

ITEM 1. COVER PAGE FOR PART 2A OF FORM ADV: FIRM BROCHURE



DISCLOSURE BROCHURE

November 15, 2012

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*This brochure provides information about the qualifications and business practices of Belle Haven Investments. If you have any questions about the contents of this brochure, please contact us at (203) 629-3323. Our website is [www.bellehaven.com](http://www.bellehaven.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Belle Haven Investments is a registered investment adviser with the Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training.*

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

## ITEM 2. MATERIAL CHANGES

We are filing an interim brochure amendment. The following describes material changes made to this brochure since the annual updating amendment filed March 31, 2012.

This amendment contains updated descriptions in: (i) Brokerage Practices (see Item 12 below) where we modified the disclosure regarding our trade allocation practices and (ii) proxy voting procedures (see Item 17 below), which describe certain situations where we would be required to vote proxies. In addition, we have made changes throughout the brochure to reflect the fact that we now act as a sub-advisor to a registered investment company and as a portfolio manager to a wrap program. We also inserted disclosure on our trade error policy under Other Conflicts and Risks and clarified our compensation in Item 5.E. You may request a copy of our current brochure at any time, which we will provide to you free of charge. If you would like to request a copy of our current brochure, please contact Mark Steffen at (203) 629-3323.

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## **ITEM 4. ADVISORY BUSINESS**

### **A. THE FIRM AND PRINCIPAL OWNERS**

Belle Haven Investments, L.P., ("the Firm") provides professional fixed income investment management services to our advisory clients. We also act as a sub-advisor for other investment advisors to provide their clients with these same services. The Firm also acts as sub-advisor to an investment company registered under the Investment Company Act of 1940 and may act as a portfolio manager for one or more wrap fee programs. The Firm's principal owners are Matt Dalton and Mark Steffen.

### **B. TYPES OF SERVICES OFFERED**

#### **SEPARATELY MANAGED ACCOUNTS**

We offer several fixed income strategies for separately managed accounts. We generally provide advice with respect to municipal securities.

We consult with clients and/or their representatives about the client's financial situation, investment objectives, any restrictions they may have and their tax situation. Investors choose a management strategy that we offer and may put restrictions on that strategy depending on their investment objectives. Accounts may be funded with securities, some of which may not be consistent with the strategy's objectives. Such securities will be sold in an orderly fashion to make the portfolio consistent with those objectives.

Once we purchase the fixed income securities for a client's portfolio, we monitor the activity in the client account on a regular basis. We will purchase and sell securities as the strategy dictates.

#### **BELLE HAVEN AGGRESSIVE MUNI FUND, L.P.**

We also provide discretionary investment advice to Belle Haven Aggressive Muni Fund, L.P. ("the Fund"). This is a private offering of limited partnership interests with a minimum initial investment of one million dollars (\$1,000,000) and minimum additional investments of one hundred thousand dollars (\$100,000). Belle Haven Capital Management, Inc. an affiliated company owned by our principal owners is the general partner (the "General Partner"). The Fund invests primarily in tax-exempt municipal securities with, on average, lower credit quality and longer duration (duration is a way to compare how different bonds will react to interest rate changes) than in our other fixed income strategies. From time to time, the Fund may invest in taxable securities as well as securities subject to the alternative minimum tax.

The Fund anticipates higher turnover than would typically be expected among separately managed individual portfolios. In addition, the Fund has the ability to trade derivatives, closed-end funds, and high dividend paying equities, as well as to employ leverage. We offer this investment to investors whose investment objectives match that of the Fund and only if such investors are "qualified clients," as defined under Rule 205-3 of the Investment Advisers Act of 1940.

#### **SUB-ADVISOR TO REGISTERED INVESTMENT COMPANY**

The Firm acts as a sub-advisor to the Transamerica Funds, an open-end investment company registered under the Investment Company Act of 1940. Specifically, the Firm provides sub-advisory services to the Transamerica Enhanced Muni Fund ("the Mutual Fund"), a separate investment portfolio of the Transamerica Funds represented by a separate series of shares.

### **C. LEVEL OF SERVICE OFFERED**

Generally, we manage client accounts in accordance with our strategies. We do allow separate account clients to impose restrictions, which are generally the maturity of a bond, the state of issuance or the sell/hold decision of a security used to fund an account.

