumstances regarding managed accounts, the retention of all account statements and worksheets may satisfy this recordkeeping requirement.

**Code of Ethics.** A copy of Adviser's Code of Ethics that is in effect, or at any time within the past five years was in effect; a record of any violation of the Code of Ethics and of any action taken as a result of the violation; and a record of all written acknowledgements for each person who is currently, or within the past five years was, a Supervised Person of Adviser will be maintained by the Chief Compliance Officer.

**Record of All Personal Securities Transactions.** Records of all personal securities trading will be maintained by the Chief Compliance Officer in a manner consistent with Adviser's Personal Account Trading Policies contained in the Code of Ethics, including holding reports, transaction reports and a record of names of persons who are, or within the last five years were, Access Persons.

**Records Related to the Advisers Act "Custody Rule."** Adviser will maintain, as applicable: (1) copies of notices to Clients (or investors, if pertinent) informing them of the contact information (including the address) of the Qualified Custodian and the manner in which Client cash and securities are maintained with the Qualified Custodian; (2) copies of audited financial statements distributed to investors, in compliance with the "audit exemption"; (3) a copy of any internal control report prepared by an independent public accountant; and (iv) a

memorandum describing the basis upon which Adviser has overcome the presumption that any related person is not operationally independent.

**Proxy Voting Records.** All records relating to Adviser's Proxy Voting Guidelines and Procedures shall be retained. Adviser will retain the following information in connection with each proxy vote: the issuer's name; the security's ticker symbol or CUSIP number, as applicable; the shareholder meeting date; the number of shares voted; a brief identification of the matter voted on; whether the matter was proposed by the issuer or by a security holder; whether Adviser casts a vote; how Adviser casts its vote (*e.g.*, for or against the proposal, or abstain); and whether Adviser casts its vote with or against management. Adviser also will maintain the following records: a copy of its Proxy Voting Policy and Procedures; a copy of each proxy solicitation and related materials with respect to each proxy voted; documentation relating to identifying and resolving conflicts of interest; any documents created by Adviser that were material to a proxy voting decision or that memorialized the basis for that recommendation; a copy of each written Client request for information on how Adviser voted proxies on behalf of the Client; and a copy of any written response by Adviser to any (written or oral) Client request for information on how Adviser voted Client's proxies. In lieu of keeping copies of proxy statements, Adviser may rely on proxy statements filed on the SEC's EDGAR system.

**Records Related to Solicitation.** Adviser will maintain: (1) copies of any executed solicitation agreement between Adviser and any third-party solicitor; (2) copies of executed acknowledgements from solicited Clients as required under the Advisers Act "Cash Solicitation Rule"; and (3) copies of the disclosure documents delivered to Clients by solicitors pursuant to the Cash Solicitation Rule. (*See also "Books and Records Pertaining to the 'Pay-to-Play' Rule" below.*)

**Books and Records Pertaining to the "Pay-to-Play" Rule.** The Chief Compliance Officer shall maintain required books and records that pertain to the Advisers Act "Pay-to-Play" Rule. Such records include a list or other record of (1) the names, titles and business and residence addresses of all covered associates of Adviser; (2) all government entities to which Adviser provides or has provided investment advisory services, or which were investors in any covered investment pool to which Adviser provides or has provided investment advisory services, as applicable, in the past five years, but not prior to September 13, 2010; (3) all direct or indirect contributions made by Adviser or any of its covered associates to an official of a government entity, or direct or indirect payments to a political party of a State or political subdivision thereof, or to a political action committee; and (4) the name and business address of each solicitor to whom Adviser provides or agrees to provide, directly or indirectly, payment to solicit a government entity for investment advisory services on its behalf. Adviser is only required to make and maintain the records referred to in (1) and (3) if it provides investment advisory services to a government entity or a government entity is an investor in any covered investment pool to which Adviser provides investment advisory services. (*See Appendix F for additional details.*)

**Copies of Training and Educational Materials.** From time to time as part of Adviser's ongoing compliance effort, Adviser compliance personnel may distribute training or other materials regarding compliance matters. All such written materials will be retained by the Chief Compliance Officer for a period of five full fiscal years after their last use.

**Notice of Compliance Violations or Suspected Violations; Compliance Actions.** Adviser engages all of its personnel to assist in promoting Adviser’s “culture of compliance” by reporting all violations and/or suspected violations of Adviser’s Code of Ethics and encourages the reporting of any other violations or suspected violations of this Manual. All such reports, including a memorandum describing how each such report was handled, shall be retained by the Chief Compliance Officer for five full fiscal years after the date that the issue raised by such report was finally resolved.

All records of Adviser’s dealing with actual or suspected compliance violations (whether or not the subject of a report as contemplated by the preceding paragraph) will be retained by the Chief Compliance Officer for a period of five full fiscal years after the date that the internal Adviser proceeding relating to each such actual or suspected violation was finally resolved.

### **34.5 Retention Periods**

**Records Retention.** All books and records described above generally must be maintained and preserved (except as described below) in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on such records, the first two years in an appropriate office of Adviser.

**Charter Documents.** The charter documents of Adviser and any predecessor must be maintained and preserved as follows: (1) in the principal office of Adviser continuously until termination of business; and (2) in an easily accessible place until at least three years after termination of the enterprise.

**Promotional Material.** All notices, circulars, advertisements, performance charts, articles and other communications circulated to prospective Clients or investors and any document supporting any performance data contained therein must be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of Adviser, from the end of the fiscal year during which Adviser last published or otherwise disseminated the promotional material or performance information based on the data.

### **34.6 Storing Records Electronically**

Adviser may retain records electronically, if Adviser establishes and maintains procedures to:

- safeguard the records from loss, alteration or destruction;
- limit access to the records to authorized personnel and the SEC and its staff; and
- ensure that electronic copies of non-electronic originals are complete, true and legible.

Records maintained electronically, including e-mails, must be arranged and indexed in a way that permits easy location, access and retrieval.

With respect to any record maintained electronically, Adviser must be able to provide promptly (generally, within 24 hours) any of the following that the SEC or its staff may request:

- a legible, true and complete copy of the record in the medium and format in which it is stored;
- a legible, true and complete printout of the record; and
- means to access, view and print the record.

Adviser must separately store, for the time required for preservation of the original record, a duplicate copy of the record on any suitable medium.

Section 204 of the Advisers Act states that all records are subject to SEC review. Thus, any e-mail or other record that is preserved and retained is subject to SEC inspection.

#### **34.7 Review, Retention and Production of Electronic Mail**

The SEC expects registered investment advisers to adopt e-mail retention and production procedures. Adviser has adopted policies and procedures that provide for:

- the retention of all e-mails that are records Adviser must retain in the ordinary course of business or records required to be retained under the Advisers Act books and records rule and any other records Adviser specifies must be retained;
- the ability to produce requested e-mails prior to, or during, on-site SEC exams, and in any event promptly (generally presumed to be within 24 hours) of receipt of a request from the SEC;
- the ability to provide privilege logs for e-mails requested by the SEC but not produced due to a claim that such e-mails are attorney-client privileged; and
- electronic storage of e-mail, preferably in a manner that will allow e-mail to be searched and sorted by key words provided by the SEC.

#### **34.8 Periodic Review of Records**

The Chief Compliance Officer will conduct a periodic random review to ensure that Adviser is maintaining the required books and records for the proper period of time. A report on the results of such review shall be maintained.

### **SECTION 35: “BLUE SKY” PROCEDURES**

Adviser’s Clients do not actively offer interests pursuant to Rule 506 of the Securities Act and therefore Adviser does not currently have any “Blue Sky” procedures.

## **SECTION 36: ANTI-MONEY LAUNDERING**

### **Anti-Money Laundering Policy**

Adviser is opposed to money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Since Adviser does not currently take any subscription proceeds from any investors or Clients, Adviser does not have a comprehensive anti-money laundering program. However, Adviser and its senior management are firmly committed to compliance with all laws and regulations relating to combating money laundering activity, including the Bank Secrecy Act (the “BSA”) and the USA PATRIOT Act of 2001 (the “USA PATRIOT Act”).

## **SECTION 37: FOREIGN CORRUPT PRACTICES ACT**

The U.S. Foreign Corrupt Practices Act (“FCPA”) makes it unlawful for any U.S. company—or any of its officers, directors, employees, agents or stockholders acting on its behalf—to offer, pay, promise or authorize any bribe, kickback or similar improper payment to any foreign official, foreign political party or official or candidate for foreign political office to assist the U.S. company in obtaining, retaining or directing business. Those companies or persons violating this law are subject to severe civil and criminal penalties, including imprisonment. It is Adviser’s policy to comply with FCPA and all other applicable laws prohibiting bribery or other improper payments.

Under FCPA, prohibited offers or payments include the offer or payment of money or the giving of anything of value to any officer or employee of a foreign government or any department, agency or instrumentality thereof. Excepted are certain small “facilitating” payments to ensure the performance of routine, nondiscretionary governmental duties and payments or reimbursements of reasonable and bona fide expenses of a foreign official (*e.g.*, travel and lodging expenses) relating to the promotion, demonstration or explanation of a product or service or to the execution or performance of a contract with a foreign government. Before offering or making any type of gift or payment to or on behalf of a foreign official, Adviser employees must obtain written approval in advance from the Chief Compliance Officer.

The FCPA not only prohibits direct payments to a foreign official, but also prohibits U.S. companies from making payments to third parties—such as a foreign partner, sales agent or other intermediary—with knowledge (broadly defined) that all or a portion of the payment will be passed on to a foreign official. Accordingly, Adviser’s Chief Compliance Officer must approve in advance the hiring of any agent or intermediary who may be involved in soliciting a potential investment from, or other transaction with, a foreign government or government entity.

## **SECTION 38: ELECTRONIC AND TELEPHONIC COMMUNICATION SYSTEMS AND INTERNET USAGE**

### **38.1 Appropriate Use of Electronic and Telephonic Systems**

Adviser uses various forms of electronic communication, including without limitation electronic mail (“e-mail”), instant messaging, computers (whether desktop, laptop or otherwise), telephones (whether stationary, cellular or otherwise), voicemail, fax machines and the Internet.

All electronic communications, whether business or personal, must be appropriate in both tone and content.

All software, files, e-mail messages and other forms of electronic communications on Adviser's computers, network and communications systems are the property of Adviser. These resources are made available by Adviser for its Supervised Persons to facilitate the ability to perform efficiently and productively. To that end, Supervised Persons are to use computers, software and Internet access for the benefit of Adviser and its Clients. All e-mail and other forms of electronic correspondence to and from Clients and investors must be maintained in accordance with this policy.

Any electronic communications sent by a Supervised Person to Clients, investors, service providers, another Supervised Person or any other party should be treated in the same manner and with the same care as letters or other official communications on Adviser's letterhead.

### **38.2 Personal and Business Use**

Supervised Persons are permitted to make reasonable personal use of their work e-mail account to send or receive personal e-mails. However, such use should not interfere with Adviser's business activities or involve a meaningful amount of the Supervised Person's time or Adviser's resources.

Adviser permits its Supervised Persons to access personal e-mail services through personal accounts with service providers, such as Gmail, Yahoo, Hotmail and AOL. However, all personal e-mail services must be limited to a Supervised Person's personal use only. Supervised Persons may use any of these personal e-mail services outside of Adviser's premises. However, any e-mail that is sent from or received by a Supervised Person that relates to Adviser's business must be done through Adviser's e-mail system or Bloomberg e-mail. Should a Supervised Person working outside Adviser's premises use a personal e-mail account for business use, any e-mails received shall immediately be forwarded by the Supervised Person to his or her e-mail account maintained by Adviser, and any e-mails sent shall copy the Supervised Person's work e-mail account. Personal e-mail accounts should only be used for business use in extraordinary circumstances.

All e-mail, whether business or personal, must be appropriate in both tone and content. Supervised Persons should be aware that Adviser and its authorized agents have the right to access and obtain all e-mails, including personal e-mails, that Supervised Persons send or receive through Adviser's computers. Supervised Persons acknowledge that all of their e-mails may be maintained by Adviser through an independent service provider and may be subject to, at any time and without notice to employee, monitoring and review by Adviser and/or its authorized agents as permitted or required by law. Supervised Persons expressly consent to such monitoring and review by Adviser and/or its authorized agents of all e-mails.

### **38.3 Text and PIN-to-PIN Messaging**

Supervised Persons are prohibited from using text or PIN-to-PIN messaging to transmit messages related to Adviser's business.



#### **38.4 Instant Messages**

Supervised Persons are prohibited from using instant messaging in connection with Adviser's business, including use of Adviser's computers to send or receive instant messages.

#### **38.5 Privileged E-mails**

All e-mails between Adviser and its outside counsel should include "Privileged and Confidential" in the subject line.

#### **38.6 Promotional Material**

Supervised Persons must take great care in preparing and sending both internal and external e-mails. Certain e-mails that are sent to more than one person (including Clients prospective Clients) may be considered by the SEC to be advertisements that are subject to the marketing and advertising rules under the Advisers Act and the anti-fraud provisions of the Advisers Act.

E-mail messages constituting or containing "promotional material" shall conform to the guidelines presented in Section 12 of the Manual. Thus, the same care should be taken in creating an e-mail as that which is taken when creating a new marketing or promotional piece.

#### **38.7 Transmittal of Confidential Information**

All Supervised Persons are expected and required to protect Adviser's trade secrets and other confidential information. Adviser trade secrets or confidential information should never be transmitted or forwarded to outside individuals or companies not authorized to receive the information. Supervised Persons must exercise greater care when transmitting Adviser trade secrets using e-mail than with other communication means because e-mail makes it easier to redistribute or misdirect trade secrets to unauthorized individuals.

Adviser also requires its Supervised Persons to use e-mail in a way that respects the confidential and proprietary information of others. Supervised Persons are prohibited from copying or distributing copyrighted material – for example, software, database files, documentation, or articles – using the e-mail system.

E-mail is an inappropriate method of communicating certain types of confidential information. Supervised Persons should consult the Chief Compliance Officer before e-mailing highly sensitive or confidential information.

#### **38.8 Offensive Content Prohibited**

Adviser strictly prohibits the use of its e-mail and other information system in a way that may be disruptive, offensive to others or harmful to morale. Adviser prohibits any display or transmission of sexually explicit images, messages or cartoons, and any transmission or use of e-mail or other communications that contain ethnic slurs, racial epithets or anything that may be construed as harassment or disparagement of others based on race, national origin, sex, sexual orientation, age, disability, religious or political beliefs, or any other personal characteristic

protected by law. Adviser's policy against harassment and discrimination applies fully to the use of Adviser's equipment and systems.

### **38.9 Access to Information and Right of Review**

In addition to Adviser's right to review hard copies of work papers and other documents in its offices, Adviser may review and disclose all electronic documents (including but not limited to word processing documents, spreadsheets, databases and computer files of all other kinds) and messages (including but not limited to e-mail, instant messaging, voice mail and any other means of electronic communication) that are stored or processed on Adviser's computers, telephones or other equipment, including such documents and messages that do not relate to Adviser's business.

Adviser may review such information for any purpose related to the firm's business. These purposes may include, but are not limited to, retrieving business information, troubleshooting hardware and software problems, preventing system misuse, investigating misconduct, assuring compliance with software distribution policies, assuring compliance with applicable legal requirements, assuring compliance with this policy, and complying with legal and regulatory requests for information.

It is possible that others may access (*i.e.*, view, listen to, copy, print, etc.) electronic documents and messages inadvertently. In addition, in some instances, some degree of retrieval is possible even of electronic documents or messages that have been "deleted" by individual system users.

### **No Privacy Rights**

Given the above-described circumstances and business requirements, Supervised Persons have no reasonable expectation of privacy in Adviser's electronic communications systems. Adviser does not guarantee the privacy of electronic documents and messages stored in Adviser-owned files, disks, storage areas or electronic media. Personal passwords may be used for purposes of security, but the use of a personal password does not affect Adviser's ownership of the electronic or other information. Electronic documents and messages generated or stored on Adviser's computers, telephones, and other equipment are potentially subject to discovery in court cases, can be read by others who have the password, and can be read by anyone with access to the system if the document or message is neither password-protected nor secured via system access rights. In using Adviser's equipment and services, all Supervised Persons waive any right to privacy with regard to any use of Adviser's equipment and systems.

### **38.10 Recordkeeping**

E-mail messages shall be maintained by Adviser pursuant to Section 34 of the Manual.

