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**Item 1. Cover Page**

**Diverse Capital Management, LLC**

**March 22, 2016**

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This Brochure contains information about the qualifications and business practices of Diverse Capital Management, LLC ("Diverse"). If you have any questions about the contents of this Brochure, please contact John Cordero at (212) 858-0978 or [john@diversecap.com](mailto:john@diversecap.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Diverse Capital Management, LLC  
551 Madison Avenue  
2<sup>nd</sup> Floor  
New York, NY 10022  
Tel. (212) 858-0978

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#### **ITEM 4. ADVISORY BUSINESS**

Diverse is an investment adviser with its principal place of business in New York, New York. Diverse commenced operations on October 27, 2014 and has been registered with the SEC as an investment adviser since August 20, 2015. Michael Castaldy, Jasper Kang and John P. Cordero are the principal owners of Diverse.

Diverse provides discretionary investment advisory services to private funds that are pooled investment vehicles intended for sophisticated investors and institutional investors. The private funds are each referred to herein as a “Fund” and are collectively referred to herein as the “Funds”. Diverse may also provide discretionary investment advisory services to other client accounts, including separately managed accounts.

Diverse provides advice to its clients based on the specific investment objectives and strategies described in the offering memoranda of the Funds (collectively, the “Memoranda”) or the investment management agreement for a client. Diverse currently does not tailor advisory services to the individual needs of its clients, and clients may not impose restrictions on investing in certain types of securities and other financial instruments.

As of January 1, 2016, Diverse had regulatory assets under management of USD 118,100,000.

#### **ITEM 5. FEES AND COMPENSATION**

Diverse may charge each client an investment management fee based on the value of client’s assets under management. The investment management fees charged to the Funds are generally 2.0% per annum. Diverse may charge a management fee to its other clients, determined on a case-by-case basis.

Management fees to the Funds are charged quarterly in advance based upon the value of total market value of the assets in the client account as of the first business day of each calendar quarter. If a new client account is established during a quarter or a client makes an addition to its account during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter. To the extent withdrawals are made from a client account during a calendar quarter, a pro rata portion of the management fee paid in advance will be refunded, based on the number of days remaining in the quarter.

Management fees may be modified or waived for certain investors in the Funds, including but not limited to members, employees or affiliates of Diverse or Diverse Capital Partners, LLC, relatives of such persons and for certain large or strategic investors.

Management fees are deducted from the Funds by the Funds’ administrator pursuant to instructions from Diverse.

Diverse or its affiliate, Diverse Capital Partners, LLC, is entitled to receive annual performance-based compensation, which is compensation that is based on a share of net capital appreciation of the assets of a client. The performance-based compensation charged to the Funds is 20% of the net capital appreciation and will be subject to a loss carryforward. Performance-based compensation generally will be allocated as of the end of each fiscal year and upon an intra-year withdrawal from a client account. Diverse's performance-based compensation is calculated taking into account both realized and unrealized gains. Diverse may charge performance-based compensation to its other clients, determined on a case-by-case basis.

The performance-based compensation may be reduced or waived for certain investors in the Funds, including but not limited to members, employees or affiliates of Diverse or Diverse Capital Partners, LLC, relatives of such persons and for certain large or strategic investors.

More detailed information about the fees and allocations paid by investors in the Funds may be found in the Funds' offering documents.

In addition to paying investment management fees and, if applicable, performance-based compensation, client accounts will also be subject to other expenses such as legal, compliance, administrator, audit and accounting expenses (including third party accounting expenses); organizational expenses; investment expenses such as commissions, research fees and expenses; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; insurance costs (including D&O and E&O insurance); expenses of regulatory compliance, filings and reporting (including but not limited to blue sky filing fees); and any other expenses reasonably related to the purchase, sale or transmittal of client assets. Client assets may be invested in ETFs or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees of such funds, which are in addition to the investment management fee paid to Diverse.

Common expenses frequently will be incurred on behalf of the Funds and one or more client accounts. Diverse seeks to allocate those common expenses among the Funds and the client accounts in a manner that is fair and reasonable and consistent with the Memoranda and arrangements with other clients (e.g., investment management agreements, limited partnership agreements). However, expense allocation decisions will involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive compensation, or conflicts relating to different expense arrangements with certain clients). Under its current expense allocation policy, Diverse generally expects to allocate common expenses among its clients pro rata based on the client's assets under management at the time the expense is incurred. Diverse may, however, deviate from pro rata allocations with respect to expenses that, in Diverse's view, disproportionately benefit a particular client or group of clients. When considering whether to allocate an expense other than pro rata, Diverse may consider the transaction-related expenses and frequency of trading, among other factors. Where Diverse determines that an expense disproportionately benefits a particular client, Diverse may charge all or part of the expense to that client, such that the allocation of the expense is fair and equitable. Nonetheless, the portion of a common expense that Diverse allocates to the Funds for a particular product or service, may

not reflect the relative benefit derived by the Funds from that product or service in any particular instance. Diverse's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Diverse in good faith will be final and binding on the Funds.