For the Fund and the Mutual Fund, the investment guidelines are outlined in the offering documents. Investors may not impose any restrictions on the investment program.

#### **D. PORTFOLIO MANAGEMENT SERVICE TO WRAP FEE PROGRAMS**

We provide portfolio management services under a wrap fee program. We manage wrap fee accounts in the same manner as accounts not under a wrap fee program. Wrap fee accounts typically enter into an agreement with the wrap fee program sponsor and the sponsor enters into a sub-advisory agreement with us. As compensation for our services we receive a portion of the wrap fee paid to the wrap fee sponsor.

#### **E. ASSETS UNDER MANAGEMENT**

As of September 30, 2012, Belle Haven Investments had a total of \$1,229,687,062 in discretionary assets under management (AUM) and \$0 in non-discretionary assets under management.

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

#### **A. FEES AND COMPENSATION**

##### **SEPARATELY MANAGED ACCOUNTS**

We receive fees based on a percentage of assets under management. The fee table below describes the fees that you may pay if you have a separate account with us; however, fees may be negotiable.

The fee schedule is as follows:

Strategy	Fee for Direct Retail Accounts	Fee for Retail Accounts for Which Belle Haven Acts as a Subadvisor
Cash Management	0.50%	0.35%
Ladder PLUS	0.50%	0.35%
Muni PLUS	1.00%	0.75%
Taxable Ladder PLUS	0.50%	0.35%
Taxable PLUS	1.00%	0.75%

#### **BELLE HAVEN AGGRESSIVE MUNI FUND, L.P.**

For each limited partner, the management fee quarterly rate is 0.3125% (1.25% per year). The Fund does not charge a performance fee. We may waive all or any portion of the management fee with respect to any limited partner.

#### **TRANSAMERICA ENHANCED MUNI**

Fees for sub-advisory services provided to the Transamerica Enhanced Muni Fund are negotiated between the Firm and the principal advisor for the Mutual Fund and the fees are set forth in the sub-advisory agreement between the advisor and the Firm. Our fee is a component of the total advisory fee

paid by an investor in the Mutual Fund. Additional details about the fees charged to an investor in the Mutual Fund are available in the Mutual Fund prospectus.

## **B. METHOD OF CALCULATION AND PAYMENT**

We deduct client fees from their assets. Fees may be in advance or in arrears based upon the terms of the client agreement. We generally bill clients quarterly. In the case where we act as sub-advisor to the Mutual Fund, we receive our fee monthly in arrears.

## **C. OTHER FEES AND EXPENSES**

Generally, accounts for which Pershing, LLC ("Pershing") is acting as custodian, are charged a per trade transaction fee to cover transaction charges and other miscellaneous charges that we incur. For a small number of accounts for which Pershing is acting as custodian, the management fees outlined above include the investment management fee as well as transaction charges and other miscellaneous fees. For those accounts held at a custodian other than Pershing, the client pays the transaction fee described above as well as custodial charges associated with being held away from Pershing. Therefore, clients that do not use Pershing as the custodian may pay more in overall fees than clients that use Pershing as the custodian. Transaction fees may be negotiable.

At times, client assets are held in a money market fund or a mutual fund until portfolio investments have been completed. In those cases, the client will be charged some or all of the following fees associated with such an investment.

1. Mutual fund or money market 12b-1;
2. Sub transfer fees;
3. Fund or money market management fees and administrative expenses;
4. Mutual fund transaction fees;
5. Certain deferred sales charges on previously purchased mutual funds transferred into the account;
6. IRA and qualified retirement plan fees; and
7. Other charges required by law.

We and our representatives do not share in these fees. The investment management agreement states the expenses that are to be paid by each party.

Our broker-dealer executes transactions on an agency basis for our advisory clients. We do not charge any commissions to the client. Please refer to Item 12 of this brochure that discusses brokerage.

## **D. PREPAYMENT OF FEES**

If a client agreement is terminated prior to the end of the billing period and fees are paid in advance, the client will receive a pro-rated refund of fees based upon the number of days remaining in the billing cycle.

## **E. OTHER COMPENSATION**

1. We do not accept commissions or markups for transactions in the Firm's advisory accounts. We execute securities transactions on behalf of brokerage clients who may also be our advisory

clients. In such brokerage transactions, we receive commissions, or markups, that are considered compensation from our clients.

