



**Fosun Asset Management Limited**

**Form ADV, Part 2A – Brochure**

**Item 1: Cover Page**

**2<sup>nd</sup> February 2018**

This Brochure provides information about the qualifications and business practices of Fosun Asset Management Limited. If you have any questions about the contents of this Brochure, please contact us at [Info.fam@fosun.com](mailto:Info.fam@fosun.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Fosun Asset Management Limited is a SEC-registered investment adviser. Such registration as an investment adviser does not imply any level of skill or training.

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

Fosun Asset Management Limited

Room 2106, ICBC Tower, 3 Garden Road, Central, Hong Kong

Telephone: +852 2509 2874

Fax: +852 2515 8970

## **ITEM 2: MATERIAL CHANGES**

Fosun Asset Management Limited is a newly registered investment adviser. Because this is our initial Brochure, there are no material updates to disclose. Any material updates to the information contained in this Brochure will be provided promptly to clients in the future.

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## **ITEM 4: ADVISORY BUSINESS**

### *General Description of Advisory Firm*

Fosun Asset Management Limited (“FAM”, “we”, “our”, or “us”) was incorporated in Hong Kong under the Companies Ordinance of Hong Kong as a limited liability company on July 8, 2013, and is licensed with the Securities and Futures Commission of Hong Kong effective March 3, 2016.

FAM is a wholly-owned subsidiary of Fosun Asset Holdings Limited, which in turn is a wholly-owned subsidiary of Fosun International Limited, which is listed on the Stock Exchange of Hong Kong Limited. The holding company and the ultimate holding company of Fosun International Limited are Fosun Holdings Limited and Fosun International Holdings Ltd., respectively. The ultimate controlling shareholder is Mr. Guo Guangchang.

### *Description of Advisory Services*

We provide discretionary and non-discretionary fixed income and equity investment management services to institutional investors and our affiliated companies in key financial markets. Our investment strategy includes fundamental research and qualitative model driven management.

Our investment decision and advice with respect to each client will be subject to each client’s investment objectives and guidelines, as set forth in its respective investment guidelines, trust agreements, investment management agreements, or other governing documents.

We do not participate in wrap fee programs.

We manage approximately \$370,000,000 of client assets on a discretionary basis as of December 31, 2017 (note this figure unaudited).

## **ITEM 5: FEES AND COMPENSATION**

FAM retains discretion over the fees charged to the clients, as well as any changes to those fees. Fees are determined in light of a client’s circumstances, asset levels, service requirements, and other factors as determined in our sole discretion. We intend to provide service to U.S. clients who are generally large institutional investors that are qualified purchasers, as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

Generally, we bill clients directly for our advisory fee on a quarterly basis or as otherwise agreed, and we generally do not directly debit fees from client accounts. Fees are not required to be prepaid.

In addition to the advisory fees discussed above, clients may incur additional fees and expenses charged by the custodian of client assets, as well as brokerage and other transaction costs

associated with securities trades. Please see “Brokerage practices” section in this Brochure for additional information about brokerage fees.

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

We may receive performance-based fees on our managed accounts for our clients and may engage in side-by-side management of accounts. The simultaneous management of managed accounts that pay performance-based fees and managed accounts that only pay asset-based fees may create a conflict of interest as FAM may have an incentive to accounts with the potential to receive performance-based fees. For instance, FAM will be faced with a conflict of interest when allocating scarce investment opportunities, given the possibly greater fees from accounts that pay performance-based fees, as opposed to accounts that do not pay any performance-based fees.

To address these types of conflicts, FAM has adopted policies and procedures under which allocation decisions do not take into account fee arrangements and investment opportunities will be allocated in a manner that FAM believes is consistent with its obligations as an investment adviser. FAM’s policies and procedures relating to allocation of investment opportunities are described further under Item 12: Brokerage Practices.