Please refer to Item 12 of this Brochure for a discussion of Diverse's brokerage practices.

#### **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Diverse and its investment personnel provide investment management services to multiple portfolios for multiple clients. Diverse (or an affiliate of Diverse) is entitled to be paid performance-based compensation by the Funds and may be entitled to be paid performance-based compensation by certain other client accounts. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When Diverse and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. Diverse and its investment personnel have a greater incentive to favor client accounts that pay Diverse (and indirectly its investment personnel) performance-based compensation or higher fees.

Diverse manages multiple client accounts. Accordingly, Diverse has adopted and implemented policies and procedures intended to address potential conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements, and the allocation of investment opportunities. Diverse reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Diverse's procedures relating to the allocation of investment opportunities require that similarly managed accounts (or portions of client accounts) participate in investment opportunities pro rata based on asset size or in some other manner that Diverse or an affiliate of Diverse determines is fair and equitable under the circumstances to all clients and require that, to the extent orders are aggregated, the Client orders are price-averaged. Finally, Diverse's procedures also require the objective allocation for limited opportunities to ensure fair and equitable allocation among accounts. These areas are monitored by Diverse's Chief Compliance Officer.

#### **ITEM 7. TYPES OF CLIENTS**

Diverse provides discretionary investment advisory services to the Funds. Diverse also provides discretionary investment advisory services to other client accounts, including separately managed accounts.

The initial subscription amount minimum for each Fund is disclosed in the particular Fund's offering memorandum. The minimum size for other client accounts is determined by Diverse on a case-by-case basis.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Diverse utilizes a variety of methods and strategies to make investment decisions. The methods of analysis include quantitative analysis using Diverse's proprietary systems and technical analytical tools and approaches. Diverse's investment strategies include utilizing quantitative investment models that manage equity portfolios and use classic "long-short" hedging strategies, investing in a broad range of securities in global markets, primarily in broad market indices and derivatives, and actively shorting pairs of leveraged exchange-traded funds ("ETFs"), which are financial products designed for short-term directional investing in targeted market sectors.

There can be no assurances that a client will achieve its investment objective or that the strategies pursued and methods utilized by Diverse will be successful under all or any market conditions. Diverse's methods, strategies and investments involve a risk of loss to clients, and clients must be prepared to bear the loss of their entire investment.

### **Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategy**

A brief explanation of the material risks associated with Diverse's principal investment strategies and methods of analysis follows.

- Hedging and Other Risk Management Techniques. Diverse may utilize a variety of financial instruments, including but not limited to derivatives, options, interest rate swaps, caps and floors, and futures and forward contracts, for risk management purposes (in addition to utilizing such financial instruments for speculative purposes). There can be no assurances that a particular hedge or risk management technique is appropriate or that a risk is measured properly. Further, while Diverse may seek to reduce risk on behalf of a client, hedging and other risk management techniques may result in poorer overall performance and increased (rather than reduced) risk for a client's investment portfolio than if Diverse did not engage in any such technique.
- Short Selling Risk. Short selling transactions expose clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein Diverse, on behalf of a client account, might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- Lack of Diversification. Certain client accounts are expected to be concentrated primarily in ETF products and client accounts may further be concentrated in particular industries, geographic regions or companies, and therefore may not be as diversified as other investment vehicles. Accordingly, a client's portfolio may be subject to more rapid change in value than would be the case if a client were required to maintain a wide diversification.