2. We generally do not receive any compensation other than advisory fees from our advisory clients in their status as advisory clients. In certain circumstances, dependent upon the clearing status of the contra parties, transaction charges paid by clients may exceed the transaction charges paid by the Firm. This is not a material source of income to the Firm; therefore, we do not believe it creates an incentive for the Firm to increase its trading activity for advisory accounts.

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

Neither we nor our supervised persons charge performance-based fees on client accounts.

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

We currently provide investment advice to individuals, high net worth individuals, pension plans, registered investment companies, charitable organizations, business organizations, religious organizations, insurance companies, educational institutions and the Fund.

We have a minimum opening investment for our separately managed accounts of two hundred fifty thousand dollars (\$250,000) and one million dollars (\$1,000,000) for the Fund. We have discretion to modify the minimum amount requirements.

We are also engaged by other investment advisors as a sub-advisor to manage separately managed accounts for their clients and a portfolio manager to wrap fee programs.

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

### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

For our fixed income strategies, we use an investment approach based on: security selection, diversification, trade execution and credit monitoring in building portfolios that match each investor's risk tolerance and investment objectives. We actively manage portfolios in terms of duration and credit to ensure they match the client's investment profile. We also look for opportunistic trades in portfolios to enhance investment returns.

We currently specialize in municipal bond investing. Like all investments, municipal bonds involve different levels of risk, including the potential to lose some or all of the money you invest, so you should be prepared for this possibility.

### **B. MATERIAL RISKS ASSOCIATED WITH MUNICIPAL SECURITIES**

1. We offer several fixed income strategies for separately managed accounts that primarily invest in municipal securities. Risks associated with fixed income investments, investments in general and municipal fixed income investments are described below.

#### **a. Credit Risk**

The financial soundness of an issuer (borrower) is often measured by a credit rating agency such as Standard & Poors, Moody's or Fitch. The rating agencies attempt to measure the ability of an issuer to pay the interest and principal payments on their debt.

Typically, the higher the issuer's credit rating the lower the expected investment return will be.

**b. Liquidity Risk**

Liquidity risk is the risk that there may be limited buyers for a security when an investor wants to sell. Typically, this results in a discounted sale price in order to attract a buyer. Bonds that are lower quality generally have higher liquidity risk.

**c. Default Risk**

A default occurs when an issuer fails to make payment on a principal or interest payment.

**d. Event Risk**

Event risk is difficult to predict because it may involve natural disasters such as earthquakes or hurricanes, as well as changes in circumstance from regulators or political bodies.

**e. Political Risk**

Political risk is the risk associated with the laws of the country, or to events that may occur there. Particular political events such as a government's change in policy would restrict the flow of capital.

**f. Market Risk**

Market risk refers to the bond market as a whole declining, causing the value of all securities to decline regardless of the individual characteristics of a particular security.

**g. Duration Risk**

Duration is a way to measure a bond's price sensitivity to changes in interest rates. The duration of a bond is determined by its maturity date, coupon rate and call feature. Duration is a way to compare how different bonds will react to interest rate changes. If a bond has duration of five (5) years it means that the value of that security will decline by approximately five percent (5%) for every one percent (1%) increase in interest rates.

**h. Inflation Risk**

Inflation is the decline in the purchasing power of a dollar, meaning today's dollar will buy less tomorrow. In other words, the purchasing power of a bond's future interest and principal payments will be reduced. Typically, in an inflationary environment interest rates will rise as well, causing the value of bond holding to decline.

**i. Interest Rate Risk**

Interest rate risk refers to the relationship between the value of a bond and changing interest rates. A rise in interest rates will cause a decline in the value of a bond holding.

**j. Reinvestment Risk**

Reinvestment risk is the risk that future interest and principal payments may be reinvested at lower yields due to declining interest rates.

**k. Tax Risk**

For municipal bonds, depending on the client's state of residence, the interest earned



on certain bonds may not be tax-exempt at the state level.

**l. Disclosure Risk**

The amount of public information available on municipal bonds is generally less than that for corporate bonds or equities.

**m. Regulatory Risk**

Market participants are subject to rules and regulations imposed by one or more regulators. Changes to these rules and regulations could have an adverse effect on the value of an investment.

2. There are inherent risks associated with investments in pooled investment funds. For risks associated with an investment in the Fund please refer to the Fund offering documents for a detailed disclosure of these risks.