### **38.11 Enforcement of Policy**

Any Supervised Person who becomes aware of misuse of Adviser's equipment and systems should report the matter to the Chief Compliance Officer. Violations of this policy may subject a Supervised Person to disciplinary action, up to and including dismissal.

## **SECTION 39: REGULATORY REPORTING**

### **39.1 In General**

Because the Clients may hold significant positions in publicly traded equity securities, Adviser may need to make certain filings in accordance with the Exchange Act. Various filings, and Adviser's procedures for ensuring the timely submission of these filings, are described in this Section 40. Adviser reviews reports showing holdings of the funds and any managed accounts on a daily basis to ensure compliance with these filing requirements. The Chief Compliance Officer will be responsible for ensuring that Adviser files any required Schedules 13D or 13G and any amendments thereto in a timely manner.

### **39.2 No Exchange Act Registration and Reporting**

Adviser will implement measures to ensure that the Liquidating Trust does not have 500 or more investors or is otherwise required to register its securities under the Exchange Act.

### **39.3 Schedule 13D (Acquisitions of 5% or More)**

#### **Introduction**

Schedule 13D is the "default form" for reporting beneficial ownership pursuant to Section 13(d) of the Exchange Act. Under Section 13(d) of the Exchange Act, Adviser is required to file beneficial ownership reports on Schedule 13D or Schedule 13G whenever Adviser, directly or indirectly, has or shares voting power or investment power with respect to more than 5% of a class of equity securities registered under Section 12 of the Exchange Act (*i.e.*, any equity security, including certain convertible debt securities, of any public U.S. company).

#### **Nature of Schedule 13D Disclosure**

Schedule 13D requires the disclosure of information relating to Adviser (name, address, citizenship, certain pending legal proceedings, etc.) and the amount of shares Adviser beneficially owns. In addition, Schedule 13D also requires Adviser to disclose detailed information regarding the nature and purpose of the ownership of the subject securities, including:

- the source and amount of funds or other considerations used for the acquisition;
- any significant plans or proposals with respect to the subject issuer (including acquiring additional shares of the issuer, seeking to effect certain corporate events relating to the issuer, such as mergers, liquidations, changes to capitalization, etc.); and
- any other contracts, arrangements or understandings between the beneficial owner and other parties (including other shareholders) relating to the issuer's securities.

Moreover, the filer is required to file copies of all written agreements, contracts, arrangements, understandings, plans or proposals relating to: (1) the borrowing of funds to finance the acquisition; (2) the acquisition of issuer control, liquidation, sale of assets, merger or change in business or corporate structure; and (3) the transfer or voting of the securities, finder's fees, joint ventures, options, puts, calls, guarantees of loans, guarantees against loss or of profit, or the giving or withholding of any proxy.

### **When to File/Amend**

Schedule 13D is a required filing by an entity (or group, as defined below) that acquires a 5% position. This filing must be made within 10 calendar days of crossing the 5% threshold. Schedule 13D amendments must be filed "promptly" (depends on the facts, but may be as soon as within one calendar day) whenever any material change occurs in the facts set forth in the Schedule 13D filing. The acquisition or disposition of more than 1% of the outstanding Registered Equity Securities is a "material" change and triggers the requirement to file promptly an amendment.

Currently, Adviser does not, directly or indirectly, have or share voting power or investment power with respect to more than 5% of a class of equity securities registered under Section 12 of the Exchange Act (*i.e.*, any equity security, including certain convertible debt securities, of any public U.S. company). Therefore, Adviser is not required to file Section 13D.

## **39.4 Schedule 13G**

### **Introduction**

Schedule 13G is similar to a Schedule 13D but requires less extensive disclosure and is generally available if certain criteria are met, most commonly if the investor is a "passive investor." A passive investor is an investor with more than 5% but less than 20% beneficial ownership of a class of securities who can certify that the subject securities were not acquired or held for the purpose of, and do not have the effect of, changing or influencing the control of the issuer, and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

### **When to File/Amend**

Schedule 13G must be filed within 10 days of crossing the 5% threshold. Schedule 13G amendments must be filed on an annual basis, within 45 days of the calendar year end, to reflect any changes in the Schedule 13G previously filed by the entity (or group). A Schedule 13G amendment, however, must be filed "promptly" upon the entity (or group) acquiring beneficial ownership of more than 10% of the Registered Equity Securities (including the reporting entity (or group) coming to own more than 10% of the Registered Equity Securities as a result of share repurchases). In addition, once ownership exceeds 10%, a person becomes subject to Section 16 of the Exchange Act, which imposes additional important requirements. Thereafter, amendments must be filed promptly upon increasing or decreasing holdings by more than 5%. Schedule 13G amendments may also be filed voluntarily at any time upon crossing below the 5% thresholds.

## **Change of Passive Investment Intent**

If it is determined that an investment is made or held with a control related purpose or effect, and/or Adviser ceases to satisfy the passive investor eligibility criteria, Adviser must file a Schedule 13D within 10 calendar days of:

- acquiring or holding the securities with the purpose or effect of changing or influencing the control of the issuer or in any transaction having such purpose or effect; or
- acquiring beneficial ownership of 20% or more of the subject class of securities.

In addition, in the event either of the foregoing conditions is triggered, the “passive investor” is subject to a “cooling off period,” which commences on the date of the change of such intent/effect (or the crossing of the 20% threshold) and ends on the 10th day after the Schedule 13D is filed with the SEC. During this cooling off period, Adviser is prohibited from voting or directing the voting of the subject securities or acquiring additional beneficial ownership of the equity securities of the issuer or any person controlling the issuer.

## **Calculating Beneficial Ownership**

To determine whether Adviser beneficially owns more than 5% of a registered equity security, Adviser must measure the amount deemed to be beneficially owned against the total amount of securities of that class that are outstanding. With regard to the total amount of the class currently outstanding, a beneficial owner is generally permitted to rely upon information in the issuer’s most recent quarterly or annual report (Form 10-K or 10-Q) filed with the SEC, and any current report (Form 8-K) filed late, unless the beneficial owner knows or has reason to believe that the information is inaccurate.

Adviser is also deemed to beneficially own any securities that provide the right to acquire beneficial ownership of a security within 60 days. For example, if Adviser currently holds convertible securities (such as convertible bonds or warrants) that are not themselves registered under the Exchange Act, but which are convertible within 60 days into a class of securities which is registered, then that person is deemed to currently beneficially own the number of shares of common stock underlying the convertible.

In addition, if Adviser agrees (whether in writing or not) to act together with other persons with respect to acquiring, holding, voting or disposing of the issuer’s securities (*e.g.*, in the case of a shareholders’ agreement) then Adviser may be deemed to be a member of a “group,” in which case each individual member is deemed to beneficially own the securities held by the others. Thus, if Adviser only individually beneficially owns 1% of an equity security but enters into a voting agreement with 20 other such 1% owners of equity securities of that same class then, for purposes of the reporting requirements, Adviser would be deemed to beneficially own 21% of the subject securities (as would each such other party to the voting agreement).

Currently, Adviser is not a “passive investor” and is therefore not required to file Schedule 13G.

### **39.5 Schedule 13F (Quarterly)**

As an institutional investment manager with \$100 million or more under management, Adviser is subject to the requirements of Section 13(f) and Rule 13f-1 under the Exchange Act, requiring Adviser to file quarterly reports (*i.e.*, within 45 days after the last day of each quarter) on Schedule 13F with the SEC of holdings of “Section 13(f) securities” (generally, exchange-traded equity securities which are reflected on the SEC’s Official List of Section 13(f) Securities). Section 13(f) and Rule 13f-1 apply to all investment advisers, not just investment advisers registered under the Advisers Act. Only long securities positions are required to be reported on Schedule 13F; however, the institutional manager may not net long and short positions together, but rather should report the long position. Schedule 13F requires the reporting of the name of the issuer, the title of the class (*e.g.*, common stock, put/call option, class A shares, convertible debenture), CUSIP number, number of shares (or principal amount, in the case of convertible debt) and the aggregate fair market value of each security being reported. In addition, the Schedule 13F also requires information concerning the nature of the investment discretion and the voting authority possessed by the institutional investment manager (*e.g.*, sole or shared authority).

Currently, the Liquidating Trust is in the process of Liquidation and does not hold any Section 13(f) Securities. Furthermore, Adviser does not hold any securities on behalf of Deutsche Bank. Therefore, Adviser is not required to file Schedule 13F.

### **39.6 Schedule 16 (Acquisitions over 10%)**

Section 16 of the Exchange Act requires disclosure of holdings and transactions by corporate insiders and beneficial owners of more than 10% of a class of equity securities registered under Section 12 of the Exchange Act.

Form 3 must be filed within ten days of one or more funds or managed accounts acquiring 10% or more of the equity securities of a public company. Once the 10% threshold is reached, every acquisition or disposition of such security must be reported on a Form 4 unless exempted under SEC rules. Adviser may be required to file a Form 5 within 45 days of the public company’s fiscal year-end, disclosing all transactions during such fiscal year that were not reported or required to be reported on Form 4 (including derivative transactions and exercises of convertible securities). If Adviser makes a sale of the security causing it to own less than 10% of such security, it must file a Form 4 reporting such change in beneficial ownership.

Section 16 imposes absolute liability on a party required to report transactions for any profit realized on any purchase and sale or sale and purchase of the registered securities occurring within any period of six months. This provision allows the issuer of the security or any shareholder to bring suit to compel the disgorgement of all profits on the purchases or sales. After the 10% threshold has been reached, purchases and sales may be matched within any six-month period, and any profit from any pair of matched purchases and sales shall be paid to the issuing company. Persons subject to Section 16 may not effect short sales in excess of their ownership, and short sales against the box are permitted only if the seller delivers the security within twenty days or deposits it into the mail for delivery within five days.

Currently, the Liquidating Trust is in the process of Liquidation and does not hold any class of equity securities registered under Section 12 of the Exchange Act. Furthermore, Adviser does not hold any securities on behalf of Deutsche Bank. Therefore, Adviser is not required to file Schedule 16.

## **39.7 Form PF: Private Fund Reports**

### **Introduction**

If Adviser is ever required to file Form PF, the following pertinent information will apply. The information provided on Form PF is provided confidentially and is intended to supplement the information provided by Adviser on Form ADV. For purposes of determining whether Adviser meets the \$150 million minimum reporting threshold and certain other thresholds related to Form PF, Adviser must aggregate assets according to the requirements of Form PF, including aggregating the assets of its private funds with the assets of its parallel managed accounts and with the assets of private funds advised by any of Adviser's related persons other than related persons that are separately operated.

"Private fund" means any issuer that would be an investment company as defined in section 3 of the Investment Company Act but for section 3(c)(1) or 3(c)(7) of that Act. The private funds for which Adviser acts as the investment adviser or sub-adviser are listed in Section 7.B.(1) or 7.B.(2), respectively, of Schedule D to Adviser's Form ADV. To avoid duplicative reporting, Form PF information regarding sub-advised funds should be reported by only one adviser. The adviser that completes information in Section 7.B.1 of Schedule D to Form ADV with respect to any private fund is also required to report that fund on Form PF. If, however, the adviser reporting the private fund on Form ADV has no requirement to file Form PF (*e.g.*, an exempt reporting adviser), then another adviser, if required to file Form PF, must report the fund on Form PF).

### **Nature of Form PF Disclosure**

Form PF requires advisers to private funds to provide the following types of information:

- certain identifying information about the adviser and its related persons;
- certain identifying and other basic information about each private fund that the adviser advises (*e.g.*, gross and net asset value, value of investment in other private funds, aggregate gross notional value of derivative positions, percentage beneficially owned by certain types of investors and certain fund performance information); and
- certain information regarding each hedge fund the adviser advises (*e.g.*, investment strategies, percentage of assets managed using computer-driven trading algorithms; significant counterparty exposures and trading and clearing practices).

In addition, "large hedge fund advisers" must provide additional information regarding the hedge funds they advise, including certain data which must be tracked on a monthly basis

and certain aggregated information (*e.g.*, value of assets invested in different types of securities, derivatives and commodities; duration of fixed income portfolio holdings, the value of turnover in certain asset classes in such funds' portfolios and geographical breakdown of portfolio investments). Additional information must be provided with respect to any hedge fund managed by Adviser that has a net asset value of at least \$500 million as of the last day of any month in the prior fiscal quarter (a "qualifying hedge fund") (*e.g.*, information regarding the fund's exposures and trading, risk metrics, financing information and investor composition and liquidity).

Adviser is a "large hedge fund adviser" if it, together with its related persons, has at least \$1.5 billion of regulatory assets under management attributable to hedge funds as of the last day of any month in the fiscal quarter immediately preceding its most recently completed fiscal quarter.

"Hedge fund" is any private fund (other than a securitized asset fund) that (1) must pay to one or more investment advisers (or an investment adviser's related person(s)) a performance fee or allocation calculated by taking into account unrealized gains (other than a fee or allocation the calculation of which may take into account unrealized gains solely for the purpose of reducing such fee or allocation to reflect net unrealized losses); (2) may borrow an amount in excess of one-half of its net asset value or may have gross notional exposure in excess of twice its net asset value (in each case, including any committed capital); or (3) may sell securities or other assets short or enter into similar transactions (other than for the purpose of hedging currency exposure or managing duration).

Further, "large liquidity fund advisers" (advisers that manage one or more liquidity funds and had at least \$1 billion in combined liquidity fund and registered money market fund assets under management as of the end of any month in the prior fiscal quarter) and "large private equity fund advisers" (advisers that had at least \$2 billion in private equity fund assets under management as of the end of its most recently completed fiscal year) also must provide additional information in Form PF regarding their "liquidity funds" (any private fund that seeks to generate income by investing in a portfolio of short term obligations in order to maintain a stable net asset value per unit or minimize principal volatility for investors) and "private equity funds" (any fund that is not a hedge fund, liquidity fund, real estate fund, securitized asset fund or venture capital fund and does not provide investors with redemption rights in the ordinary course), respectively.

## **When to File/Amend**

At any time that Adviser meets the definition of a "large hedge fund adviser," Adviser is required to provide additional information and file quarterly updates to Form PF within 60 days after the end of each fiscal quarter with respect to the hedge funds that it advises. At any time that Adviser meets the definition of a "large liquidity fund adviser," Adviser must provide additional information on a quarterly basis within 15 days from the end of the fiscal quarter with respect to the liquidity funds it advises. Finally, at any time that Adviser meets the definition of a "large private equity fund adviser," Adviser must provide additional information on an annual basis within 120 days from the fiscal year end with respect to the private equity funds it advises.]



At any time that Adviser is required to file Form PF but is neither a large hedge fund adviser nor a large liquidity fund adviser, Adviser must file annual updates to Form PF within 120 days after the end of each fiscal year.

If Adviser meets the definition of a “large hedge fund adviser” or a “large liquidity fund adviser,” for its first three quarters Adviser must update only information for the hedge funds or liquidity funds, as applicable, that it advises and is not required to update information for its other private funds, if any. For its fourth quarter reporting, however, Adviser may include the required information for its other private funds in its filing regarding hedge funds (which must be made within 60 days) or its liquidity funds (which must be made within 15 days) or may subsequently file an amendment to its Form PF updating information on its other private funds within 120 days of the end of the fourth fiscal quarter. In such amendment, Adviser is not required to update the information it provided in good faith earlier in response to questions regarding other types of funds. If at any time Adviser meets the definitions of both a “large hedge fund adviser” and a “large liquidity fund adviser,” Adviser would be required to file quarterly updates with respect to both types of funds observing the filing deadlines applicable to each type of fund (*i.e.*, within 60 days for hedge fund and 15 days for liquidity funds).

As of the date of this Compliance Manual, Adviser does not meet the definition of “large hedge fund adviser,” “large liquidity fund adviser” or “large private equity fund adviser”.

### **39.8 Form 13H: Large Trader Reports**

Rule 13h-1 under the Exchange Act requires that a person file Form 13H if that person directly or indirectly, including through other persons controlled by such person, exercises investment discretion over one or more accounts and effects transactions for the purchase or sale of any “NMS security” for or on behalf of such accounts, by or through one or more registered broker-dealers, in an aggregate amount equal to or greater than the identifying activity level (a “large trader”). For purposes of Form 13H, the term “identifying activity level” means aggregate transactions in NMS securities that are equal to or greater than: (1) during a calendar day, either two million shares or shares with a fair market value of \$20 million; or (2) during a calendar month, either 20 million shares or shares with a fair market value of \$200 million.