- Risk Mitigation System. Risk mitigation is essential to certain of Diverse's investment strategies. No risk mitigation system is fail-safe, and no assurance can be given that any risk mitigation system employed by Diverse will achieve its objective. Target risk limits developed by Diverse may be based upon historical trading patterns for the securities and financial instruments in which a client invests. No assurance can be given that such historical trading patterns will accurately predict future trading patterns.
- Leverage. Leverage is the use of borrowed funds for investment. While the use of certain forms of leverage, including margin borrowing, structured products or derivative instruments, can substantially improve the return on invested capital, such use may also increase the adverse impact to which the client's portfolio may be subject. Diverse's use of leverage for certain client accounts can result in more volatile performance. The use of leverage may result in (1) greater losses from investments than would otherwise have been the case had the client not borrowed funds to make the investment, (2) margin, collateral calls or interim margin requirements that may force premature liquidations of investment positions, and (3) losses on investments when the investment fails to earn a return that equals or exceeds the cost of borrowing.
- Counterparty Risk. To the extent that the clients invest in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, a client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. Transactions entered into directly between two counterparties expose the parties to the risk of counterparty insolvency and counterparty default upon settlement of a transaction.
- Custody Risk. There are risks involved in dealing with the custodians or prime brokers who settle trades for client accounts. Although Diverse monitors the prime broker and believes that it is an appropriate custodian, there is no guarantee that the prime broker, or any other custodians that may be used from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, it is likely that losses would be incurred due to assets being unavailable for a period of time, the ultimate receipt of less than full recovery of the assets, the ultimate receipt of different assets, or some combination of all of the foregoing.
- Reliance on Key Personnel. Diverse relies heavily on the services of the co-managing members of Diverse, Michael Castaldy, Jasper Kang and John P. Cordero. Mr. Castaldy, Mr. Kang and Mr. Cordero are responsible for all of the major decisions affecting the clients. Should Mr. Castaldy, Mr. Kang and Mr. Cordero determine to discontinue managing the affairs of, or withdraw from, Diverse or should all of Mr. Castaldy, Mr. Kang and Mr. Cordero die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of Diverse, the business and results of the operations of the clients may be adversely affected,

and investors in the Funds generally would have no special withdrawal rights, other than those set forth in the Memoranda.

**Risks Associated with Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)**

- **Exchange-Traded Funds.** Diverse may invest client assets in the securities of ETFs. ETF securities are traded on exchange, like shares of common stock, and the value of the ETF securities fluctuates in relation to changes in the value of the underlying portfolio of securities. The market price of the ETF securities may not be equivalent to the pro rata value of the underlying portfolio of securities. Diverse may invest in broad-based ETFs and industry-specific ETFs, and there may be certain risks to the extent a particular ETF is concentrated in particular sector and is not as diversified as the market as a whole.
- **Derivative Transactions Generally.** Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or Diverse. Further, transactions in derivative instruments may not be undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.
- **Trading in Options.** Diverse may engage from time to time in various types of options transactions on behalf of client accounts. The purchase or sale of an option involves the payment or receipt of a premium by the client and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the client loses its premium. Selling options, on the other hand, involves potentially greater risk because the client is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.
- **Non-U.S. Securities.** Clients may invest in securities of non-US issuers and ETFs that reference non-U.S. securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some



foreign markets. All of these factors can make foreign investments more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

- Currency Exposure Risk. Investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative value of similar assets in different currencies, long-term opportunities for investment, capital appreciation and political developments. Diverse may try to hedge these risks, but there can be no assurance that it will implement a hedging strategy, or if it implements one, that it will be effective.

The foregoing does not purport to be a complete explanation of the risks involved in trading securities or with respect to any investment strategy.

#### **ITEM 9. DISCIPLINARY INFORMATION**

This Item is not applicable.

#### **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

This Item is not applicable.

#### **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Diverse has adopted a Code of Ethics (the “Code”), which sets forth the ethical and fiduciary principles and related compliance requirements under which Diverse operates and the procedures for implementing those principles. The Code obligates Diverse and its related persons to put the interests of clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of Diverse’s personnel are also required to comply with applicable federal securities laws.

Clients or prospective clients may obtain a copy of the Code by contacting John Cordero, Diverse’s Chief Compliance Officer, by e-mail at [john@diversecap.com](mailto:john@diversecap.com), or by telephone at (212) 858-0978.

Diverse, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information. Diverse is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Diverse maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Diverse is meeting its obligations to clients and remains in compliance with applicable law.

Under the Code, Diverse’s related persons generally must obtain prior approval from the Chief Compliance Officer prior to purchasing or selling any security who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. Diverse will not permit a related person to establish a new position in any security that

is being currently purchased or sold (or is being considered for purchase or sale) by a client. In addition, Diverse's Code prohibits Diverse or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer.

The Code requires related persons to submit quarterly transaction reports (or brokerage statements) that detail the individual's securities transactions for the quarter to the Chief Compliance Officer, and for the Chief Compliance Officer to review those reports and compare such reports to transactions for the client accounts. In addition, related persons must submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code.

The Chief Compliance Officer will report on issues that arise under the Code to Diverse's senior management as necessary, and in any case, at least annually.