**C. MATERIAL RISKS ASSOCIATED WITH CERTAIN SECURITIES**

See Item B. above

**ITEM 9. DISCIPLINARY INFORMATION**

Belle Haven Investments, L.P., has two divisions: its SEC registered investment advisory unit and its broker-dealer unit.

The investment advisory unit has not been the subject of any disciplinary or legal actions.

Belle Haven's broker-dealer unit has been the subject of the following reporting and administrative disciplinary events:

In 2005, without admitting or denying the allegations or findings of the National Association of Securities Dealers ("NASD"), we consented to the imposition of a censure and a fine in the amount of twenty-five thousand dollars (\$25,000) in connection with (i) late reporting of two hundred ninety-nine (299) corporate bond transactions to NASD and (ii) our receipt of customer checks made out to Belle Haven that we then forwarded to our clearing firm.

The late trade reporting violation is based upon the requirement that broker-dealers are required to report fixed income transactions to the Financial Industry Regulatory Authority ("FINRA") within a prescribed time period. The customer checks violation is based upon the fact that the SEC rules require checks to be made out to the clearing firm rather than to Belle Haven. All checks made out to Belle Haven were promptly forwarded to the clearing firm.

In 2009, without admitting or denying the allegations or findings of FINRA, we consented to the imposition of a censure and a fine in the amount of thirty-two thousand five hundred dollars (\$32,500) in connection with the following:

1. From 2006 to 2008, for failure to report five hundred and twenty-four (524) trades to the Municipal Securities Rulemaking Board's ("MSRB") RMRS systems and for supervisory failures associated with this failure to report.

The late trade reporting violation is based upon the requirement that broker-dealers trading in municipal securities are required to report municipal transactions to the MSRB within a prescribed period of time.

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

## AFFILIATIONS

### A. BROKER DEALER AFFILIATIONS

We are a registered broker-dealer. Management persons hold various FINRA licenses.

### B. COMMODITY FUTURES AFFILIATIONS

We and our management persons are not registered and do not have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of these entities.

### C. OTHER AFFILIATIONS

1. We are registered with the SEC and FINRA as a broker-dealer that deals primarily in fixed income securities on behalf of our advisory clients and certain institutional brokerage customers. We do not maintain an active inventory for the broker-dealer. Some advisory clients of Belle Haven Investments, L.P. also have separate brokerage accounts. In order to avoid any conflict, we execute brokerage transactions for brokerage customers only on an unsolicited basis. We have procedures to monitor the execution quality of these brokerage transactions. The following management persons spend the stated percentage of time on the activities of our broker-dealer:

Matthew Dalton, CEO – fifteen percent (15%);

Mark Steffen, CCO – twenty percent (20%); and

Stephen Schum, CFO – ten percent (50%).

While these persons do devote some time to the broker-dealer, we believe that the time spent by these management persons does not impact the effectiveness of the advisory services that they provide. In addition, a substantial portion of the time spent on broker-dealer activities by these management persons is devoted to transactions involving our advisory clients.

2. Our qualified clients may invest in the Belle Haven Aggressive Muni Fund, L.P. This is a private offering of limited partnership interests. Belle Haven Capital Management, Inc., an affiliated company, serves as the General Partner. The Fund invests primarily in tax-exempt municipal securities with, on average, lower credit quality and longer duration than in the other fixed income strategies outlined above. The Fund strategy pays a higher management fee than any of the separate account strategies. We address this potential conflict by conducting a detailed review of the client's risk tolerance and suitability and recommend the appropriate strategy in accordance with that evaluation, without regard to the fees we may earn.

### D. RECOMMENDATION OR SELECTION OF OTHER INVESTMENT ADVISORS

We do not recommend or select other investment advisors for our clients or receive compensation directly or indirectly from any advisors that creates a material conflict of interest.

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

### A. SUMMARY OF CODE OF ETHICS

We have adopted a Code of Ethics and Insider Trading Statement ("Code") that describes the standards of conduct required from employees, including the protection of material non-public information

related to publicly traded companies. The Code requires that all of our supervised persons comply with applicable securities laws. The Code also includes provisions that require any supervised person to report any violations of the Code promptly to our Chief Compliance Officer, and to other persons designated from time to time. Each supervised person receives a copy of the Code, including any amendments, and acknowledges such receipt in writing.