“NMS security” (as defined in SEC Regulation NMS) is any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan or an effective national market system plan for reporting transactions in listed options. NMS securities are generally exchange-listed securities, including equities and options.

Form 13H generally requires identifying information regarding each large trader, its affiliates and Securities Affiliates, and each broker-dealer at which it or its Securities Affiliates has an account. For purposes of Form 13H, the term “Securities Affiliates” means “an affiliate of the large trader that exercises investment discretion over NMS securities.” The term “affiliate” is defined as “any person that directly or indirectly controls, is under common control with, or is controlled by the large trader.”

Form 13H must be filed (i) promptly (*i.e.*, 10 days) after first effecting aggregate transactions that meet or exceed the identifying activity level; (ii) within 45 days after the end of each full calendar year; and (iii) promptly (*i.e.*, 10 days) following the end of a calendar quarter in the event that any of the information contained in a Form 13H filing becomes inaccurate for any reason. Upon receipt of the Form 13H, the SEC will assign Adviser, as a large trader, a unique large trader identification number (“LTID”), which Adviser must then promptly provide to its registered broker-dealers effecting transactions on its behalf. Such registered broker-dealers will generally then be required to maintain records of certain elements in connection with transactions effected through accounts of Adviser.

Adviser is not required to Form 13H because it does not meet any of the requirements required by such filer.

### **39.9 Form SLT: Long Term Holdings Reports**

An investment adviser is required to file Treasury International Capital reporting form Form SLT on behalf of all U.S.-resident entities in its organization and all funds legally established in the United States (including feeder funds) that it advises if the aggregate fair market value of the long-term reportable securities of such entities equals or exceeds \$1 billion (excluding direct investments (*i.e.*, ownership of 10% or more of an entity’s voting securities or equivalent interests) and any securities held by a U.S.-resident custodian) as of the last business day of the reporting month.

“Long term” means having an original maturity of more than one year or no contractual maturity. “Reportable securities” include (1) securities issued directly to or placed with foreign residents (including shares issued by a U.S.-based master fund to foreign feeder funds) and (2) securities of foreign issuers held for an end-investor’s own portfolio or for the portfolio of its clients that are not held by U.S. custodians.

Form SLT is required to be submitted on a monthly basis no later than the 23rd calendar day of the following month (or the next business day if the filing date falls on a weekend or holiday). Once Form SLT is filed in a calendar year, a report must be filed for each subsequent month in that calendar year regardless of whether the aggregate value of the reportable long-term securities held in any such subsequent month meet the reporting threshold.

Adviser is not required to Form SLT because it does not meet any of the requirements required by such filer.

### **39.10 FATCA Reporting and Withholding Requirements**

Under the Foreign Account Tax Compliance Act (FATCA), enacted in 2010 as part of the Hiring Incentives to Restore Employment (HIRE) Act, foreign financial institutions (“FFIs”) will be required to report directly to the IRS certain information about financial accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

To properly comply with these reporting requirements, an FFI will be required to enter into a special agreement with the IRS by June 30, 2013, under which such “participating” FFI will be required to:

- undertake certain identification and due diligence procedures with respect to its account holders;
- report annually to the IRS on its account holders who are U.S. persons or foreign entities with substantial U.S. ownership; and
- withhold and pay over to the IRS 30% of any payments of U.S. source income, as well as gross proceeds from the sale of securities that generate U.S. source income, made to (a) non-participating FFIs, (b) individual account holders failing to provide sufficient information to determine whether or not they are a U.S. person or (c) foreign entity account holders failing to provide sufficient information about the identity of its substantial U.S. owners.

### **39.11 Hart-Scott-Rodino Act**

Notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1978, as amended (“HSR”) is required before consummating certain mergers, joint ventures and acquisitions of voting securities, non-corporate interests (*e.g.*, partnership interests or limited liability company membership interests) or assets. After notification is filed there is a waiting period while the Federal Trade Commission (“FTC”) and Department of Justice (“DOJ”) review the potential competitive effects of the transaction. The notification includes information about the transaction and the participants in the transaction.

As a general matter, both the acquiring person and the acquired person must file notifications when either the acquiring person or the acquired person is engaged in U.S. commerce or an activity affecting U.S. commerce, and either of the following tests is met:

- (a) one person has total assets or annual net sales of \$100 million or more and the other person has total assets or annual net sales of \$10 million or more; and (b) as a result of the transaction, the acquiring person will hold an aggregate total amount of more than \$50 million of the voting securities and assets of the acquired person; or
- as a result of the transaction, the acquiring person will hold an aggregate total amount of more than \$200 million of the voting securities and assets of the acquired person, regardless of the sales or assets of the acquiring and acquired persons.

Please note that the above thresholds are adjusted annually by the FTC; each year’s thresholds typically take place in February. Please consult with the Chief Compliance Officer for the most up-to-date thresholds.

In determining the value of a given transaction, it may be necessary to aggregate holdings across two or more funds. Funds should aggregate their holding where one fund controls, directly or indirectly, another fund or where both funds are under common control. For HSR Act purposes, “control” means either: (i) as to a corporation, holding 50% or more of the voting securities or the right presently to appoint 50% or more of the directors; or (ii) as to an unincorporated entity (*e.g.*, partnership, limited liability company, etc.), the right to 50% or more of the profits in a given year or the right to 50% or more of the assets upon dissolution. The right to manage a fund is not, in and of itself, an indicia of “control” for HSR Act purposes.

Acquisitions of voting securities are exempt from filing if they are made “solely for the purpose of investment” and if, as a result of the acquisition, the securities held do not exceed 10% of the outstanding voting securities of the issuer. Securities are acquired “***solely for the purpose of investment***” if the person acquiring the securities has no intention of participating in the formulation, determination, or direction of the basic business decisions of the issuer. This is a “totality of the facts and circumstances” test, although the right to appoint a director has been deemed to give rise to an irrebuttable presumption that an acquisition of voting securities is not solely for the purpose of investment. The notice is filed with the FTC and the Department of Justice and is confidential. The portfolio managers and the Chief Compliance Officer will be responsible for ensuring that the Firm files any HSR Act notifications.

HSR notifications are filed with both the FTC and the DOJ. They are confidential and exempt from disclosure under the Freedom of Information Act. The portfolio managers and the Chief Compliance Officer will be responsible for ensuring that Adviser files any necessary HSR notifications.

## **SECTION 40: BUSINESS CONTINUITY PLAN**

### **Contingency and Disaster Recovery Plan**

As a fiduciary, Adviser takes seriously its obligation to protect its client’s interests from being placed at risk as a result of Adviser’s inability to provide advisory services due to a natural disaster or other event that may cause a prolonged business outage. Adviser will seek to ensure (1) continuity and survival of Adviser’s business; (2) protection of Adviser’s employees, client assets and Adviser property; (3) management control of risks and exposures; (4) preventive measures where appropriate; and (5) long-term recovery of systems and infrastructure.

Adviser’s Contingency and Disaster Recovery Plan is attached to this Manual as Appendix K.

**Appendix A**  
***Risk Identification and Assessment Chart***

**Ledgewood Capital, Inc.**

**Date:** \_\_\_\_\_

<b>Business/Compliance Area</b>	<b>Identified Risk(s)</b>	<b>Inherent Risk Level (High, Medium, Low)</b>	<b>Corresponding Policies/Procedures (Identify Compliance Manual Section and/or Appendix)</b>	<b>Key Control Factors</b>	<b>Responsible Person(s)</b>	<b>Next Steps (Including Target Date, if Applicable)</b>	<b>Resolution</b>	<b>Comments</b>
Preventing Insider Trading	Possible trading of securities, for employee or client account, while in possession of MNPI	Low	Compliance Manual Chapter 3	Confidentiality agreements; Restricted Trading List; training	Business:	Monitor continuously		
					Compliance: CCO			
Personal Trading					Business:			
					Compliance: CCO			
Books and Records					Business:			
					Compliance:			

**SAMPLE—MUST BE CUSTOMIZED**

<b>Business/Compliance Area</b>	<b>Identified Risk(s)</b>	<b>Inherent Risk Level (High, Medium, Low)</b>	<b>Corresponding Policies/Procedures (Identify Compliance Manual Section and/or Appendix)</b>	<b>Key Control Factors</b>	<b>Responsible Person(s)</b>	<b>Next Steps (Including Target Date, if Applicable)</b>	<b>Resolution</b>	<b>Comments</b>
					Business:			
					Compliance:			
					Business:			
					Compliance:			

**Appendix B**  
***Initial Acknowledgement***

**Initial Acknowledgment of Having Received, Read and Understood  
the Ledgewood Capital, Inc. Compliance Manual**

I have received or been provided access to the Ledgewood Capital, Inc. Compliance Manual, which includes the Code of Ethics (the “Manual”). I hereby certify that:

- I have read and understood the Manual.
- I have raised with the Chief Compliance Officer any and all necessary questions concerning the Compliance Manual and my responsibilities thereunder and received satisfactory, understandable answers to my questions.
- I understand that violation of the procedures set forth in the Manual will not be tolerated by Adviser and may subject me to disciplinary action, including suspension or dismissal. Moreover, I am aware that failure to comply with certain elements of the Manual may constitute a violation of federal and/or state law and may subject Adviser and/or me to a wide range of criminal or civil liability.
- I certify that I will comply with all applicable policies and procedures in the Manual.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Appendix C**  
***Annual Certification***

**Annual Certification Regarding Adherence to the Ledgewood Capital, Inc. Compliance Manual**

I hereby certify that, since the later of (1) the date on which I was first provided with a copy of or access to the Ledgewood Capital, Inc. Compliance Manual, which includes the Code of Ethics (the “Manual”) and (2) the date of the last certification I made to Ledgewood Capital, Inc. regarding my compliance with the policies and procedures set forth in the Manual, I have complied in all material respects with all of the policies and procedures set forth in the Manual (including all updates to the Manual), except as I have otherwise previously reported to the Chief Compliance Officer.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**Appendix D**  
***Disciplinary Questionnaire***

**REGULATORY COMPLIANCE QUESTIONNAIRE**  
**For Personnel of SEC-Registered Investment Adviser**

1. Please set forth your full (including middle) name:  

---
2. Please set forth your home address:  

---
3. Please indicate your present position or association, or proposed position or association, as the case may be, with XXX Capital Management, L.P. ("Adviser").  

---

**INSTRUCTIONS**

This Regulatory Compliance Questionnaire is divided into four parts. Part I is designed to respond to the provisions of Sections 203(e) and (f) of the Investment Advisers Act of 1940, as amended (the "Advisers Act") -- provisions that prohibit Adviser from associating with certain persons or that create regulatory issues for Adviser in the event it associates with certain persons. Part II is designed to respond to the provisions of Item 11 of Part I of SEC Form ADV ("Form ADV"). Part III is designed to respond to the provisions of Item 9 of Form ADV Part 2A (the "brochure") and Item 3 of Form ADV Part 2B (the "brochure supplement"). Part IV is designed to respond to additional provisions of the brochure supplement.

In some cases, questions in one part overlap with questions in one or more other parts. As described above, however, each part is designed to respond to a distinct regulatory requirement. In order to enable Adviser to monitor its compliance with the particular statutory sections, regulations and disclosure requirements that underlie each part without unnecessary confusion, any person who is required to respond to more than one part (as described below) will be required to do so notwithstanding that there may be significant overlap in the parts to which he or she is required to respond.

Parts I and II must be completed by: (i) all employees of Adviser (other than employees performing only clerical, administrative, support or similar functions); (ii) all independent contractors who perform advisory functions on behalf of Adviser (other than independent contractors performing only clerical, administrative, support or similar functions); (iii) all partners, officers and directors of Adviser (and all persons performing similar functions for Adviser); (iv) each person or entity that directly or indirectly controls Adviser; and (v) each entity (if any) directly or indirectly controlled by Adviser.

Employees and independent contractors who perform only clerical, administrative, support or similar functions on behalf of Adviser need not complete Parts I, II, III or IV, but must complete Question 8 of Part I.

Part III must be completed by: (i) each principal executive officer (or person with similar status or performing similar functions) of Adviser; (ii) each individual or member of a committee or group who determines the general investment advice given to Adviser's clients; (iii) if Adviser does not have an investment committee or group, the individuals who determine general investment advice provided to clients; (iv) each supervised person who formulates investment advice for a client and has direct client contact; and (v) any supervised person who has discretionary authority over a client's assets, even if the supervised person has no direct client contact.

Part IV must be completed by: (i) each supervised person who formulates investment advice for a client and has direct client contact; and (ii) any supervised person who has discretionary authority over a client's assets, even if the supervised person has no direct client contact.

## **PART I**

Part I is designed to respond to the provisions of Sections 203(e) and (f) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). These provisions prohibit an investment adviser under certain circumstances from associating with certain persons or create regulatory issues for an adviser in the event it associates with certain persons.

1. Have you ever been found to have willfully made or caused to be made in any application for registration or report required to be filed with the SEC under the Advisers Act, or in any proceeding before the SEC with respect to registration, any statement which at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, or have you ever been found to have omitted to state in any such application or report any material fact which was required to be stated herein?

Yes: ☐ No: ☐

2. Have you in the past ten years been convicted of any felony or misdemeanor, or of a substantially equivalent crime by a foreign court of competent jurisdiction:

- (a) involving the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, any substantially equivalent activity however denominated by the laws of the relevant foreign government, or conspiracy to commit any such offense?

Yes: ☐ No: ☐

- (b) arising out of conduct of the business of a broker, dealer, municipal securities dealer, investment adviser, bank, insurance company, government securities broker, government securities dealer, fiduciary, transfer agent, credit rating agency, foreign person performing a function substantially equivalent to any of

the above, or entity or person required to be registered under the Commodity Exchange Act or any substantially equivalent statute or regulation?

Yes: ☐ No: ☐

- (c) involving the larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds or securities or substantially equivalent activity however denominated by the laws of the relevant foreign government?

Yes: ☐ No: ☐

- (d) involving the violation of Sections 152<sup>1</sup>, 1341<sup>2</sup>, 1342<sup>3</sup>, or 1343<sup>4</sup> or Chapter 25<sup>5</sup> or 47<sup>6</sup> of Title 18, United States Code, or a violation of a substantially equivalent foreign statute?

Yes: ☐ No: ☐

3. Have you in the past ten years been convicted of:

- (a) any crime that is punishable by imprisonment for one or more years and that is not described in Question 2 of this Part I?

Yes: ☐ No: ☐

- (b) any substantially equivalent crime by a foreign court of competent jurisdiction?

Yes: ☐ No: ☐

4. Are you permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction, including any foreign court of competent jurisdiction, from acting as an investment adviser, underwriter, broker, dealer, municipal securities dealer, government securities broker, government securities dealer, transfer agent, foreign person performing a function substantially equivalent to any of the above, or entity or person

---

<sup>1</sup> Section 152 prohibits fraud related to bankruptcy under Title 11, United States Code. Violations of Section 152 include concealing assets belonging to the estate of a debtor, making a false oath or claim or concealing or withholding information in relation to any case under Title 11, committing bribery or committing certain other forms of misconduct.

<sup>2</sup> Section 1341 prohibits use of the mail (or any private commercial interstate carrier or delivery service) to defraud or to sell counterfeit financial instruments or other counterfeit articles.

<sup>3</sup> Section 1342 prohibits the use of a fictitious, false, or assumed title, name or address with relation to the mail (*i.e.*, the U.S. Postal Service).

<sup>4</sup> Section 1343 prohibits the use of wire, radio or television communication to defraud.

<sup>5</sup> Chapter 25 contains a number of prohibitions relating to counterfeiting and forgery.

<sup>6</sup> Chapter 47 contains a number of prohibitions relating to fraud and false statements, including the prohibition of identity theft.

required to be registered under the Commodity Exchange Act or any substantially equivalent statute or regulation, or as an affiliated person or employee of any investment company, bank, insurance company, foreign entity substantially equivalent to any of the above, or entity or person required to be registered under the Commodity Exchange Act or any substantially equivalent statute or regulation, or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase or sale of any security?

Yes: ☐ No: ☐

5. Have you ever been found to have willfully violated any provision of the Advisers Act, the Investment Company Act of 1940 (the “ICA”), the Securities Act of 1933, the Securities Exchange Act of 1934, the Commodity Exchange Act, or the rules or regulations under any such statutes or any rule of the Municipal Securities Rulemaking Board, or are you unable for any reason to comply with any such provision?