## **ITEM 7: TYPES OF CLIENTS**

FAM intends to provide investment advisory services to large institutional investors, including affiliates and insurance companies, that are qualified purchasers, as defined in section 2(a)(51)(A) of the Investment Company Act of 1940. The minimum account size is \$10,000,000 USD.

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

### **Methods of Analysis and Investment Strategy**

The methods of analysis employed by FAM include macroeconomic forecasting, comprehensive sector and asset analysis and rigorous risk management processes. In evaluating investments for our clients, we take into account a number of factors, including the fundamental, technical and cyclical characteristics of the investments. We employ both qualitative and quantitative analysis in the risk management and monitoring process. We review our investments’ credit risk and conduct our own credit risk analysis utilizing information provided by multiple reputable third-party credit agencies.

For equity investments, FAM employs investment strategies that may include: macro analysis, financial analysis, management assessment and active management, each as described below.

*Macro analysis* - our macro analysis process will include a forward-looking analysis of global and local macro-economic trends including, *inter alia*, business cycle general political risks, and specific financial and economic inputs such as interest rates, inflation rates, and default rates. It will conduct an assessment of key drivers affecting industries broadly and specific companies we target.

*Financial Analysis* - our analysis in respect of a specific company will include earnings quality, cash flow generation, and the company's capital structure and will also consider implications of broader industry dynamics and the company's competitive advantages and/or disadvantages. We will seek out investments which can demonstrate the durability of growth potential. Where appropriate we will engage in financial projection and modeling to consider cash flow, interest coverage, leverage, liquidity and the company's debt maturity profile.

*Management Assessment* - our analysis in respect of a specific company's management will include an assessment and understanding of the quality of a management team, competitors, and other stakeholders. We seek out companies which have management whose interests are aligned with shareholders. And will review incentive compensation structures and capital allocation decisions made thereby.

*Active Management* - our management process will include a soundly considered process which involves analysis, execution, management, and when appropriate, exit which will address variables such as cost of trading and produce alpha target over market cycles. We will monitor and quantify the companies' sources of profit and loss to ensure our ongoing understanding of drivers of return and consistent with our view of accepted risk associated with such investments.

For credit investments, FAM employs investment strategies that may include: market sentiment trades, fundamental research driven credit name selection, quantitative model driven duration management, and mean-reversion spread convergence trades, each as described below.

*Market Sentiment Trades* - To generate investment return, we may choose to select exposure to certain lower rated credit fixed income securities for a conservative percentage of the fund's total exposure, and to utilize market volatility to time our trade entry points to maximize yield capture. We also look to generate excess return through selection of credits with strong balance sheets that may have been affected by a market sentiment, whereby idiosyncratic or security-specific risk is minimized with a high probability of mean-reversion to generate excess investment return.

*Fundamental Research Driven Credit Name Selection* - Our credit analysts regularly seek value through continuous screening of names, and conduct management meetings and model creation to assess fundamental outperformance potential of global credit names. In particular, our quantitative selection process will identify a universe of bonds that will potentially meet our clients' return objective and duration requirements. We will also restrict the rating buckets or rating categories of the identified bonds to meet any specifications or restrictions given by the client.

*Mean-Reversion Spread Convergence Trades* - FAM credit analysts work with FAM traders to identify short-term tactical trades to seek excess return from market mispricing. FAM analysts and traders are encouraged to spot potential trade opportunities in regular names they cover where credit research has already been conducted and we are fundamentally comfortable with the underlying company profile. Mean reversion trades or switch trades are shorter-term tactical trades where historical quantitative analysis reveals that the relationship between a limited numbers of names may have changed temporarily, although in our opinion, the fundamentals have not.

Derivatives, such as futures, options and swaps, are principally used as a hedging tool in FAM client portfolios to manage risks of the portfolio. FAM may also use derivatives in lieu of investing in government securities given the liquidity and relative ease of transaction in treasury futures. Often, FAM will utilize government bond futures to adjust the duration of the portfolio without having to sell underlying bonds, thereby minimizing trading and transaction costs associated with having to sell similar duration credit names or government securities in the underlying portfolio.