The Code requires all access persons to pre-clear certain personal securities transactions with a designated principal of the Firm. Access persons are also required to report, and compliance staff to review, all personal securities transactions no less frequently than quarterly. Access persons are required to file initial holdings reports that disclose all of their securities holdings when they first become access persons and annual holdings reports and quarterly transactions reports once we employ them.

A copy of our Code of Ethics is available upon request by contacting Mark Steffen at (203) 629-3323.

#### **B. RECOMMENDATIONS TO THE CLIENTS OF SECURITIES IN WHICH WE HAVE A BENEFICIAL INTEREST**

We may offer certain clients the opportunity to invest in the Fund. This is a private offering of limited partnership interests whose General Partner is an affiliated company, Belle Haven Capital Management, Inc. We may recommend this opportunity to those clients whose investment objectives match that of the Fund and only if such an investor is a "qualified client," as defined under Rule 205-3 of the Investment Advisers Act of 1940. A conflict of interest exists because the General Partner of the Fund is owned by our principal owners. Therefore, indirectly, we have a financial interest in the Fund. In addition, the fee structure for the Fund is higher than the fee structure for other clients, making it more profitable for us to place investors in the Fund.

We address this conflict by having a policy to manage all advisory accounts in a manner that maximizes investment performance within the investment guidelines of each account, without regard to the differences in fees that we may earn. Also, we are committed to recommending the most suitable investment programs to clients based on the clients' objectives without regard to different fee structures. Supervisory personnel monitor the account portfolios and the performance of those portfolios on a regular basis to ensure that they are being managed in accordance with those guidelines.

#### **C. INVESTING IN THE SAME SECURITIES AS CLIENTS**

We do not permit our employees to trade in the same securities as those held by clients.

#### **D. RECOMMENDING SECURITIES TO CLIENTS AND TRADING IN THOSE SECURITIES**

See Item 11(C) above for personal trading conflicts.

### **ITEM 12. BROKERAGE PRACTICES**

#### **A. FACTORS IN BROKER SELECTION**

Belle Haven has the authority to select brokers or dealers to execute securities transactions on behalf of the client, including the authority to select Belle Haven in its capacity as a broker-dealer. Belle Haven normally acts as broker-dealer for client transactions subject to its duty to provide best execution. In these transactions, Belle Haven does not charge commissions, mark-ups or mark-downs on such trades.

Belle Haven uses its best efforts to obtain the best available price and most favorable execution with respect to all portfolio transactions executed on behalf of its clients. "Best available price and most favorable execution" is defined to mean the execution of a particular transaction at the price and

commission that provides the most favorable total cost or proceeds reasonably obtainable under the circumstances.

We believe we can provide quality execution due to the broad market access provided to us as a broker-dealer and the fact that we do not charge commissions, mark-ups or mark-downs on transactions. We have the ability to direct trades to other broker-dealers in any case where we believe that we are not able to obtain quality execution.

Also, please see our discussion under Item 8(A) regarding details on our trading process.

We conduct a periodic systematic review of the execution quality of our client trades.

**1. Research and Other Soft Dollar Benefits**

Our clients do not pay us commissions, markups or markdowns on trades. We do not use client funds to purchase research or other products or services.

**2. Brokerage for Client Referrals**

We do not receive client referrals in exchange for directing brokerage business.

**3. Directed Brokerage**

Clients are not permitted to direct trades to another broker-dealer.

**B. AGGREGATING THE PURCHASE OR SALE OF SECURITIES FOR CLIENT ACCOUNTS**

In certain instances we purchase securities suitable for one or more of our investment strategies in smaller sizes, referred to in the industry as odd lots, to take advantage of the pricing benefit of odd lots in the fixed income markets. An odd lot of bonds is a lot of a specific bond whose par value is less than one hundred thousand dollars (\$100,000). Because of this approach each individual purchase generally will not be adequate to fill the portfolio requirements of all the accounts. Bonds are acquired based on various criteria and then allocated to the client account(s) that we believe are most suitable for such a security based on the allocation procedures listed below.

We may also purchase securities suitable for one or more of our investment strategies in round lots of greater than one hundred thousand dollars. Each individual round lot purchase may not be adequate to fill the portfolio requirements of all the accounts. Bonds are acquired based on various criteria and then allocated to the client account(s) that we believe are most suitable for such a security based on the allocation procedures listed below. There may be instances when a suitable account does not receive an allocation.