Yes: ☐ No: ☐

6. Have you ever been found to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any other person of any provision of the Advisers Act, the ICA, the Securities Act of 1933, the Securities Exchange Act of 1934, the Commodity Exchange Act, the rules or regulations under any of such statutes, or the rules of the Municipal Securities Rulemaking Board?

Yes: ☐ No: ☐

7. Have you ever been found by the SEC to have failed reasonably to supervise, with a view to preventing violation of the statutory provisions and rules and regulations described in Question 6 of this Part I, another person who committed a violation thereof, at a time which such other person was subject to your supervision? Are you aware of any grounds that could lead to such a finding by the SEC?

Yes: ☐ No: ☐

8. Are you now subject to any order of the SEC barring or suspending your right to be associated with an investment adviser?

Yes: ☐ No: ☐

9. Have you ever been found by a foreign financial regulatory authority to have:

- (a) made or caused to be made in any application for registration or report required to be filed with a foreign securities authority, or in any proceeding before a foreign securities authority with respect to registration, any statement that was at the time and in light of the circumstances under which it was made false or misleading with respect to any material fact, or have you ever omitted to state in any application or report to a foreign securities authority any material fact that was required to be stated therein?

Yes: ☐ No: ☐

- (b) violated any foreign statute or regulation regarding transactions in securities or contracts of sale of a commodity for future delivery traded on or subject to the rules of a contract market or any board of trade?

Yes: ☐ No: ☐

- (c) aided, abetted, counseled, commanded, induced or procured the violation by any other person of any foreign statute or regulation regarding transactions in securities or contracts of sale of a commodity for future delivery traded on or subject to the rules of a contract market or any board of trade, or to have failed reasonably to supervise, with a view to preventing violations of statutory provisions, and rules and regulations promulgated thereunder, another person who committed such a violation at a time when such other person was subject to your supervision?

Yes: ☐ No: ☐

10. Are you subject to any final order of a State securities commission, State authority that supervises or examines banks, savings associations, or credit unions, State insurance commission, an appropriate Federal banking agency, or the National Credit Union Administration that:

- (a) bars you from association with an entity regulated by such commission, authority, agency, or officer, or from engaging in the business of securities, insurance, banking, savings association activities, or credit union activities?

Yes: ☐ No: ☐

- (b) constitutes a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Yes: ☐ No: ☐

### DEFINITIONS FOR PART II AND PART III

For purposes of the questions contained in Part II and Part III, the following terms have the following meanings:

**charged:** being accused of a crime in a formal complaint, information or indictment (or equivalent formal charge).

**enjoined:** this term includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or a temporary restraining order.

**felony:** for jurisdictions that do not differentiate between a misdemeanor and a felony, a felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least \$1000. The term also includes a general court martial.

**foreign financial regulatory authority:** this term includes (i) a foreign securities authority; (ii) another governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of investment-related activities; and (iii) a foreign membership organization, a function of which is to regulate the participation of its members in the activities listed above.

**found:** this term includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments, and similar informal resolutions of matters.

**investment-related:** activities that pertain to securities, commodities, banking, insurance, or real estate (including, but not limited to, acting as or being associated with an investment adviser, broker-dealer, municipal securities dealer, government securities broker or dealer, issuer, investment company, futures sponsor, bank or savings and loan association).

**involved:** engaged in any act or omission, aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act.

**minor rule violation:** a violation of a self-regulatory organization rule that has been designated as “minor” pursuant to a plan approved by the SEC.

**misdemeanor:** for jurisdictions that do not differentiate between a felony and a misdemeanor, a misdemeanor is an offense punishable by a sentence of less than one year imprisonment and/or a fine of less than \$1000. The term also includes a special court martial.

**order:** a written directive issued pursuant to statutory authority and procedures, including an order of denial, exemption, suspension or revocation. Unless included in an order, the term does not include special stipulations, undertakings or agreements relating to payments, limitations on activity or other restrictions.

**proceeding:** this term includes a formal administrative or civil action initiated by a governmental agency, self-regulatory organization or foreign financial regulatory authority; a felony criminal indictment or information (or equivalent formal charge); or a misdemeanor criminal information (or equivalent formal charge). The term does not include other civil litigation, investigations, or arrests or similar charges effected in the absence of a formal criminal indictment or information (or equivalent formal charge).

**self-regulatory organization:** any national securities or commodities exchange, registered securities association or registered clearing agency, *e.g.*, the New York Stock Exchange, the American Stock Exchange, the Chicago Board of Trade, the Chicago Mercantile Exchange, the Financial Industry Regulatory Authority (FINRA).

## PART II

Part II is designed to respond to the provisions of Item 11 of SEC Form ADV Part 1.

1. In the past ten years, have you been convicted of, or pled guilty or nolo contendere (“no contest”) to, any felony in any domestic, foreign or military court?

Yes: ☐ No: ☐

2. Is there currently pending against you any charge that you have committed a felony?

Yes: ☐ No: ☐

3. In the past ten years, have you been convicted of, or pled guilty or nolo contendere (“no contest”) to, a misdemeanor in any domestic, foreign or military court, where such misdemeanor involved: (i) investments or an investment-related business; (ii) fraud, false statements or omissions; (iii) wrongful taking of property; (iv) bribery, perjury, forgery, counterfeiting or extortion; or (v) a conspiracy to commit any of these offenses?

Yes: ☐ No: ☐

4. Is there currently pending against you any charge that you have committed a misdemeanor of the type described in Question 3 of this Part II?

Yes: ☐ No: ☐

5. Has the SEC or the Commodity Futures Trading Commission ever:

- (a) found you to have made a false statement or omission?

Yes: ☐ No: ☐

- (b) found you to have been involved in a violation of its regulations or statutes?

Yes: ☐ No: ☐

- (c) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted?

Yes: ☐ No: ☐

- (d) entered an order against you in connection with investment-related activity?

Yes: ☐ No: ☐

- (e) imposed a civil money penalty on you, or ordered you to cease and desist from any activity?

Yes: ☐ No: ☐

6. Has any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority:

(a) ever found you to have made a false statement or omission or been dishonest, unfair, or unethical?

Yes: ☐ No: ☐

(b) ever found you to have been involved in a violation of investment-related regulations or statutes?

Yes: ☐ No: ☐

(c) ever found you to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted?

Yes: ☐ No: ☐

(d) in the past ten years, entered an order against you in connection with an investment-related activity?

Yes: ☐ No: ☐

(e) ever denied, suspended or revoked your registration or license, or otherwise prevented you, by order, from associating with an investment-related business, or restricted your activity?

Yes: ☐ No: ☐

7. Has any self-regulatory organization or commodities exchange ever:

(a) found you to have made a false statement or omission?

Yes: ☐ No: ☐

(b) found you to have been involved in a violation of its rules (other than a minor rule violation)?

Yes: ☐ No: ☐

(c) found you to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted?

Yes: ☐ No: ☐



- (d) disciplined you by expelling or suspending you from membership, by barring or suspending you from association with other members, or by otherwise restricting your activities?

Yes: ☐ No: ☐

8. Are you now the subject of any regulatory proceeding that could result in a “yes” answer to any of the questions contained in Questions 5, 6 or 7 of this Part II?

Yes: ☐ No: ☐

9. Has an authorization to act as an attorney, accountant, or federal contractor granted to you even been revoked or suspended?

Yes: ☐ No: ☐

10. Has any domestic or foreign court:

- (a) during the past ten years, enjoined you in connection with any investment-related activity?

Yes: ☐ No: ☐

- (b) ever found that you were involved in a violation of investment-related statutes or regulations?

Yes: ☐ No: ☐

- (c) ever dismissed, pursuant to a settlement agreement, an investment-related civil action brought against you by a state or a by foreign financial regulatory authority?

Yes: ☐ No: ☐

11. Are you now the subject of any civil proceeding that could result in a “yes” answer to any question contained in Question 10 of this Part II?

Yes: ☐ No: ☐

### **PART III**

Part III is designed to respond to the provisions of Item 9 of Form ADV Part 2A (the “brochure”) and Item 3 of Form ADV Part 2B (the “brochure supplement”).

12. Have any of the following events ever occurred that were not resolved in your favor or subsequently reversed, suspended, or vacated:

- (a) a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which you:
- (i) were convicted or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting or extortion; or (c) a conspiracy to commit any of these offenses;
  - (ii) are the named subject of a pending criminal proceeding that involves an investment-related business; fraud, false statements or omissions; wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion;
  - (iii) were found to have been involved in a violation of an investment-related statute or regulation; or
  - (iv) were the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting you, from engaging in any investment-related activity, or from violating any investment-related statute, rule or order?

Yes: ☐ No: ☐

- (b) an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which you:
- (i) were found to have caused an investment-related business to lose its authorization to do business; or
  - (ii) were found to have been involved in a violation of an investment-related statute or regulation and were the subject of an order by the agency or authority (a) denying, suspending, or revoking your authorization to act in an investment-related business; (b) barring or suspending your association with, an investment-related business or otherwise significantly limiting your investment-related activities; or (c) imposing on you a civil money penalty of more than \$2,500?

Yes: ☐ No: ☐

- (c) any self-regulatory organization proceedings in which you:
- (i) were found to have caused an investment-related business to lose its authorization to do business; or
  - (ii) were found to have been involved in a violation of the self-regulatory organization’s rules and were (a) barred or suspended from membership or

from association with other members, or were expelled from membership;  
(b) fined more than \$2,500; or (c) otherwise significantly limited from  
investment-related activities?

Yes: ☐ No: ☐

13. If you checked yes to any answer in subparts (A), (B) or (C) of Question 1 of this Part III, did the related event occur during the past 10 years? (For purposes of calculating such 10-year period, the date of an event shall be the date on which the final order, judgment, or decree was entered, or the date on which any rights of appeal from preliminary orders, judgments, or decrees lapsed.)

Yes: ☐ No: ☐

14. Have you been involved in a legal or disciplinary event that is not listed in subparts (A), (B) or (C) of Question 1 of this Part III that nonetheless may be material to a client's or prospective client's evaluation of Adviser's advisory business or the integrity of its management?

Yes: ☐ No: ☐

#### **PART IV**

Part IV is designed to respond to additional provisions of Form ADV Part 2B (the "brochure supplement").

15. Please set forth your date of birth: \_\_\_\_\_

16. Please set forth your formal education after high school:

Name of Institution	Dates Attended	Degree Earned

17. Please set forth your business background for the preceding five years:

---

---

---

---

---

---

---

---

---

---

---

---

18. Has any proceeding occurred that was not resolved in your favor or subsequently reversed, suspended, or vacated in which your professional attainment, designation, or license was revoked or suspended because of a violation of rules relating to professional conduct?

Yes: ☐ No: ☐

19. Have you ever resigned (or otherwise relinquished your attainment, designation or license) in anticipation of such a proceeding?

Yes: ☐ No: ☐

\* \* \* \* \*

The undersigned represents and warrants that the answers given by the undersigned herein are true and correct as of the date set forth below. The undersigned agrees to inform the Chief Compliance Officer promptly in the event any of such answers should no longer be true and correct. If the undersigned has given a "Yes" answer to any of the questions contained herein, the undersigned agrees to provide the Chief Compliance Officer, promptly upon his or her request, such additional information as the Chief Compliance Officer may reasonably determine to be necessary.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

Signature: \_\_\_\_\_

Name (Please Print): \_\_\_\_\_

## **Appendix E**

### ***Code of Ethics***

#### **General**

The Code of Ethics is predicated on the principle that Adviser owes a fiduciary duty to its clients. Accordingly, Supervised Persons must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of Clients. At all times, Supervised Persons must:

- ***Place Client interests ahead of Adviser's interests*** – As a fiduciary, Adviser must serve its clients' best interests. In other words, Supervised Persons may not benefit at the expense of Clients. This concept is particularly relevant when employees are making personal investments in securities traded by Clients.
- ***Engage in personal investing that is in full compliance with Adviser's Code of Ethics*** – Supervised Persons must review and abide by Adviser's Personal Securities Transaction and Insider Trading Policies.
- ***Avoid taking advantage of the Supervised Person's position*** – Supervised Persons must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with Adviser, or on behalf of a Client, where such opportunities, gifts or gratuities could create the appearance of impropriety or might otherwise influence a decision to conduct business with such other party.
- ***Maintain full compliance with the federal securities laws<sup>1</sup>*** – Supervised Persons must abide by the standards set forth in Rule 204A-1 (the "code of ethics rule") for registered investment advisers under the Advisers Act.

Any questions with respect to Adviser's Code of Ethics should be directed to the Chief Compliance Officer. As discussed in greater detail below, Supervised Persons must promptly report any violations of the Code of Ethics to the Chief Compliance Officer. All reported Code of Ethics violations will be treated as being made on an anonymous basis.

This Code of Ethics includes policies and procedures set forth in Deutsche Bank's Code of Ethics. Deutsche Bank's Code of Ethics can be found in the Deutsche Bank Compliance Manual.

---

<sup>1</sup> "Federal securities laws" means the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Investment Advisers Act of 1940, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the SEC under any of these statutes, the Bank Secrecy Act as it applies to funds and investment advisers, and any rules adopted thereunder by the SEC or the Department of the Treasury.

## **Guiding Principles & Standards of Conduct**

All employees and members of Adviser, and consultants closely associated with Adviser, will act with competence, dignity and integrity, in an ethical manner, when dealing with Clients, the public, prospects, third-party service providers and fellow employees. The following set of principles frames the professional and ethical conduct that Adviser expects from its Supervised Persons:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, Clients, prospective Clients, employers, employees, colleagues in the investment profession and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients and the interests of Adviser above one's own personal interests;
- Adhere to the fundamental standard that the Supervised Person should not take inappropriate advantage of his or her position;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on himself or herself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve his or her professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

### **I. PERSONAL SECURITIES TRANSACTION POLICY**

Employees may not purchase or sell any security unless the transaction occurs in an Exempt Security (as defined below) or the employee has complied with the Personal Securities Transaction Policy set forth below.

Pursuant to Rule 204A-1(d) of the Advisers Act, if an Adviser has only one access person,<sup>2</sup> such person is not required to submit a Personal Securities Report to himself or obtain

---

<sup>2</sup> "Access person" means: (i) any supervised persons: (A) who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or (B) who is involved in making securities recommendations to Clients, or who has access to such

approval for investments as long as such access person maintains records of his holdings and transactions that Rule 204A-1 would otherwise require. Mr. Kiley is currently Adviser's only access person, and as such, will not be providing a Personal Securities Report to himself. Mr. Kiley is however subject to other provisions of Rule 204A-1, including the requirements to adopt a Code of Ethics and safeguard material nonpublic Client information.

### **Pre-Clearance Procedures**

Adviser's employees must have written clearance for any personal securities transaction (except for any transaction involving an Exempt Security) *before completing the transaction*. Employees must complete and deliver to the Chief Compliance Officer Adviser's Trade Authorization Request Form (see Attachment E-1) or may request authorization via email. In either case, Adviser shall maintain the authorization forms.

Once pre-clearance is granted by the Chief Compliance Officer, the pre-clearance approval is valid only for the day on which the approval is granted except that if the approval is granted after 3 p.m., the approval extends to 12:00 p.m. the following day (provided the following day is a business day). Unless otherwise noted, no pre-clearance is required for transactions involving Exempted Securities.

Employees who wish to engage in personal securities transactions for other types of securities (including equity securities also traded by or held by the Clients), must first obtain (with the help of the Chief Compliance Officer) pre-clearance from Deutsche Bank. Deutsche Bank has a rigorous pre-clearance process which requires, among other things, that Adviser's employee who wishes to trade in the same securities that are traded by or held by the Underlying Funds or the Liquidating Trust to: (i) submit a standard form detailing the transaction, (ii) obtain approval from a managing director, and (iii) obtain final sign-off from Deutsche Bank's compliance group.

Adviser employees are prohibited from engaging in frequent or short-term (*i.e.*, 30 days) personal trading. More specifically, employees may not profit from the purchase and sale or sale and purchase of the same security (including Exempt Securities) within 30 calendar days. Except for limited circumstances and subject to pre-clearance approval, Adviser employees should not execute trades opposite of Adviser recommendations.

### **Securities and Instruments That Are Considered Reportable Securities**

Adviser will regard the following as reportable securities ("Reportable Securities") for purposes of complying with this policy: any note, stock, treasury security, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, fractional undivided interest in oil, gas, or other mineral rights, any options, or in general, any interest or instrument commonly known as a security. In addition, shares issued in exchange-traded funds (whether or not organized as unit investment trusts) are considered Reportable Securities.