## **Risk of Loss**

There is a number of material risks associated with FAM's investment strategies. These include, but are not limited to, the risks summarized below. The information contained in this Brochure cannot disclose every potential risk associated with the investment strategy or all of the risks applicable to a client. Rather, it is a general description of the nature and risks of the strategy. The material risks discussed below are qualified in their entirety by reference to risk disclosures in the client's investment management agreement or other similar documents.

*Corporate Debt Securities Risk* - Corporate debt securities include corporate bonds, debentures, and other similar corporate debt instruments. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. In addition, certain corporate debt securities may be highly customized and as a result may be subject to, among others, liquidity and pricing transparency risks. Company defaults can impact the level of returns generated by corporate debt securities. An unexpected default can reduce income and the capital value of a corporate debt security. Furthermore, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of corporate debt securities.

*Equity Risk* – Investment in listed equities may involve high risk. Past performance is not indicative of future performance. Particularly, future performance of listed equities may neither be in line with the track record of profitability nor any forecast of future profitability. Performance of listed equity may go up or down and may be very volatile. The value of listed equity becomes worthless as the company becomes bankrupt.

*Credit Risk* – A client lose money if the issuer or guarantor of a security, the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, or the issuer or guarantor of collateral, is unable or unwilling, or is perceived as unable or unwilling, to honor its

obligations. The downgrade of the credit of a security or of the issuer of security held by the client account may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

*Currency Risk* - If a U.S. client account invests directly in non-U.S. currencies or in securities that trade in, and receive revenues in, non-U.S. currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention by governments, central banks or supranational entities, or by the imposition of currency controls or other political developments.

*Foreign Investment Risk* - A U.S. client account that invests in non-U.S. securities may experience more rapid and extreme changes in value than an account that invests exclusively in securities of U.S. companies. The securities markets of foreign countries are relatively small or may be less liquid compared to the U.S. Also, issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting and auditing standards of foreign countries differ from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect an account's investments in a foreign country or issuer domiciled in a foreign country.

*Hedging Risk* - FAM may engage in hedging transactions. To the extent FAM employs a hedging strategy, the success of any such hedging strategy will depend, in part, upon FAM's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. While FAM may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if FAM had not engaged in such hedging transactions. There is no guarantee that any intended hedging strategy will be successful in hedging out the subject risks.

*High Yield Risk* - Accounts that invest in high yield securities and unrated securities of similar credit quality may be subject to greater levels of credit risk, call risk and liquidity risk. These securities are considered predominately speculative with respect to an issuer's continuing ability to make principal and interest payments, and may be more volatile and subject to a greater risk of loss than other types of securities. Because of the risks involved in investing in high yield securities, such securities should be considered speculative.

*Inflation and Deflation Risk* - An account may be subject to inflation and deflation risk. Inflation risk is the risk that the present value of assets or income of an account will be worth less in the future as inflation decreases in the present value of money. Deflation risk is the risk that prices throughout the economy decline over time creating an economic recession, which could make issuer default more likely and may result in a decline in the value of an account's assets.

*Interest Rate Risk* - Interest rate risk is the risk that fixed income securities, dividend-paying equity securities and other instruments in an account will decline in value because of changes in interest rates. As interest rates rise, the value of certain fixed income securities held by an account is likely to decrease. Interest rate changes can be sudden and unpredictable, and an



account may lose money as a result of movements in interest rates. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. When an account holds variable or floating rate securities, a decrease in market interest rates will adversely affect the income received from such securities and the value of the account.