**PRE ALLOCATED TRADES**

Investment decisions to buy or sell certain securities for a particular account are dependent upon many factors, including, but not limited to the client's investment objective, cash needs or availability, tax considerations, target duration and credit quality. These considerations may result in a portfolio manager targeting certain securities for purchase or sale for an account(s) prior to the trade execution. These transactions will not go through the allocation process below but rather will be allocated to the account(s) for which the order was placed on a pre trade basis. In the instance that the order is not filled the bonds will be allocated on a pro rata basis unless the pro rata allocation violates a portfolio mandate in which instance the portfolio manager will use his discretion to allocate in the most equitable manner

**PURCHASE ALLOCATION PROCEDURES**

We first determine the appropriate strategy(s) for a particular purchase based on the bonds' characteristics. We then allocate, at our discretion, among accounts determined to be eligible, using a quantitative allocation system which utilizes several portfolio characteristics, a main part of which would be available cash on hand (so that the client that has the highest percentage of cash on hand relative to the value of the client's portfolio would get an allocation of securities first). Other characteristics would include average coupon (interest rate) of the portfolio, duration (duration is a way to compare how different bonds will react to interest rate changes), state of origin as well as the bonds maturity and rating. Our goal in allocating securities in this quantitative manner is to treat all accounts fairly. Given the varying nature of investment objectives and restrictions, exceptions to this quantitative approach will occur. In these instances we will use our discretion to allocate in a fair and equitable fashion in accordance with a particular investment mandate.

#### **ALLOCATIONS FOR MUTUAL FUND TRANSACTIONS**

In the case where the Mutual Fund would participate with other clients of the Firm in an allocated trade, the allocation methods described above would apply, with the Mutual Fund being treated as another client in the allocation protocol.

In the instance where the Mutual Fund would participate in a pre allocated trade with other clients and the order is not filled, the Mutual Fund will receive its pro rata share of the executed trade.

#### **SELLING ALLOCATION PROCEDURES FOR ALL STRATEGIES**

Generally the sale of a security is a pre allocated trade as described above for a specific account. In the instance that a security is sold for an opportunistic or restructuring purpose and that security is held across multiple accounts we allocate the sale at our discretion among accounts, giving priority to clients with the lowest cash balance. Consideration is also taken to match the order size of the sale to the portfolio holdings in an effort to allocate in the most cost efficient and equitable manner. At times odd lots may be less liquid than round lots potentially resulting in a lower sale price. In addition should the firm have to use another broker dealer to liquidate a position there may be an additional cost as a result of the mark up charged by the other broker dealer.

#### **ALLOCATIONS BETWEEN SEPARATE ACCOUNTS AND THE BELLE HAVEN AGGRESSIVE MUNI FUND**

Belle Haven Aggressive Muni Fund invests primarily in tax-exempt municipal securities with, on average, lower credit quality and longer duration (duration is a way to compare how different bonds will react to interest rate changes) than in the other municipal income strategies outlined above. As a result, generally, bonds that would be suitable for the Fund would not be suitable for the separate account strategies. On the rare occasions where bonds would be suitable for both separate accounts and the Fund, the allocation methods described above would apply, with the Fund being treated as another client in the allocation protocol

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

### **A. PERIODIC REVIEW OF CLIENT ACCOUNTS**

A portfolio management team member reviews all new, separate account paperwork when received to ensure that we can meet client investment objectives/guidelines. If we can meet them, an authorized signer signs off on the new account paperwork.

A portfolio management team member reviews all accounts at least quarterly. Among items being reviewed are economic, investment and market conditions that might require changes in strategy or

portfolio holdings. In addition, we are also looking for unusual losses or gains, realized or unrealized, any unsuitable transactions, and to confirm that the portfolio is properly aligned with client objectives and guidelines.

## **B. REVIEW OF CLIENT ACCOUNTS ON OTHER THAN PERIODIC BASIS**

A variety of factors will determine reviews in addition to the periodic account reviews discussed above. These would include, (but also may include other factors): contributions to or withdrawals of cash from an account; a change in the investment objectives or restrictions on an account; and client requests, such as for tax-loss selling or information regarding performance or structure. A portfolio management team member reviews all transactions in an account on a daily basis.