---

recommendations that are nonpublic. If providing investment advice is Adviser's primary business, all of Adviser's directors, officers and partners are presumed to be access persons.

Commodities, futures and options traded on a commodities exchange, including currency futures are not considered securities. However, futures and options on any group or index of securities shall be considered securities.

Employees may, if eligible to do so, invest in hedge funds run by others, but such investment remains subject to pre-clearance and all of the policies and procedures in this Manual.

### **Exempt Securities**

Treasury securities, certificates of deposit, commercial paper and other similar money market instruments and shares of open-end mutual fund companies are exempt securities (“Exempt Securities”) and as such, are not required to be reported by employees under the Personal Securities Transaction Policy. Transactions in such securities are, however, subject to the 30-day holding period described above.

### **Beneficial Ownership**

Employees are considered to have beneficial ownership of securities (“Beneficial Ownership”) if they have or share a direct or indirect pecuniary interest in the securities. Employees have a pecuniary interest in securities if they have the ability to directly or indirectly profit from a securities transaction.

The following are examples of indirect pecuniary interests in securities:

- Securities held by members of employees’ immediate family sharing the same household. Immediate family means any relative, spouse or significant other, or relative of the spouse or significant other of an employee;
- An employee’s interest as a general partner in securities held by a general or limited partnership; and
- An employee’s interest as a manager/member in the securities held by a limited liability company.

Employees do not have an indirect pecuniary interest in securities held by entities in which they hold an equity interest unless they are a controlling equity holder or they share investment control over the securities held by the entity.

The following circumstances constitute beneficial ownership by employees of securities held by a trust:

- Ownership of securities as a trustee where either the employee or members of the employees’ immediate family have a vested interest in the principal or income of the trust;
- Ownership of a vested beneficial interest in a trust; and



- An employee's status as a settler of a trust, unless the consent of all of the beneficiaries is required in order for the employee to revoke the trust.

### **Investments in Limited Offerings and Initial Public Offerings<sup>3</sup>**

No employee shall acquire, directly or indirectly, any Beneficial Ownership in any limited offering or initial public offering "IPO" without first obtaining prior approval of the Chief Compliance Officer in order to preclude any possibility of the employee profiting improperly from his or her position with Adviser. The Chief Compliance Officer shall (1) obtain from the employee full details of the proposed transaction (including written certification that the investment opportunity did not arise by virtue of the employee's activities on behalf of a client); and (2) conclude, after consultation with a portfolio manager (who has no personal interest in the issuer of the limited offering or IPO), that no clients have any foreseeable interest in purchasing such security. A record of such approval by the Chief Compliance and the reasons supporting those decisions shall be kept as required in the Records section of this Policy. Please refer to Attachment E-2 for a copy of the Limited Offering and IPO Request and Reporting Form.

### **Reporting**

In order to provide Adviser with information to enable it to determine with reasonable assurance any indications of scalping, front-running or the appearance of a conflict of interest with the trading by any client account, each Adviser employee must submit the following reports in the forms attached hereto to the Chief Compliance Officer showing all transactions in which the person has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership except for exempt transactions listed in the section below entitled *Exemptions from Reporting Requirements*.

#### *Transaction Reports*

Employees are required to instruct their broker-dealers to send to Adviser duplicate broker-dealer trade confirmations and account statements which must be received by the Chief Compliance Officer, at a minimum, no later than thirty (30) days after the end of each calendar quarter. If an employee's trades do not occur through a broker-dealer (*i.e.*, purchase of a private investment fund), such transactions shall be reported separately on the quarterly personal securities transaction report provided in Attachment E-3. The quarterly transaction reports shall contain at least the following information for each transaction in a Reportable Security in which the employee had, or as a result of the transaction acquired, any direct or indirect beneficial ownership: (1) the date of the transaction, the title, and as applicable the exchange ticker symbol or CUSIP number, the interest rate and maturity date (if applicable), the number of shares and the principal amount of each Reportable Security involved; (2) the nature of the transaction (*i.e.*, purchase, sale or any other type of acquisition or disposition); (3) the price of the Reportable

---

<sup>3</sup> The term "limited offering" is defined as an offering that is exempt from registration under the Securities Act of 1933 pursuant to section 4(2) or section 4(6) or pursuant to Rules 504, 505, or 506 of Regulation D. The term "initial public offering" means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934.

Security at which the transaction was effected; (4) the name of the broker, dealer or bank with or through which the transaction was effected; and (5) the date that the report is submitted. Employees are reminded that they must also report transactions by members of the employee's immediate family including spouse, children and other members of the household in accounts over which the employee has direct or indirect influence or control. If an employee has arranged to have monthly brokerage statements delivered to the Chief Compliance Officer, then quarterly transaction reports are not required.

#### *Initial and Annual Holdings Reports*

New Adviser employees will be required to report all of their personal securities holdings not later than 10 days after the commencement of their employment. (See Attachment E-4 for a copy of the Initial Holdings Report.) The initial holdings report must be current as of a date not more than 45 days prior to the date the person becomes an employee.

Existing employees are required to provide Adviser with a complete list of securities holdings on an annual basis, or on or before January 30th of each year. The report shall be current as of December 31 of such previous year. (See Attachment E-5 for a copy of the Annual Holdings Report).

Each holdings report (both the initial and annual) must contain, at a minimum: (1) the title and type of security, and as applicable the exchange ticker symbol or CUSIP number, number of shares, and principal amount of each reportable security in which the employee has any direct or indirect beneficial ownership; (2) the name of any broker, dealer or bank with which the employee maintains an account in which any securities are held for the employee's direct or indirect benefit; and (3) the date the employee submits the report.

#### **Review**

Adviser strictly forbids "front-running" client accounts, which is a practice generally understood to be employees personally trading ahead of client accounts. The Chief Compliance Officer will closely monitor employees' investment patterns to detect these abuses. Mr. Kiley (who acts as the Chief Compliance Officer) is also subject to Deutsche Bank's policies and will be monitored internally by Deutsche Bank's compliance team to ensure compliance with Deutsche Bank's personal securities transaction policy.

The reason for the development of a post-transaction review process is to ensure that Adviser has developed procedures to supervise the activities of its associated persons. The comparison of employee trades to those of clients will identify potential conflicts of interest or the appearance of a potential conflict.

If Adviser discovers that an employee is personally trading contrary to the policies set forth above, the employee shall meet with the Chief Compliance Officer and Adviser's members to review the facts surrounding the transactions. This meeting shall help Adviser to determine the appropriate course of action.

## **Remedial Actions**

Adviser takes the potential for conflicts of interest caused by personal investing very seriously. Employees should be aware that Adviser reserves the right to impose varied sanctions on policy violators depending on the severity of the policy violation, including termination of employment.

## **II. POLICIES AND PROCEDURES TO DETECT AND PREVENT INSIDER TRADING**

Adviser's business may require employees to deal with confidential information. The proper handling of material, non-public information is critical to Adviser's integrity. Adviser's reputation is a vital asset and even the appearance of the misuse of material, non-public information should be avoided. The misuse of non-public information may violate federal and state securities laws and other legal and regulatory requirements. Violations may be damaging to both the reputation and financial position of Adviser and its employees.

Adviser forbids trading, either for oneself or for others, on material, non-public information or communicating material, non-public information to others in violation of the law. This conduct is frequently called "insider trading." Adviser's policy extends to activities within and outside one's relationship with Adviser. Individuals who cease to work for Adviser must continue to maintain the confidentiality of inside and proprietary information learned during their employment.

Although "insider trading" is not defined in securities laws, it is generally thought to be described as trading either personally or on behalf of others on the basis of material non-public information or communicating material non-public information to others in violation of the law.

In the past, securities laws have been interpreted to prohibit the following activities:

- Trading by an insider while in possession of material non-public information;
- Trading by a non-insider while in possession of material non-public information, where the information was disclosed to the non-insider in violation of an insider's duty to keep it confidential; or
- Communicating material non-public information to others in breach of a fiduciary duty.

### **Whom Does the Policy Cover?**

This policy covers all of Adviser's employees ("covered persons") as well as any transactions in any securities participated in by family members, trusts or corporations directly or indirectly controlled by such persons. In addition, the policy applies to transactions engaged in by corporations in which the covered person is an officer, director or 10% or greater stockholder and a partnership of which the covered person is a partner unless the covered person has no direct or indirect control over the partnership. If any employee has questions about whom this policy covers, such employee should consult the Chief Compliance Officer.

## **What Information is Material?**

Information is “material” when there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions. Generally, this is information whose disclosure will have a substantial effect on the price of a company’s securities. No simple “bright line” test exists to determine whether information is material; assessments of materiality involve highly fact specific inquiries. Adviser employees should direct any questions regarding the materiality of information to the Chief Compliance Officer.

The following is an illustrative list of the type of information that is generally regarded as “material”:

- Information relating to a company’s results and operations
- Dividend or earnings announcements (dividend changes, earnings results, changes in previously released earnings estimates)
- Write-downs or write-offs of assets
- Additions to reserves for bad debts or contingent liabilities
- Expansion or curtailment of company or major division operations
- Merger, joint venture announcements
- New product/service announcements
- Discovery or research developments
- Criminal, civil and government investigations and indictments
- Pending labor disputes
- Debt service or liquidity problems
- Bankruptcy or insolvency problems
- Tender offers, stock repurchase plans, etc.
- Recapitalization

Information provided by a company could be material because of its expected effect on a particular class of a company’s securities, all of the company’s securities, the securities of another company, or the securities of several companies. The misuse of material non-public information applies to all types of securities, including equity, debt, commercial paper, government securities and options.

Material information does not have to relate to a company's business. For example, material information about the contents of an upcoming newspaper column may affect the price of a security and therefore be considered material. Material information may also relate to the market for a security. Information about a significant order to purchase or sell securities, in some contexts, may be deemed material; similarly, prepublication information regarding reports in the financial press may also be deemed material.

### **What Information is Non-Public?**

In order for issues concerning insider trading to arise, information must not only be material, but also non-public. "Non-public" information generally means information that has not been available to the investing public.

Once material, non-public information has been effectively distributed to the investing public, it is no longer classified as material, non-public information. However, the distribution of non-public information must occur through commonly recognized channels for the classification to change. In addition, the information must not only be publicly disclosed, there must be adequate time for the public to receive and digest the information. Lastly, non-public information does not change to public information solely by selective dissemination.

Adviser's employees must be aware that even where there is no expectation of confidentiality, a person may become an insider upon receiving material, non-public information. Whether the "tip" made to the employee makes him/her a "tippee" depends on whether the corporate insider expects to benefit personally, either directly or indirectly, from the disclosure.

The "benefit" is not limited to a present or future monetary gain; it could be a reputational benefit or an expectation of a quid pro quo from the recipient by a gift of the information. Employees may also become insiders or tippees if they obtain material, non-public information by happenstance, at social gatherings, by overhearing conversations, etc.

### **Penalties for Trading on Insider Information**

Severe penalties exist for firms and individuals that engage in the act of insider trading, including civil injunctions, treble damages, disgorgement of profits and jail sentences. Further, fines for individuals and firms found guilty of insider trading are levied in amounts up to three times the profit gained or loss avoided, and up to the greater of \$1,000,000 or three times the profit gained or loss avoided, respectively.

### **Procedures to Follow if an Employee Believes That He or She Possesses Material, Non-Public Information**

Adviser has established the following procedures to help each employee avoid insider trading and to aid Adviser in preventing, detecting and imposing sanctions against insider trading. Each employee must follow these procedures or risk serious sanctions, including dismissal, substantial personal liability and criminal penalties. If any employee has questions about these procedures, such employee should consult the Chief Compliance Officer.

If an employee has questions as to whether he or she is in possession of material, non-public information, the employee must inform the Chief Compliance Officer as soon as possible. From this point, the employee, the Chief Compliance Officer and Adviser's members will conduct research to determine if the information is likely to be considered important to investors in making investment decisions and whether the information has been publicly disseminated.

Given the severe penalties imposed on individuals and firms engaging in insider trading, an Adviser employee:

- Shall not trade the securities of any company in which he or she is deemed an insider who may possess material, non-public information about the company;
- Shall not trade the securities of any company except in accordance with Adviser's Personal Securities Transaction Policy and the securities laws;
- Shall submit personal security trading reports in accordance with the Personal Security Transaction Policy;
- Shall not discuss any potentially material, non-public information with colleagues, except as specifically required by his or her position;
- Shall immediately report the potential receipt of non-public information to the Chief Compliance Officer and Adviser's members; and
- Shall not proceed with any research, trading or other investment advisory activities until the Chief Compliance Officer and Adviser's members inform the employee of the appropriate course of action.

### **Serving as Officers, Trustees and/or Directors of Outside Organizations**

Employees may, under certain circumstances, be granted permission to serve as directors, trustees or officers of outside organizations. These organizations can include public or private corporations, partnerships, charitable foundations and other not-for-profit institutions. Employees may also receive compensation for such activities.

At certain times, Adviser may determine that it is in its clients' best interests for an employee(s) to serve as officers or on the board of directors of outside organizations. For example, a company held in clients' portfolios may be undergoing a reorganization that may affect the value of the company's outstanding securities and the future direction of the company. Service with organizations outside of Adviser can, however, raise serious regulatory issues and concerns, including conflicts of interests and access to material non-public information.

As an outside board member or officer, an employee may come into possession of material non-public information about the outside company or other public companies. It is critical that a proper information barrier be in place between Adviser and the outside organization and that the employee not communicate such information to other Adviser employees in violation of the information barrier.

Similarly, Adviser may have a business relationship with the outside organization or may seek a relationship in the future. In those circumstances, the employee must not be involved in the decision to retain or hire Adviser.

Adviser employees are prohibited from engaging in such outside activities without the prior written approval from the Chief Compliance Officer. Approval will be granted on a case by case basis, subject to proper resolution of potential conflicts of interest. Outside activities will be approved only if any conflict of interest issues can be satisfactorily resolved.

### **Outside Business Activities**

Adviser personnel generally may not be employed (either on a part-time, evening or weekend basis) or compensated by any business other than Adviser.

Approval of the Chief Compliance Officer for any of the above activities must be obtained prior to engaging in such activity so that determinations may be made regarding (1) the degree to which such activity may interfere with the employee's duties to Adviser and the Clients and (2) whether such activity involves conflicts of interest between Adviser and any Client that need to be disclosed and may require Client consent.

## **III. RUMORS; MANIPULATIVE TRADING PRACTICES**

### **A. Rumors**

Supervised Persons are prohibited from circulating false rumors and rumors of a sensational character that reasonably may be expected to affect market conditions for one or more securities, sectors or markets, or improperly influencing any person or entity. Intentionally creating, passing or using false rumors may violate the antifraud provisions of federal securities laws, and such conduct is contradictory to this Code of Ethics and Adviser's expectations regarding appropriate behavior of its Supervised Persons.

A Supervised Person should consult with the Chief Compliance Officer if he or she has questions regarding the appropriateness of any communications.

### **B. Manipulative Trading Practices**

Section 9(a)(2) of the Exchange Act and Rule 10b-5 thereunder make it unlawful for any person, acting alone or with others, to trade any security in order to create actual or apparent active trading in such security, or raise or depress the price of the security.

Supervised Persons are prohibited from engaging in actual or apparent trading in a security for the purpose of (a) inducing the purchase or sale of such security by others; or (b) causing the price of a security to move up or down. The Exchange Act does not prohibit otherwise lawful activity that has the incidental result of changing the supply or demand or the intrinsic value of a security.