## **ITEM 12. BROKERAGE PRACTICES**

Diverse considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, efficiency of execution and error resolution, the actual executed price and the commission, research (including economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis); custodial and other services provided for the enhancement of Diverse's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; and the operational facilities of the brokers and/or dealers involved (including back office efficiency); creditworthiness, financial stability and reputation of the broker-dealer, and the research, brokerage or other services provided by such broker-dealer.

In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, Diverse need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Diverse's practice to negotiate "execution only" commission rates. Thus, a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Diverse's Chief Compliance Officer and portfolio managers will meet periodically to evaluate the broker-dealers used by Diverse to execute client trades using the foregoing factors.

Diverse may receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a "soft dollar" relationship. Diverse has no formal soft dollar arrangements in place. To the extent Diverse may enter into soft dollar arrangements in the future, Diverse will limit the use of "soft dollars" to obtain research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). 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 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.

From time to time Diverse may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by Diverse or recommend these private funds as an investment to clients. Diverse may place client portfolio transactions with firms that have made such recommendations or provided capital introduction opportunities, if Diverse determines that it is otherwise consistent with seeking best execution. In no event will Diverse select a broker-dealer as a means of remuneration for recommending Diverse or any other product managed by Diverse (or an affiliate) or affording Diverse with the opportunity to participate in capital introduction programs.

When appropriate, Diverse may, but is not required to, to aggregate client orders for the purchase or sale of the same security to achieve more efficient execution or to provide for equitable treatment among client accounts. Such aggregation may enable Diverse to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

### **ITEM 13. REVIEW OF ACCOUNTS**

Diverse's portfolio management is based on proprietary systems and models that manage client accounts on a systematic basis. Diverse's portfolio manager regularly reviews the trading activity conducted on behalf of each client. These reviews consist of a review and analysis of (i) various trading data, (ii) internally-generated risk reports, (iii) the systems and models based on which the trading activity is conducted and (iv) an evaluation of such other information as Diverse deems appropriate.

Significant market events affecting the prices of one or more securities in client accounts or changes in the investment objectives or guidelines of a particular client may trigger reviews of client accounts on other than a periodic basis.

Clients will receive annual audited financial statements and other monthly reports pursuant to the terms of the Memoranda or investment management agreement, as applicable.

#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Diverse makes cash payments to third-party solicitors for client referrals whereby the third-party solicitor receives compensation attributable to the client solicited and referred by the third-party solicitor. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and related SEC staff interpretations.

#### **ITEM 15. CUSTODY**

With the exception of the Funds, clients will receive account statements from a broker-dealer, bank or other qualified custodian and should carefully review those statements.

Diverse Capital Partners, LLC is deemed to have custody of the assets of certain Funds due to serving as the general partner to a limited partnership and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

#### **ITEM 16. INVESTMENT DISCRETION**

Diverse provides investment advisory services to clients on a discretionary basis based on Diverse's proprietary systems and models that manage client accounts on a systematic basis. Prior to assuming discretion over a client's assets, Diverse enters into an investment management agreement or other agreement that sets forth the scope of Diverse's discretion. Diverse's models determine the securities and the amount of the securities to be purchased and sold for client accounts based on the assets of the client account that are invested in accordance with a particular model.

Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held.

Diverse may enter into agreements, or "side letters", with certain prospective or existing investors in the Funds whereby such investors may be subject to terms and conditions that are more favorable than those set forth in the applicable Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Funds, other investment vehicles or managed accounts; special withdrawal rights, including relating to frequency, notice or fees; a reduction or rebate in fees and/or other terms; rights to receive reports on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Funds and such investor.

If it appears that a trade error has occurred, Diverse will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Diverse's error correction procedure is to ensure that clients are treated fairly. Diverse has discretion to resolve a particular error in any

appropriate manner that is consistent with the above-stated policy. In the event that a client account incurs a trade error as a result of Diverse's gross negligence, willful default or fraud, the trade error will be corrected by Diverse as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

#### **ITEM 17. VOTING CLIENT SECURITIES**

To the extent Diverse has been delegated proxy voting authority on behalf of its clients, Diverse complies with its proxy voting policies and procedures that are designed to ensure that in cases where Diverse votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

If a material conflict of interest exists between Diverse and a client, Diverse will determine whether to vote in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or to take some other appropriate action.

Clients may obtain a copy of Diverse's proxy voting policies and procedures and information about how Diverse voted a client's proxies by contacting John Cordero, Diverse's Chief Compliance Officer, by e-mail at [john@diversecap.com](mailto:john@diversecap.com) or by telephone at (212) 858-0978.

#### **ITEM 18. FINANCIAL INFORMATION**

This Item is not applicable.

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