*Sovereign Debt Risk* - An account that invests sovereign debt may decline in value as a result of default or other adverse credit events resulting from the issuer's inability or unwillingness to make payments in a timely fashion. A sovereign entity's failure to make timely payments on its debt may result from insufficient foreign currency reserves or an inability to manage fluctuations in relative currency valuations, an inability or unwillingness to satisfy the demands of creditors, the size of the debt burden relative to economic output and tax revenues, cash flow difficulties, and other political and social considerations. The risk of loss to an account in the event of a sovereign debt default is heightened by the unlikelihood of any formal recourse or means to enforce its rights as a holder of the sovereign debt. In addition, sovereign debt restructurings may result in a loss in value of an account's sovereign debt holdings.

## **ITEM 9: DISCIPLINARY INFORMATION**

To FAM's knowledge, neither it nor any of its management personnel have been involved in, or subject to, any disciplinary events or legal actions that are material to its advisory business or the integrity of its management.

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

Neither we nor any members of our management are registered, or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant ("FCM"), commodity pool operator ("CPO"), a commodity trading advisor("CTA"), or an associate person of a registered FCM, CPO, or CTA.

Neither we nor our management have any relationship or arrangement with our affiliates in the financial services industry that is material to our advisory business or to our clients.

We do not recommend or select other investment advisers for our clients. We do not receive compensation directly or indirectly from third parties in connecting with recommending advisory services.

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

## **Code of Ethics**

FAM has adopted a Code of Ethics which sets forth standards of business and personal conduct for all FAM employees, and addresses conflicts of interest that may arise from personal trading by employees, and gifts and entertainment received by or provided to them. Our employees are required to read, understand and observe the requirements in our Code of Ethics, which describes our duties and responsibilities to our clients in areas including:

- i. Honest and ethical reporting;
- ii. Full, fair, accurate, timely, and understandable disclosure in reports and documents;
- iii. Duties to clients;
- iv. Independence and objectivity;
- v. Conflict of interest;
- vi. Compliance with applicable laws, rules, and regulations;
- vii. Material nonpublic information and market manipulation;
- viii. Prompt internal reporting of violations of the Code; and
- ix. Accountability for adherence to the Code of Ethics.

We will provide a copy of our Code of Ethics to any client upon written request.

## **Policy for Personal Investing**

FAM has adopted a Policy for Personal Investing to which our employees are subject. The purpose of such policy is to detect and control any personal trading that would involve any conflicts of interest with client dealings.

Our Policy for Personal Investing generally requires that all our in-scope employees must disclose and obtain approval for personal trading accounts from the Compliance Department (“Compliance”). Additionally, they must obtain pre-clearance and approval from Compliance for specific trading activities. FAM monitors compliance with these requirements and any breaches are subject to disciplinary processes.

All employee personal account transactions are subject to prior authorization and a minimum holding period generally. In addition, employees may not trade during certain blackout periods. For transactions involving securities within FAM’s investment universe, employees may generally buy or sell securities if FAM is not actively trading the same. FAM’s Policy for Personal Investing includes recordkeeping practices compliant with the above requirements.

## **ITEM 12: BROKERAGE PRACTICES**

We endeavor to obtain the best execution for securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances (“Best Execution”). In selecting brokers, FAM seeks the best combination of price and quality of execution services, after considering the factors that may impact the transaction. These factors include, among others, the particular expertise of the broker with respect to the size or type of transaction, the nature and character of the relevant markets on which the transactions will be

executed, and the broker's execution capabilities, research capabilities, quality of market information provided, settlement capabilities. We do not consider whether we receive referrals from a broker-dealer or third party in selecting a broker.

### **Directed Brokerage**

FAM does not engage in directed brokerage arrangements, unless instructed to do so by a client.