## Attachment E-1

### TRADE AUTHORIZATION REQUEST FORM

REQUESTED BY: \_\_\_\_\_

DATE OF REQUEST: \_\_\_\_\_\*

#### **Background Information**

Security Name /Symbol: \_\_\_\_\_ / \_\_\_\_\_

Type of Security: Common Stock \_\_\_\_\_ Option \_\_\_\_\_ Debt \_\_\_\_\_ Other \_\_\_\_\_

Proposed Trade: Buy \_\_\_\_\_ Sell \_\_\_\_\_ Short \_\_\_\_\_

Number of Shares/Principal: \_\_\_\_\_

Average daily volume/day's vol: \_\_\_\_\_ / \_\_\_\_\_

Market capitalization: \_\_\_\_\_

Is this a "New Issue"? Yes \_\_\_\_\_ No \_\_\_\_\_

Brokerage Firm/Account No.: \_\_\_\_\_ / \_\_\_\_\_

#### **Additional Questions (Please Initial)**

Does any Adviser client currently hold a position of any kind in this issuer? Yes \_\_\_\_\_ No \_\_\_\_\_

Do you, or to your knowledge upon due inquiry, does any other person associated with Adviser possess material non-public information regarding the security or the issuer of the security? Yes \_\_\_\_\_ No \_\_\_\_\_

To your knowledge upon due inquiry, are there any outstanding purchase or sell orders for this security (or any equivalent security) by any Adviser client? Yes \_\_\_\_\_ No \_\_\_\_\_

To your knowledge upon due inquiry are the securities (or equivalent securities) being considered for purchase or sale by one or more Adviser clients? Yes \_\_\_\_\_ No \_\_\_\_\_

Have you or any account covered by the pre-authorization provisions of Adviser's personal trading policy purchased or sold these securities (or equivalent securities) in the prior 30 calendar days? Yes \_\_\_\_\_ No \_\_\_\_\_

If the transaction requested above involves a sale of securities, is the transaction taken with the intention of holding such position for fewer than 30 days? Yes \_\_\_\_\_ No \_\_\_\_\_

Is the basis for your interest in this transaction derived from any discussions with other Adviser personnel? Yes \_\_\_\_\_ No \_\_\_\_\_

\* \* \*

I believe that the proposed trade fully complies with the requirements of Adviser's personal trading policy. I understand that Adviser reserves the right to direct me to rescind a trade even if approval is granted.

<b>Employee</b>	<b>PRINT NAME</b>	<b>SIGNATURE</b>	<b>DATE</b>
-----------------	-------------------	------------------	-------------

\* \* \*

**Approved** \_\_\_\_\_

**Rejected** \_\_\_\_\_

**Comp. Officer/  
Designee**

<b>PRINT NAME</b>	<b>SIGNATURE</b>	<b>DATE</b>	<b>TIME</b>
-------------------	------------------	-------------	-------------

\*The pre-clearance approval is valid only for the day in which the approval is granted, except that if the approval is granted after 3 p.m. the approval is valid until 12:00 p.m. the following day (providing the following day is a business day).



**Attachment E-2**

**LIMITED OFFERING & IPO REQUEST AND REPORTING FORM**

Name of Issuer: \_\_\_\_\_

Type of Security: \_\_\_\_\_

Public Offering Date: \_\_\_\_\_  
(for proposed IPO investments only)

By signing below, I certify and acknowledge the following:

1. I am not investing in this limited offering or IPO to profit improperly from my position as an Adviser employee;
2. The investment opportunity did not arise by virtue of my activities on behalf of an Adviser client; and
3. To the best of my knowledge, no Adviser clients have any foreseeable interest in purchasing this security.

Furthermore, by signing below, I certify that I have read Adviser's Code of Ethics and believe that the proposed trade fully complies with the requirements of this policy. I understand Adviser reserves the right to direct me to rescind a trade even if approval is granted. I also understand that a violation of this policy will be grounds for disciplinary action or dismissal and may also be a violation of federal and/or state securities laws.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

***Internal Use Only***

\_\_\_\_\_ Approved      \_\_\_\_\_ Not Approved

Person Approving \_\_\_\_\_

Reasons Supporting Decision to Approve/Not Approve \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Attachment E-3

## QUARTERLY SECURITIES TRANSACTION REPORT

For the Calendar Quarter Ended: \_\_\_\_\_ (month/day/year)

During the quarter referred to above, the following transactions were effected in securities in which I may be deemed to have had, or by reason of such transaction acquired, a direct or indirect Beneficial Ownership, and which are required to be reported pursuant to Adviser's Code of Ethics.

SECURITY	TICKER/ CUSIP	DATE	SHARES	PRINCIPAL AMOUNT	BUY/SELL	PRICE	CUSTODIAN

This report (i) excludes holdings with respect to which I had no direct or indirect influence or control, and (ii) is not an admission that I have or had any direct or indirect Beneficial Ownership in the securities listed above.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Attachment E-4**

**INITIAL HOLDINGS REPORT**

Date of Employment: \_\_\_\_\_ (month/day/year)

The following is a list of current holdings as of a date not more than 45 days prior to the date I became an employee of Adviser

SECURITY	TICKER/ CUSIP	DATE	SHARES	PRINCIPAL AMOUNT	BUY/SELL	PRICE	CUSTODIAN

This report (i) excludes holdings with respect to which I had no direct or indirect influence or control, and (ii) is not an admission that I have or had any direct or indirect Beneficial Ownership in the securities listed above.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Attachment E-5**

**ANNUAL HOLDINGS REPORT**

The following is a list of current holdings, as of August 1, 2012, which is no more than 45 days prior to the submission date of this Report:

SECURITY	TICKER/ CUSIP	DATE	SHARES	PRINCIPAL AMOUNT	BUY/SELL	PRICE	CUSTODIAN

This report (i) excludes holdings with respect to securities held in accounts over which I have no direct or indirect influence or control, and (ii) is not an admission that I have or had any direct or indirect Beneficial Ownership in the securities listed above.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Attachment E-6**

**SAMPLE OF BROKERAGE LETTER**

<DATE>

<NAME OF CUSTODIAN>

<ADDRESS>

<CITY, STATE ZIP>

Re: Account No.: \_\_\_\_\_

Account Name: \_\_\_\_\_

Dear <NAME>:

Effective immediately and until further notice, please send to the undersigned a duplicate confirmation of each transaction in the above named account and monthly brokerage account statements for the above named account. Our receipt of this documentation is necessary for compliance with the personal trading policies and procedures of Ledgewood Capital, Inc., <EMPLOYEE NAME>'s employer.

Please mail the confirmations and account statements to:

Ledgewood Capital, Inc.  
Attn: Charles Francis Kiley, Chief Compliance Officer  
351 Turnabout Circle  
Mountainside, New Jersey 07092

If you have any questions or concerns, please feel free to give me a call at 917.602.0141. Thank you for your immediate attention to this matter.

Sincerely,

Charles F. Kiley

**Attachment E-7**

**NEW ACCOUNT REPORT**

For the Calendar Quarter Ended: \_\_\_\_\_

(month/day/year)

During the quarter referred to above, the following accounts were established to hold securities in which I may be deemed to have a direct or indirect Beneficial Ownership and which are required to be reported pursuant to Adviser's Code of Ethics.

<b>BROKER, DEALER OR BANK WITH WHICH ACCOUNT WAS ESTABLISHED</b>	<b>DATE ACCOUNT WAS ESTABLISHED</b>

\*\* Please note that ALL accounts must be listed (including those holding only Exempt Securities).

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

## **Attachment E-8**

### **INSIDER TRADING CERTIFICATION**

I certify that I have received and read Adviser's "Policies And Procedures To Detect And Prevent Insider Trading" as set forth in Appendix E, understand such policies and procedures, and agree to abide in all respects to their terms. I also understand that a violation of any firm policy may subject me to disciplinary action, including termination of employment.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Appendix F**  
***Pay-to-Play Policies and Procedures***

**POLICIES AND PROCEDURES REGARDING POLITICAL CONTRIBUTIONS  
AND COMPLIANCE WITH PAY-TO-PLAY REGULATIONS**

**A. General Policy**

Federal, state and/or local regulations currently (and additional regulations may in the future) place restrictions on contributions to public officials, candidates for public office, political parties and other political organizations by investment advisers and their employees. Violation of these regulations, in some instances, can result in harsh penalties.

Ledgewood Capital, Inc. (“Adviser”) has adopted these Policies and Procedures designed to prevent violations of the pertinent regulations regarding political contributions.

No Adviser funds or services may be paid or provided, directly or indirectly, to a political party, committee or organization, or to an incumbent, candidate or successful candidate for federal, state or local elective office.

Adviser employees (“Employees”) may participate voluntarily in political activities on their own personal time and may make personal political contributions, but only in accordance with all applicable laws and according to the policies, procedures and restrictions set forth in Sections D., E., F. and G. below.

**B. SEC Pay-to-Play Rule**

Rule 206(4)-5 under the Investment Advisers Act of 1940 (the “Rule”), adopted in July 2010, is of particular importance to investment advisers (such as Adviser) that currently provide advisory services to state and/or local government entities (including, if applicable, government entities that invest in pooled investment vehicles advised by the adviser) or may do so in the future.<sup>1</sup>

The Rule is designed to curtail “pay-to-play” practices among advisers (including sub-advisers) that manage or seek to manage assets of state or local governments. Among other things, the Rule imposes broad restrictions on political contributions and prohibits certain fundraising activities by an adviser and certain of its employees.

The Rule applies to:

---

<sup>1</sup> The Rule applies to all investment advisers that have (or are seeking) government clients and are (i) registered, or required to be registered, with the SEC, (ii) unregistered in reliance on the “private adviser exemption” under Section 203(b)(3) of the Advisers Act (eliminated effective July 21, 2011), (iii) unregistered in reliance on the “venture capital fund adviser exemption” pursuant to Rule 203(l)-1 under the Advisers Act or the “private fund adviser exemption” pursuant to Rule 203(m)-1 under the Advisers Act (“exempt reporting advisers”) or (iv) unregistered in reliance on the “foreign private fund adviser exemption” under Section 203(b)(3) of the Advisers Act.



- direct contractual arrangements between an adviser and a state or local “Government Entity”<sup>2</sup> for advisory services; and
- participation by a Government Entity in an adviser’s “Covered Investment Pools,”<sup>3</sup> which include (i) private investment funds or (ii) registered investment companies that are an investment option for the “Plan or Program of a Government Entity”.<sup>4</sup>

### *Two-Year “Time Out”*

The Rule prohibits an adviser from receiving compensation for providing investment advisory services to a Government Entity within two years of any “Contribution”<sup>5</sup> (except certain *de minimis* Contributions noted below) made by the adviser or a “Covered Associate”<sup>6</sup> (including a person who becomes a Covered Associate within two years (or, in some cases, six months) after the Contribution is made) to an official in a position to direct or influence the investment activities of the Government Entity (“Official”<sup>7</sup>).

The two-year time out is intended to discourage advisers from participating in pay-to-play practices by requiring a “cooling-off period” during which the effects of a political contribution on the selection process can be expected to dissipate.<sup>8</sup>

---

<sup>2</sup> As defined in the Rule and on page F-10 herein.

<sup>3</sup> *Id.* This includes such unregistered pooled investment vehicles as hedge funds, private equity funds, venture capital funds and collective investment trusts. It also includes registered pooled investment vehicles, such as mutual funds, but only if those registered pools are an investment option of a participant-directed plan or program of a government entity. These plans or programs may include college savings plans like “529 plans” and retirement plans like “403(b) plans” and “457 plans” that typically allow participants to select among pre-established investment “options,” or particular investment pools (often invested in registered investment companies or funds of funds, such as target date funds), that a government official has directly or indirectly selected to include as investment choices for participants.

<sup>4</sup> As defined in the Rule and on page F-10 herein.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> The Rule attributes to an adviser Contributions made by a person within two years (or in some cases, six months) of becoming a Covered Associate of that adviser. In other words, when a new hire or an employee becomes a Covered Associate, the adviser must “look back” in time to that person’s Contributions to determine whether the time out applies to the adviser. The look-back provision is designed to prevent advisers from circumventing the rule by influencing the selection process by hiring or promoting persons who have made Contributions.

An adviser is not relieved from the two-year time out when a Covered Associate who has made a prohibited Contribution to an Official ceases to be a Covered Associate. Whether the employee dies, leaves the firm or accepts within the firm a new position that falls outside the definition of Covered Associate, the two-year prohibition remains in effect.

Under the Rule, a Covered Associate who is a natural person may make a *de minimis* contribution that will not trigger the two-year prohibition of up to:

- \$350 per election to an Official for whom he or she is entitled to vote; and
- \$150 per election to an Official for whom he or she is not entitled to vote.

Under both *de minimis* exceptions, primary and general elections are considered separate elections.<sup>9</sup> The *de minimis* exceptions are available only for individual Covered Associates, not the adviser itself.

### *Restrictions on Soliciting and Coordinating Contributions and Payments*

The Rule prohibits advisers and Covered Associates from coordinating or soliciting<sup>10</sup> any person or political action committee (“PAC”) to make:

- any Contribution to an Official of a Government Entity to which the adviser is providing or seeking to provide investment advisory services; or
- any Payment<sup>11</sup> to a political party of a state or locality where the adviser is providing or seeking to provide investment advisory services to a Government Entity.<sup>12</sup>

These restrictions are intended to prevent advisers from circumventing the Rule’s prohibition on direct (other than *de minimis*) Contributions, such as by “bundling” a large number of small employee Contributions to influence an election or making Contributions or Payments indirectly through a state or local political party.<sup>13</sup>

A violation of this provision of the Rule would not trigger a two-year time out, but would be a violation of the Rule.

---

<sup>9</sup> A Covered Associate who is an incumbent or candidate for office is not limited to contributing the *de minimis* amount to his or her own campaign.

<sup>10</sup> As defined in the Rule and on page F-11 herein.

<sup>11</sup> *Id.* Note that the definition of Payment is broader than that of Contribution.

<sup>12</sup> An adviser would be seeking to provide advisory services to a Government Entity when it responds to a request for proposal, communicates with a Government Entity regarding that entity’s formal selection process for investment advisers, or engages in some other solicitation of investment advisory business of the Government Entity.

<sup>13</sup> A direct Contribution to a political party by an adviser or its Covered Associates would not violate the Rule, unless the Contribution was a means for the adviser to do indirectly what the Rule would prohibit if done directly (*e.g.*, if the Contribution was earmarked or known to be provided for the benefit of a particular Official).

### *Ban on the Use of Unregulated Solicitors*

The Rule generally prohibits advisers from paying third parties to solicit Government Entities for advisory business unless such third parties are registered broker-dealers, registered investment advisers or registered municipal advisers, in each case themselves subject to pay-to-play restrictions. However, in June 2012 the date by which advisers must comply with this ban was extended until a future date (as yet undetermined).

### *Indirect Contributions or Solicitations*

The Rule includes a provision that makes it unlawful for an adviser or any of its Covered Associates to do anything indirectly which, if done directly, would result in a violation of the Rule. As a result, an adviser and its Covered Associates could not funnel payments through third parties (including, for example, consultants, attorneys, family members, friends or companies affiliated with the adviser) as a means to circumvent the Rule.

### *Compliance Dates*

Advisers must be in compliance with most provisions of the Rule on March 14, 2011. Advisers generally will be subject to the Rule with respect to Contributions and Payments made on and after March 14, 2011, and records must be maintained with respect to such Contributions and Payments beginning on March 14, 2011. Advisers to registered investment companies that are Covered Investment Pools must comply with the Rule with respect to those registered investment companies by September 13, 2011. The date by which advisers must comply with the Rule's ban on the use of third parties to solicit government business except in compliance with the Rule was extended in June 2012 until a future date (as yet undetermined).

## **C. Policies and Procedures Regarding Adviser Political Contributions**

As a matter of Adviser policy, no Adviser funds or services may be paid or provided, directly or indirectly, to an incumbent, candidate or successful candidate for federal, state or local elective office.

In addition, no Adviser funds or services may be provided, directly or indirectly, to political parties, committees or organizations.

For the avoidance of doubt, the term Contribution as defined in the Rule includes anything of value. Depending on the facts and circumstances, this may include providing certain resources or facilities of Adviser, such as the use of conference rooms or other office facilities, equipment or supplies or hosting an event for the official or candidate.

Adviser shall not directly or indirectly reimburse any Employee for political contributions made from the Employee's personal funds.

## **D. Policies and Procedures Regarding Employee Political Contributions**

As a matter of Adviser policy, Covered Associates are prohibited from making any direct or indirect Contribution (except certain *de minimis* Contributions noted below) to any person

(including any election committee for the person) who was, at the time of the Contribution, an incumbent, candidate or successful candidate for elective office of any Government Entity (a “Candidate”<sup>14</sup>).

The foregoing prohibition does not apply to *de minimis* Contributions to a Candidate for whom the Employee

- was entitled to vote at the time of the Contributions and which in the aggregate do not exceed \$350 to any one Candidate, per election
- was not entitled to vote at the time of the Contributions and which in the aggregate do not exceed \$150 to any one Candidate, per election.

Under both *de minimis* exceptions, the primary and the general elections are considered separate elections.

All state and local political Contributions other than *de minimis* Contributions must be pre-cleared in writing by the Chief Compliance Officer.