### **Soft Dollar Arrangements**

FAM may select broker-dealers that furnish FAM with proprietary or third-party brokerage and research services (collectively, "brokerage and research services") that provide, in FAM's view, lawful and appropriate assistance to FAM in the investment decision-making process. As a result, FAM may pay for such brokerage and research services with soft dollars or client brokerage commissions. The types of brokerage and research services that FAM may acquire with soft dollars or client brokerage commissions may include: (a) research and advisory services, (b) economic and political analysis, (c) portfolio analysis, including valuation and performance measurement, (d) market analysis, (e) special execution capabilities, (f) clearance and settlement, (g) online pricing, (h) block trading and positioning capabilities, (i) willingness to execute difficult transactions in the future, (j) online access to data regarding clients' accounts used for investment decision-making purposes, (k) market information data, (l) advice, (m) technical data, (n) efficiency of execution and error resolution, (o) quotation services, (p) the availability of stocks to borrow, (q) custody, and (r) payment of certain expenses used for investment decision-making purposes, such as newswire and data processing charges, quotation services, and subscription fees to specialized publications.

When FAM uses soft dollars or client brokerage commissions to obtain brokerage and research services, FAM receives a benefit because FAM does not have to produce or pay for the brokerage and research services itself. As a result, and as permitted by applicable law, FAM will have an incentive to select or recommend a broker-dealer based on FAM's interest in receiving the brokerage and research services from that broker-dealer, rather than solely on its clients' interest in receiving the best price. However, when selecting broker-dealers that provide brokerage and research services, FAM is obligated to determine in good faith that the "commissions" to be paid to broker-dealers are reasonable in relation to the value of the brokerage and research services they provide to FAM. The reasonableness of these commissions will be viewed in terms of the particular transactions or FAM's overall responsibilities to clients over which it exercises investment discretion, even though that broker-dealer itself, or another broker-dealer, might be willing to execute the transactions at a lower commission. Accordingly, transactions will not always be executed at the lowest available price or commission and FAM may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

Brokerage and research services may be used to service any or all clients, including clients that do not pay commissions to the broker-dealer relating to the brokerage and research service arrangements. As a result, brokerage and research services (including soft dollar benefits) may disproportionately benefit some clients relative to other clients based on the relative amount of commissions paid by the clients. For example, research that is paid for through one client's

commissions may not be used in managing that client's account, but may be used in managing other accounts. In this connection, brokerage and research services obtained through commissions paid by a client or clients whose accounts are managed by a particular portfolio manager within FAM may be shared freely with, and used partially or exclusively by, other portfolio management personnel within FAM. FAM does not attempt to allocate soft dollar benefits proportionately among clients or to track the benefits of brokerage and research services to the commissions associated with a particular account.

### **Trade Aggregation and Allocation**

FAM may manage investment accounts with similar investment styles and strategies. As a result, if an investment transaction is appropriate for more than one client, FAM may attempt to aggregate trades for the accounts and perform one trade or a block trade and allocate pro-rata.

Generally, trades are allocated on a pro-rata basis. However, where this is not feasible, FAM monitors such allocation with the objective of fair and reasonable treatment of clients generally over time. In determining whether an allocation is fair and equitable, FAM considers account specific factors such as, availability of cash, liquidity needs of the account, risk/return profile of the account, exposure to the security, sector, or industry and whether the account is participating in specialized strategies.

The fairness of trade allocation depends on the facts and circumstances involved, including, but not limited to, the client's investment criteria, account size, and the size of the order. FAM generally allocates trades on a pro-rata basis to all appropriate investment accounts, subject to certain exceptions such as de minimis orders. However, pro-rata allocations may not always be feasible and FAM may determine to allocate investment opportunities, either in part or in whole, using another methodology. In addition, FAM also may exclude certain accounts from an allocation if the size of the allocation, if made on a pro-rata basis, would not satisfy certain minimum size thresholds established by FAM or a client.

## **ITEM 13: REVIEW OF ACCOUNTS**

We review and evaluate our clients' investment objectives and performance on a quarterly basis. We also review our strategies to ensure compliance with investment objectives and restrictions. Reviews are primarily conducted by the relevant portfolio manager and may periodically be conducted by an investment committee consisting of FAM's key investment personnel.