The same *de minimis* standards apply to contributions to political parties, committees or organizations and candidates for federal office.

#### **E. Pre-Clearance Procedures for Employee Contributions**

All Covered Associates must have written pre-clearance from the Chief Compliance Officer for any amount over the *de minimis* Contributions noted in Section D above. Clearance must be obtained *before* making the Contribution. All Employees must complete and deliver to the Chief Compliance Officer Adviser’s Political Contribution Pre-Clearance Form (attached as Attachment 1) or may request authorization via e-mail. In either case Adviser shall maintain the authorization form.

#### **F. Restrictions on Soliciting and Coordinating Contributions and Payments**

NOTE: Contribution and Payment as defined in the Rule include anything of value. All Employees must obtain pre-clearance from, or otherwise consult with, the Chief Compliance Officer before engaging in any use of Adviser resources or facilities that might possibly be construed to be a Contribution or a Payment.

Adviser and Covered Associates are prohibited from coordinating or soliciting<sup>15</sup> any person or PAC to make:

---

<sup>14</sup> As defined on page F-10 herein. Note that the term “Candidate” is considerably broader than the term “Official.”

<sup>15</sup> *Id.*

- Any Contribution to a Candidate (as defined above and on page F-10 herein) for elective office of a Government Entity to which Adviser is providing or seeking or may seek to provide investment advisory services; or
- Any Payment to a political party of a state or locality where Adviser is providing or seeking or may seek to provide investment advisory services to a Government Entity.

#### **G. Prohibition on Indirect Action**

It shall be a violation of Adviser policy, and may be a violation of law, for any person subject to Adviser's policies concerning political contributions to do anything indirectly which, if done directly, would result in a violation of these policies. This includes, but is not limited to, funneling political contributions and payments through consultants, attorneys, family members, friends or companies affiliated with Adviser as a means to circumvent the Rule.<sup>16</sup>

#### **H. Reporting of Political Contributions**

All Covered Associates shall report to the Chief Compliance Officer every Contribution or Payment made to any Candidate. Reports of such contributions or payments promptly shall be submitted on the Political Contribution Report Form (attached as Attachment 2) to the Chief Compliance Officer and include the following information:

- the name and title of the Covered Associate;
- the name and title (including any city/county/state or other political subdivision) of each recipient of a Contribution or Payment; and
- the amount and date of each Contribution or Payment.

The Chief Compliance Officer shall (i) review the reports and (ii) maintain records of the reports as described under "L. Recordkeeping" below.

#### **I. "Look-Back" Requirements With Respect to Promotions and New Hires**

The Rule generally attributes to Adviser any Contributions made by a person who becomes a Covered Associate of Adviser for two years prior to the date on which the person becomes a Covered Associate. The Rule provides a six-month "look-back" for any person who becomes a Covered Associate of Adviser and does not, after becoming a Covered Associate, solicit clients on behalf of Adviser.

As a general matter, Adviser shall not promote or reassign any person to, or hire any person for, a position conferring Covered Associate status if such person has made any Contribution or

---

<sup>16</sup> Contributions by these other persons would not otherwise trigger the Rule's two-year time out.

Payment that would cause Adviser to be subject to the two-year “time out” under the Rule or otherwise be in violation of the Rule. With respect to any promotion or reassignment or hire to a position the responsibilities of which include client or investor solicitation (*i.e.*, direct or indirect communications for the purpose of obtaining or retaining an Adviser client or investor), the “look-back” period shall be two years, not six months.

Each existing Employee to be promoted or reassigned and each person to be hired to a position conferring Covered Associate status shall report prior political contributions to the Chief Compliance Officer in accordance with instructions to be provided by the Chief Compliance Officer.

#### **J. Exception for Certain Returned Contributions**

The Rule contains an exception for inadvertent contributions to an Official for whom a Covered Associate is not entitled to vote, subject to the following conditions:<sup>17</sup>

- the adviser discovers the inadvertent contribution within four months of the date of the contribution;
- aggregate relevant contributions did not exceed \$350; and
- the contribution was returned within 60 calendar days of the date of discovery.

In the event that an Employee is aware of a violation of Adviser’s Policies and Procedures, he or she should report such suspected violation so that corrective action, if necessary, may be taken on a timely basis.

#### **K. Restrictions on Using Third Parties to Solicit Government Business**

Neither Adviser nor any Employee shall provide or agree to provide, directly or indirectly, payment to any person to solicit any Government Entity to invest in any fund advised by Adviser or otherwise receive investment advisory services from Adviser unless such person is a “regulated person” or other person permitted by law with the written consent of the Chief Compliance Officer.

For purposes of the foregoing, “regulated person” means:

- a registered broker-dealer member of the Financial Industry Regulatory Authority subject to pay-to-play restrictions;
- solely with respect to separately managed accounts, a registered investment adviser that has not, and whose Covered Associates have not, within two years of soliciting a Government Entity (i) made a Contribution to an Official of that

---

<sup>17</sup> An adviser with more than 50 employees may not rely on this exception more than three times in any 12 month period; an adviser with fewer than 50 employees may not rely on this exception more than twice in any 12 month period; and no adviser, regardless of size, may rely on this exception more than once per Covered Associate.

Government Entity (other than a *de minimis* Contribution, as permitted by the Rule); or (ii) coordinated, or solicited any person (including a PAC) to make, any Contribution or Payment to an Official of a Government Entity to which the investment adviser that hired the solicitor is providing or seeking to provide investment advisory services, or payment to a political party of a state or locality where the investment adviser that hired the solicitor is providing or seeking to provide investment advisory services to a Government Entity; and

- a municipal advisor registered with the Securities and Exchange Commission and subject to a pay-to-play rule adopted by the Municipal Securities Rulemaking Board.

State-registered advisers may not solicit Government Entities on behalf of Adviser.

The Chief Compliance Officer is responsible for conducting appropriate and reasonable initial and ongoing due diligence with respect to whether a particular third party solicitor meets the requirements of “regulated person.”

## **L. Recordkeeping**

Adviser will make and keep the following records to the extent it provides investment advisory services to a Government Entity, or if a Government Entity is an investor in any Covered Investment Pool to which Adviser provides investment advisory services.<sup>18</sup>

- The names, titles and business and residence addresses of all Covered Associates.
- All Government Entities to which Adviser provides or has provided advisory services in the past five years, but not prior to March 14, 2011.
- All Government Entities that invest, or have invested in the past five years, but not prior to September 13, 2011, in a Covered Investment Pool.<sup>19</sup>
- Records of all direct and indirect Contributions made by Adviser and Covered Associate to Candidates, but not prior to March 14, 2011.
- Records of all direct and indirect Payments made by Adviser and Covered Associates to state or local political parties and PACs, but not prior to March 14, 2011.<sup>20</sup>

---

<sup>18</sup> Advisers that advise registered investment companies that are Covered Investment Pools have until September 13, 2011 to comply with the amended recordkeeping rules with respect to those registered investment companies.

<sup>19</sup> An adviser to a Covered Investment Pool that is an option of a Plan or Program of a Government Entity is not required to make and keep records of participants in the Plan or Program, but only the Government Entity. An adviser’s recordkeeping obligations with respect to a registered investment company apply only if such an investment company is an option of a Plan or Program of a Government Entity.

Adviser's records of Contributions and Payments must be listed in chronological order and must identify each contributor and recipient, the amounts and dates of each Contribution or Payment and whether a Contribution was subject to the Rule's exception for certain returned Contributions.

Adviser, regardless of whether it currently advises a Government Entity, must also keep:

- A list of the names and business addresses of each regulated person to whom Adviser provides or agrees to provide, directly or indirectly, payment to solicit a Government Entity on its behalf.

---

<sup>20</sup> Only records of Contributions, not Payments, to Government Officials are required to be kept under the Rule. However, records of Payments to state or local political parties and PACs are required to be kept.



## DEFINITIONS

**“Candidate”** means any person (including any election committee for the person) who was, at the time of the Contribution, an incumbent, candidate or successful candidate for elective office of a Government Entity. A candidate for federal office can fall within the scope of the definition of “Candidate” if the candidate is currently a state or local government official.

**“Contribution”** means any gift, subscription, loan, advance, or deposit of money or anything of value made for (i) the purpose of influencing any election for federal, state or local office; (ii) payment of debt incurred in connection with any such election; or (iii) transition or inaugural expenses of the successful candidate for state or local office.

Generally, volunteer activities, making speeches in support of a candidate and charitable donations would not constitute “contributions” under the Rule.

**“Covered Associate”** of an investment adviser means (i) any general partner, managing member or executive officer, or other individual with a similar status or function; (ii) any employee who solicits a Government Entity for the investment adviser and any person who supervises, directly or indirectly, such employee; and (iii) any political action committee controlled by the investment adviser or by any of its Covered Associates. Executive officers include: (i) the president; (ii) any vice president in charge of a principal business unit, division or function (such as sales, administration or finance); (iii) any other officer of the investment adviser who performs a policy-making function; or (iv) any other person who performs similar policy-making functions for the investment adviser. Whether a person is an executive officer depends on his or her function, not title.

**“Covered Investment Pool”** means (i) any investment company registered under the Investment Company Act of 1940 that is an investment option of a Plan or Program of a Government Entity (as defined below); or (ii) any company that would be an investment company under Section 3(a) of that Act but for the exclusion provided from that definition by Section 3(c)(1), Section 3(c)(7) or Section 3(c)(11) of that Act.

**“Government Entity”** means any state or political subdivision of a state, including (i) any agency, authority, or instrumentality of the state or political subdivision; (ii) a pool of assets sponsored or established by the state or political subdivision or any agency, authority or instrumentality thereof, including, but not limited to a “defined benefit plan” as defined in section 414(j) of the Internal Revenue Code, or a state general fund; (iii) a Plan or Program of a Government Entity; and (iv) officers, agents, or employees of the state or political subdivision or any agency, authority or instrumentality thereof, acting in their official capacity.

**“Official”** means any person (including any election committee for the person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a Government Entity, if the office: (i) is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a Government Entity; or (ii) has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a Government Entity. A candidate for federal office can

fall within the scope of the definition of “Official” if the candidate is currently a state or local government official.

**“Payment”** means any gift, subscription, loan, advance, or deposit of money or anything of value. This definition is similar to the definition of “Contribution,” but broader, in the sense that it does not include limitations on the purposes for which such money is given (*e.g.*, it does not have to be made for the purpose of influencing an election). The use of the broader term “payments” is intended to deter an adviser from circumventing the Rule’s prohibitions by coordinating indirect Contributions to government officials by making payments to Political parties.

**“Plan or Program of a Government Entity”** means any participant-directed investment program or plan sponsored or established by a state or political subdivision or any agency, authority or instrumentality thereof, including, but not limited to, a “qualified tuition plan” authorized by Section 529 of the Internal Revenue Code, a retirement plan authorized by Section 403(b) or 457 of the Internal Revenue Code, or any similar program or plan.

**“Solicit”** means (i) with respect to investment advisory services, to communicate, directly or indirectly, for the purpose of obtaining or retaining a client for, or referring a client to, an investment adviser; and (ii) with respect to a contribution or payment, to communicate, directly or indirectly, for the purpose of obtaining or arranging a contribution or payment.

## ATTACHMENT 1

### POLITICAL CONTRIBUTION PRE-CLEARANCE REQUEST FORM

Requested by: \_\_\_\_\_ Date of Request: \_\_\_\_\_

Title: \_\_\_\_\_

#### **Required Information**

Name/Title (including any city/county/state or other political subdivision) of each recipient (including state or local political parties and political action committees) of a contribution or payment and amount of contribution to be made:

<u>Name/Title of Recipient</u>	<u>Date and Amount of Contribution</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

\* \* \*

I believe that the proposed political contribution fully complies with the requirements of Adviser's political contributions policy. I understand that Adviser reserves the right to direct me to rescind a political contribution even if approval is granted.

#### **Employee**

\_\_\_\_\_

Print Name	Signature	Date
------------	-----------	------

\* \* \*

**Approved** \_\_\_\_\_

**Rejected** \_\_\_\_\_

#### **Compliance Officer**

\_\_\_\_\_

Print Name	Signature	Date	Time
------------	-----------	------	------

**ATTACHMENT 2**  
**POLITICAL CONTRIBUTION REPORT FORM**  
**FOR**  
**ALL COVERED ASSOCIATES]**  
**AND POTENTIAL COVERED ASSOCIATES\***

**Required Information includes all political contributions made by  
all covered associates on or after March 14, 2011 but within the previous two years.**

Name/Title (including any city/county/state or other political subdivision) of each recipient (including state or local political parties and political action committees) of a contribution or payment and amount of contribution made:

<u>Name/Title of Recipient</u>	<u>Amount of Contribution</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

\* \* \*

I believe that the proposed political contribution fully complies with the requirements of Adviser's political contributions policy. I understand that Adviser reserves the right to direct me to rescind a political contribution even if approval is granted.

**Employee** \_\_\_\_\_  
Print Name Signature Date

\* A list of "covered associates" and a list of "government entities" investing in the Fund(s) is maintained by the Chief Compliance Officer.

**Appendix G**  
***Disclosure and Request for Approval of Outside Business Activities***

Before engaging in any outside business activity (whether paid or unpaid), a Supervised Person must request and receive written approval of the Chief Compliance Officer. “Outside business activity” includes, but is not limited to, service as an officer, partner, director or employee of another company or business and membership on a creditor’s committee.

**Initial Disclosure and Request for Approval**

This form must be completed and submitted to the Chief Compliance Officer within ten calendar days of commencement of employment or association with Adviser and must include information regarding pre-existing outside business activities. If necessary, please attach additional pages.

**Subsequent Disclosures and Requests**

Each Supervised Person must immediately notify the Chief Compliance Officer of any changes to the information on the Disclosure and Request for Approval Form(s) previously submitted.

Supervised Persons are required to request and receive written approval of the Chief Compliance Officer prior to engaging in any new outside business activity by submitting a new Disclosure and Request for Approval Form.

**Exceptions**

A Supervised Person is not required to include on his or her Disclosure and Request for Approval Form information with respect to, or obtain approval for, outside business activities involving *de minimus* amounts of time and/or income (*e.g.*, selling household items on internet sales sites).

If a Supervised Person has a question regarding whether an activity requires disclosure and approval, he or she should consult the Chief Compliance Officer.

\* \* \* \* \*

Name and address of organization:

Organization’s primary business purpose:

Is the organization a publicly traded company?      If yes, list the stock symbol:

Describe your expected role and title with the organization:

Start date of your relationship:

Approximate number of hours per month devoted to this activity:

Describe any compensation you will receive:

Describe any conflict of interest(s) you perceive regarding the outside business activity:

Provide any other information you deem material regarding the position:

If pertinent, please check here:   ☐ I have no outside business activities to disclose.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

Approval Granted / Denied By:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**Appendix H**  
***Use of Social Media***  
***Social Networking Policies & Procedures***

**A. Introduction**

These Social Networking Policies and Procedures outline the policies and procedures to be followed by Ledgewood Capital, Inc. (“Adviser”) and its supervised persons (“Supervised Persons”) in the use of social networking tools, such as Facebook, LinkedIn, Twitter, blogs, chat rooms and other public forums (each, a “Social Media Site”). Electronic communications sent through Social Media Sites are referred to herein as “Social Networking Communications.”

These Policies and Procedures apply to any Social Networking Communication by a Supervised Person, whether generated from Adviser’s office, the Supervised Person’s home or elsewhere.

**B. General Policy: Social Networking Communications Related to Adviser’s Business are Prohibited Unless Specifically Authorized and Supervised by the Chief Compliance Officer.**

No Supervised Person may use any Social Media Site for any purpose related to Adviser’s business in view of the following (and other) considerations.