The managed accounts' respective independent qualified custodians are responsible for producing account statements in regular periods and are distribute directly to our investors. These account statements and reports typically include a listing of portfolio investments.

FAM may produce and distribute written reports for clients in accordance with the terms defined in the clients' investment management agreement. These reports include various financial data and information. Similar data may also be used in written presentations and other client reporting, which are produced and distributed on an ad hoc basis.

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

Neither FAM nor a related person of FAM, directly or indirectly, compensates any person who is not our “supervised person” (as defined in the glossary of terms to SEC Form ADV) for client referral. Should FAM determine to enter into a solicitation arrangement for client referrals, FAM will disclose the arrangement in writing as required by Rule 206(4)-3 under the Advisers Act and will comply with any other applicable requirements of the Rule.

No person, other than our clients, provides us with an economic benefit for providing advisory services to our clients.

## **ITEM 15: CUSTODY**

FAM does not accept or maintain physical custody of client assets. Client assets are held in custodial accounts with qualified custodians typically retained by our clients under arrangements negotiated by them. FAM is not permitted under Hong Kong regulation to accept or maintain custody of investor assets. However, FAM may be deemed to have custody of the clients' assets under Rule 206(4)-2 of the Advisers Act (the "Custody Rule") solely because of its authority to access these assets. We do not physically hold client assets and instead maintain them with a "qualified custodian" in accordance with the Custody Rule. Regardless of whether FAM does or does not have constructive custody of client assets, investors will receive account statements from the qualified custodian periodically, as well as audited financial statements annually. Investors should carefully review this information.

## **ITEM 16: INVESTMENT DISCRETION**

For some clients, FAM intends to serve in an advisory capacity with discretionary trading authority. Clients may grant FAM such discretionary trading authority by way of their investment management agreement or similar agreement with FAM. Our investment decisions and advice with respect to each client are subject to each client's investment objectives and guidelines, which may include restrictions and limitations, as set forth in the investment guidelines, investment management agreement or similar agreement.

## **ITEM 17: VOTING CLIENT SECURITIES**

FAM has adopted a written proxy voting policies and procedures (the "Proxy Policy") as required under the Advisers Act. In addition to covering the voting of equity securities, the Proxy Policy also applies generally to voting or consent rights of fixed income securities, including but not limited to, plans of reorganization, and waivers and consents under applicable indentures.

FAM may accept instructions or direction from its clients on how to vote proxies. In its discretion, FAM may choose not to vote on a particular proxy. FAM may determine not to vote a proxy if: (1) the effect on the applicable account's economic interests or the value of the portfolio holding is insignificant in relation to the client account's portfolio; (2) the cost of voting the proxy outweighs the possible benefit to the applicable client account, including, without limitation, situations where a jurisdiction imposes share blocking restrictions that may affect the ability of the portfolio managers to effect trades in the related security; or (3) FAM otherwise has determined that it is consistent with its fiduciary obligations not to vote the proxy.

When FAM determines it will vote a certain proxy, it will do so in a manner that it believes will be consistent with efforts to maximize the value of the investments of its clients. With respect to each proxy received, FAM considers the financial implications of the proxy proposal and makes voting recommendations. FAM considers each proposal regarding a fixed income security on a case-by-case basis taking into consideration any relevant contractual obligations as well as other relevant facts and circumstances at the time of the vote.

Generally, FAM will exercise any voting rights in its discretion unless we have received and accepted specific written instructions from our clients. Subject to the terms of the investment management agreement, FAM will have full discretionary authority in connection with any corporate action relating to the clients' accounts, which requires discretionary action by the clients, to take any action as FAM deems in the best interest of the clients. A copy of FAM's Proxy Voting Policy is available upon request.

## **ITEM 18: FINANCIAL INFORMATION**

FAM does not require or solicit the prepayment of fees, does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to any client and has never been the subject of a bankruptcy petition.

## **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

We are not registered or required to be registering with any state securities authorities.