- Information about Adviser that is posted on a Social Media Site could be deemed to be advertising. All advertising with respect to Adviser is subject to extensive regulation under the Advisers Act. *With the limited exception of stating his or her title and that he or she works at Advise], no Employee may post any business-related information about Adviser on any Social Media Site without written pre-approval from the CCO.*
- Employees are required to protect the confidentiality of proprietary Adviser information, including, without limitation, information about Adviser’s operations, strategies and trading techniques. *Employees are prohibited from disclosing any proprietary Adviser information through any Social Networking Communication.*
- Employees are required to protect the confidentiality of all Client information. Employees are prohibited from identifying any party as a Client or posting any non-public information about a Client on any Social Media Site.
- Any information posted about an unregistered fund on a Social Media Site may violate the prohibitions on “general solicitation” or “general advertising” and hence jeopardize the fund’s ability to rely on Section 3(c)(7). Violations of the prohibitions on general solicitation and general advertising could cause the forced liquidation of a fund. *Employees are prohibited from using the name of a fund or discussing a fund in any manner on any Social Media Site.*

### **C. Personal Use of Social Media**

Personal use of Social Networking Communications does not require advance approval of the CCO. When using Social Media Sites for personal purposes, however, Adviser's Supervised Persons are always expected to comport themselves in a manner that will:

- not violate any of the restrictions listed above;
- comply with all Adviser human resource policies; and
- be appropriately cautious about using Adviser's name in a way that protects Adviser's reputation (*e.g.*, a Supervised Person should not associate Adviser's name with any Social Media Site that permits pornographic content or promotes violence).

Nothing in this policy is intended to prohibit speech specifically protected by applicable law.

Personal use of social media is never permitted during working time or by means of Adviser's computers, networks and other IT resources or communications systems.

Supervised Persons have no reasonable expectation of privacy with respect to any use of Adviser's communications systems, including for Social Networking Communications. In using Adviser's IT resources and equipment for Social Networking Communications or any other purpose, all Supervised Persons waive any right to privacy.

### **D. Monitoring**

The CCO will conduct monitoring of Social Media Sites reasonably designed to detect and address violations of these Policies and Procedures. Violations detected will be investigated by the CCO and may result in disciplinary action.



## **Appendix I**

### ***Security Valuation Policies and Procedures***

#### **I. Introduction**

The Investment Advisers Act of 1940 (the “Advisers Act”) does not prescribe particular methods by which advisers must value the holdings in a client’s portfolio. However, based upon the underlying tenets of Section 206 of the Advisers Act and various interpretive releases issued and civil cases brought by the Securities and Exchange Commission (the “SEC”), advisers must determine in “good faith” that the value of a client’s portfolio securities is reasonable, appropriate and based upon “fair value” or the price that a client might reasonably expect to receive upon the current sales of its securities.

Ledgewood Capital, Inc. (“Adviser”) has adopted these Security Valuation Policies and Procedures (these “Policies”) to seek to ensure that its clients’ portfolio securities are priced accurately, reflecting the prices at which the securities could likely be traded in an orderly fashion in the open market.

Securities that are frequently traded on public exchanges, such as large cap domestic equities, are relatively easy to price. However, the valuation of investments for which there is no readily available pricing information can be a highly judgmental process. In connection with determining the fair market value of portfolio securities and other instruments held by the client, Adviser will rely on guidance issued from time to time from various regulatory and industry organizations (including the SEC and the Financial Accounting Standards Board).

The valuation of a client’s assets also must comply generally with any guidelines set forth in the investment management agreement with, or other operative documents of, the client.

For the avoidance of doubt, the Liquidating Trust is currently in the process of liquidation, and holds various securities that are illiquid and therefore cannot be immediately valued. Since the Liquidating Trust holds shares of other private equity funds, the value that such Liquidating Trust Beneficiaries will receive for their shares in the Trust will be determined by those underlying private equity fund investors, and confirmed by State Street which acts as the custodian of the Liquidating Trusts.

Furthermore, Adviser’s other client, Deutsche Bank is a major institutional bank and does not have a particular portfolio with respect to which Adviser must value the securities. The Underlying Funds, which invest in other private equity funds, also have securities which are ultimately valued by the portfolio managers and custodians of the funds in which they are invested. Determination of whether such Underlying Fund investors’ shares are valued properly is up to Deutsche Bank and its various entities that act as the general partners and investment advisors of the Underlying Funds. Adviser does not play any role in the valuation of such Underlying Funds’ valuation procedures.

The following sets forth Adviser’s general valuation policies.

## **II. Standard Valuation Procedures and Guidelines**

### **Internal and External Valuation**

The fiduciary obligation to accurately value the securities (and other assets) held in client accounts lies with Adviser. With respect to the Liquidating Trust, Adviser generally delegates the responsibility for valuation of such client's portfolio securities to the administrator/custodian for that client account, subject to Adviser's overall monitoring and supervision. With respect to Deutsche Bank, Adviser is not required to value the client since such client is not a fund but a major institutional bank.

Before engaging any administrator/custodian or other service provider ("Service Provider") to perform valuation services for a client, Adviser will conduct suitable due diligence to determine that the Service Provider has and maintains appropriate systems and controls and a sufficient complement of personnel with an appropriate level of knowledge, experience and training commensurate with the client's valuation needs. Mr. Kiley must approve the engagement of any Service Provider with respect to the Liquidating Trust.

Adviser also will provide ongoing oversight of the Service Provider's valuation process, which may include, for example, periodic meetings with the Service Provider and periodic review of the Service Provider's pricing methodologies.

These Policies may be revised in the future, as necessary, to add provisions relevant to the valuation of particular types of client accounts.

### **Pricing Guidelines**

Adviser expects that valuation of securities and other instruments held by client accounts will generally be determined according to the following guidelines:

- Readily marketable financial instruments that are listed on a recognized exchange (other than exchange-listed options) are valued on the basis of their closing trade prices on their primary exchanges on the valuation date. If such a price is not available with respect to the valuation date, such security will be valued at the mean between its current bid and ask on the valuation date. Any financial instrument in the form of an exchange-listed option is valued at the mean of the closing "bid" and "ask" prices on the valuation date, unless Adviser or the Service Provider, as applicable, believes that the applicable closing trade price (if available) or other value is a better reflection of market value.
- Other readily marketable financial instruments that are not listed on a recognized exchange are valued on the basis of their closing trade prices on the valuation date, in each case quoted by an established over-the-counter quotation service or a recognized broker-dealer on the valuation date. If such a price is not available with respect to the valuation date, such security will be valued at the mean between its current bid and ask on the valuation date.

- The market value of a United States Treasury bill, certificate of deposit, or other security and related instrument, forward contract, futures or options contract traded on a foreign exchange or market, means its market value as determined by Adviser or the Service Provider, as applicable, which may be its liquidating value (or cost of liquidation, as the case may be).
- Unless U.S. Generally Accepted Accounting Principles (“GAAP”) require otherwise, the market value of a futures contract traded on a U.S. exchange means the settlement price on the exchange on which the particular futures contract is traded for the client on the valuation day; provided, that if a contract could not be liquidated on such day due to the operation of daily limits or other rules of the exchange upon which that contract is traded or otherwise, the settlement price on the first subsequent day on which the contract could be liquidated will be the market value of such contract for such day.

### **III. Fair Value Pricing**

Any investment in a client portfolio that cannot be reliably valued using the guidelines set forth above will be marked at its fair value, based upon an estimate made in good faith by Adviser or the Service Provider, using what Adviser or the Service Provider believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair valuation in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm’s length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

The process used to estimate a fair value for an investment may include a single technique or, where appropriate, multiple valuation techniques, and may include (without limitation and in the discretion of Adviser, or in the discretion of the Service Provider subject to review by Adviser where practicable) the consideration of one or more of the following factors (to the extent relevant): the cost of the investment to the client, a review of comparable sales (if any), a discounted cash flow analysis, an analysis of cash flow multiples, a review of third-party appraisals, other material developments in the investment (even if subsequent to the valuation date) and other factors.

### **IV. Review and Validation**

Adviser will provide ongoing review of the valuations provided internally and by each Service Provider, as applicable, to check the reasonableness of such values.

Adviser also will conduct periodic verification of the accuracy of a sample of valuations.

Any Adviser employee who believes that a portfolio asset has been valued improperly or inaccurately, or that a material error has occurred, must notify the Chief Compliance Officer as soon as practicable. As necessary and appropriate, the Chief Compliance Officer may challenge

the valuation by inquiring of the pricing source and take reasonable action to verify the price through alternative outside sources.

## **V. Pricing Errors**

If an Adviser employee believes that Adviser is carrying a client portfolio investment at an erroneous price, he or she must inform the Chief Compliance Officer as soon as practicable. The Chief Compliance Officer also must be informed if an investment is sold for a price that differs materially from its most recent valuation.

The Chief Compliance Officer will determine whether any investment has been valued in error and whether any error identified had a material effect on the client's performance or fees. The Chief Compliance Officer will be responsible for disclosing any material effect to the affected client(s) and ensuring that any fee overpayment is refunded. The Chief Compliance Officer will document the pricing error and its resolution.

## **VI. Documentation**

Adviser substantiates its valuation procedures by maintaining documentation that records Adviser's efforts to determine in good faith that the prices ascribed to client portfolio securities are reasonable, appropriate and based upon "fair value" or the price that clients might reasonably expect to receive upon the current sale of their securities.

## **Appendix J**

### ***Proxy Voting Policies and Procedures***

#### **Introduction**

The rules under the Advisers Act require every registered investment adviser to adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interest of its clients.

The Adviser as a matter of policy and practice does not vote proxies.

Any questions about this document should be directed to the Adviser's Chief Compliance officer.

#### **Disclosure to Clients**

Registered investment advisers are required to describe to clients their proxy voting policy, provide copies of the policy on request and disclose to clients how they can obtain information from the adviser on how their securities were voted.

A concise summary of these Proxy Voting Policy and Procedures is disclosed in Part 2 of Adviser's Form ADV along with other required information (*e.g.*, whether, and if so how, clients may direct the proxy vote).

Clients may request a copy of these Proxy Voting Policy and Procedures, as well as relevant proxy voting records, by contacting Adviser.

It is the Adviser's policy not to comment on specific proxy votes with respect to securities held in a Client account in response to inquiries from persons who are not specifically authorized by such Client.

#### **Recordkeeping**

Adviser will retain the following information in connection with each proxy vote:

- the issuer's name;
- the security's ticker symbol or CUSIP number, as applicable;
- the shareholder meeting date;
- the number of shares voted;

- a brief identification of the matter voted on;
- whether the matter was proposed by the issuer or by a security holder;
- whether Adviser casts a vote;
- how Adviser casts its vote (*e.g.*, for or against the proposal, or abstain); and
- whether Adviser casts its vote with or against management.

Adviser also will maintain the following records:

- a copy of these Proxy Voting Policy and Procedures;
- a copy of each proxy solicitation and related materials with respect to each proxy voted;
- documentation relating to identifying and resolving conflicts of interest; and
- any documents created by Adviser that were material to a proxy voting decision or that memorialized the basis for that recommendation.

Such records shall be maintained and preserved in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on such record, the first two years in Adviser's office.

In lieu of keeping copies of proxy statements, Adviser may rely on proxy statements filed on the SEC's EDGAR system.

### **Class Action Notices**

Adviser does not commit to participate in all class actions that may arise with regard to Client portfolio securities. Upon receipt of class action information, the Chief Compliance Officer will evaluate the costs versus the benefits of participation in the suit for each pertinent Client. Unless the Chief Compliance Officer determines that it would be in the best interests of the Client, Adviser will not participate in the class action on behalf of the Client.

**ATTACHMENT J-1**  
**REPORT OF PROXY VOTING CONFLICTS**

To: [LEGAL COUNSEL]

From: [NAME]

Date: [DATE]

Re: Proxy Voting Conflict of Interest

---

XXX Capital LLC adopted and implemented written policies and procedures reasonably designed to ensure that XXX Capital LLC votes proxies in the best interest of its clients.

Per that policy, I have listed below any conflicts of interest that came to my attention and the manner in which such conflicts were mitigated:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## **Appendix K**

### ***Business Continuity Plan (AKA: Contingency & Disaster Recovery Plan)***

**The Contingency and Disaster Recovery Plan (the “CDRP”) outlines Adviser’s immediate and long-term contingency planning and recovery process. The purpose of this CDRP is to provide specific guidelines that Adviser will follow in the event of a failure of any critical business capability.**

#### **Goals and Objectives**

The goal of the CDRP is to provide uninterrupted service to Adviser’s clients or to minimize the downtime should a system or vendor failure occur. The CDRP has been developed to meet the following objectives:

- Provide for an immediate, accurate and measured response to any emergency situation;
- Minimize the impact upon the safety and wellbeing of firm personnel;
- Protect against the loss or damage to organizational assets; and
- Provide Adviser clients with alternate site processing with a minimum of inconvenience.

Risk assessment, disaster prevention and disaster avoidance are critical components of Adviser’s contingency planning process. The implementation of this CDRP should help to ensure that all data processing systems, data communication facilities, information, data and business functions can be restored in a secure manner. Restoration must be accomplished in a time frame consistent with legal, regulatory and business requirements while maintaining information integrity.

#### **Contingency and Disaster Recovery Team**

Not applicable

#### **Contingency Policies and Procedures**

The Chief Compliance Officer will be responsible for assessing the extent of damage, verifying the usability of all essential services during any major disruption or emergency and, more importantly, for ensuring the completion of all detailed continuity planning by each line of business.

In order to maintain operations during the commencement of a significant emergency or disaster, Adviser will ensure that all of its personnel are contacted to confirm their wellbeing and to provide information about altered work arrangements. Essential business and technology personnel will be notified via telephone, cell phone and/or electronic mail with instructions on how and when to proceed to a known and agreed upon alternate site.



## **A. Physical Facilities and Alternate Work Sites**

In the event that Adviser loses local telephone service, long-distance service or any other telecommunications services, then the following procedures will be followed:

1. The Chief Compliance Officer will immediately ascertain the nature and expected duration of the outage.
2. If the outage appears significant and involves loss of local service or all long-distance service, it may force a relocation of key business and technology personnel to the alternate work site.
3. If the outage is limited to the temporary loss of local or long-distance services, the Chief Compliance Officer will continually reassess the situation until service has been fully restored. Employees' personal cell phones should be used as an alternate to temporary losses of local or long distance service.

## **B. Client Services and Recordkeeping**

Adviser has implemented a variety of procedures to maintain close contact with each of its clients and clearing and executing broker-dealers (if applicable) to ensure that there is no disruption in service during any failure of one of Adviser's critical business capabilities, provided access to the alternate site is available. Adviser maintains a detailed list of the contact persons at each of its clearing and executing broker-dealers (to the extent it ever uses a clearing and executing broker-dealer). If either Adviser or any of its clearing and executing firms experiences a systems or business failure, immediate contact will be initiated with affected firms to determine the cause, nature and extent of the disruption. Since any of Adviser's potential executing and clearing firms would probably maintain several offices throughout the United States and around the world, Adviser is confident that any major disruption, emergency or disaster that could potentially affect one geographic region (i.e., a terrorist attack) would have little impact on the ability of Adviser to continue its operational and business relationships with such firms.

Adviser's contingency planning process includes a number of procedures for maintaining client records. Adviser takes very seriously its obligation to protect information and to maintain access to backup sources of information in the event of a disaster. Adviser receives daily electronic trading downloads from each of its clearing and executing broker-dealers. In addition to daily electronic transmissions, Adviser may request that each of its broker-dealers send physical reports which detail clients' securities transactions. If an emergency or disaster results in Adviser's loss of original documentation, Adviser's broker-dealers will provide the necessary supporting documentation. The Chief Compliance Officer is responsible for efforts to remediate issues with client services and recordkeeping.

## **C. Hardware/Software**

The failure or temporary loss of certain of Adviser's hardware infrastructure or software applications will be addressed by the Chief Compliance Officer. In the event of a power failure,

Adviser has a backup uninterrupted power supply system and is designed to enable seamless recovery of the power system until power is restored.

If a failure of the internal system network is suspected, the Chief Compliance Officer should immediately contact the appropriate vendor(s) and technology consultants. Functionality tests will be performed to determine the extent of damage. If hardware is functional, all software and files can be restored from a tape backup. If hardware is damaged, duplicate hardware is maintained for seamless data access both on-site and at the alternate worksite.

#### **D. Executing and Clearing Firms**

Adviser does not make markets in any securities, execute trades directly or participate in underwritings for advisory clients. To the extent Adviser participates in any of these tasks, each task would be conducted by Adviser's executing and clearing broker-dealers/custodians. In the event of a disaster, the Chief Compliance Officer will be responsible for leading the efforts to remediate all problems relating to execution and clearinghouse issues, to the extent this issue is applicable.

#### **E. Training, Testing and Evaluation**

Employees are provided with a copy of Adviser's CDRP upon commencement of employment. In addition, on an annual basis, firm personnel are required to review the relevant portions of the contingency plan that pertain to them. The Chief Compliance Officer will be responsible for training employees on the CDRP and answering questions about employees' responsibilities to ensure the success of the CDRP in the event of a disaster.