## **C. CONTENT AND FREQUENCY OF CLIENT REPORTS**

The client, or someone the client designates, receives a confirmation of each transaction directly from the custodian. Clients also receive statements directly from the custodian at least quarterly. In addition, we provide clients, upon their request, a quarterly portfolio valuation report containing cash balances; type, name and amount of each security; and the current market value of the portfolio. We may send these reports electronically to the client or print and send them by regular mail.

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

## **A. ECONOMIC BENEFITS FROM THIRD PARTIES**

We do not receive an economic benefit for providing investment advice from anyone other than clients.

## **B. COMPENSATION TO THIRD PARTIES FOR REFERRALS**

We compensate persons who are not supervised persons for client referrals. We act as a sub-advisor to other advisors who recommend our services to their clients. In consideration of the fact that these advisors provide a high volume of referrals, their clients will generally pay a lower advisory fee to us than those clients that are our direct clients. This arrangement could be viewed as compensating those advisors for referring clients to us, as they are indirectly benefiting from the reduced fees paid by their clients. In addition, because of this referral arrangement, certain of our clients are paying lower fees than other clients who are invested in the same strategy.

We also have solicitor's arrangements whereby we pay a portion of the management fee we earn to solicitors for referring clients. Clients who are solicited are provided a solicitor's disclosure document at the time of initial contact by the solicitor as well as Belle Haven's Form ADV, Part 2A. Clients are required to acknowledge the receipt of both of these documents.

# **ITEM 15. CUSTODY**

We do not maintain physical custody of client funds and securities for separately managed accounts. However, we are considered to have custody because we have the authority to withdraw advisory fees directly from client accounts rather than billing clients. For the Fund, we are considered to have custody because our affiliate can direct the movement of funds and securities. Investors in the Fund receive annual audited financial statements within 120 days of the Fund's fiscal year end.

All of our clients receive monthly or quarterly account statements directly from the custodian. Clients should carefully review the account statements they receive from the custodian. If we send statements to clients, we note on such statements that clients are urged to compare the statements that they receive from their custodians to those that they receive from us.

## ITEM 16. INVESTMENT DISCRETION

Our separately managed account clients must sign a discretionary investment management agreement before we will manage their accounts. The investment management agreement gives us the right to choose both the amount and type of security to be traded within a specified investment strategy selected by the client. In some cases, the client may also select a custom strategy. Clients are permitted to require certain reasonable restrictions on this discretionary authority. Any restrictions are usually the result of tax issues or the particular state where a client lives. We document restrictions in the investment management agreement or other new account documentation.

For the Fund, investment discretion is granted to us through the offering documents and the partnership agreement.

For the Mutual Fund, investment discretion is granted to us through the subadvisory agreement with the Mutual Fund Adviser.

## ITEM 17. VOTING CLIENT SECURITIES

We do not vote proxies on behalf of our separately managed account clients.

The Firm does have the obligation to vote proxies for securities held in the Fund and the Mutual Fund.

Under Section 206(4)-6 of the Advisers Act, the Firm has implemented written policies and procedures governing its proxy voting activities. The Firm's written policy requires it to vote proxies in the best interest of clients. However, the policy permits the Firm to abstain from proxy votes when: (i) in the reasonable opinion of the Firm, the outcome of the vote most likely will not be determined by how the Firm may vote and thus the cost of voting appears to exceed the potential benefit to clients; or (ii) the subject of the vote does not appear likely to have a material impact on the value of the investment held by clients.

The Firm recognizes that from time to time there may be a conflict of interest or potential conflict of interest between itself and clients with respect to the voting of proxies of certain companies and has developed a mechanism for identifying and addressing such conflicts. If the Firm determines that a material conflict exists between the Firm's interest and the client's interest, it will maintain documentation evidencing the resolution, which may include a recommendation from an independent third party.

Clients may contact the Firm's CCO at (203) 629-3323 for a copy of the proxy policy and information with respect to how the Firm voted a proxy.

## ITEM 18. FINANCIAL INFORMATION

We do not have any financial condition to disclose that is likely to impair our ability to meet our contractual commitments to our clients. We have never been the subject of a bankruptcy petition.

## OTHER CONFLICTS AND RISKS

### VALUATION

We have a duty to ensure that client portfolios are valued properly.

There is a conflict of interest for us because the compensation we earn on advisory accounts is based on assets under management, so we have an incentive to assign a higher value to client portfolios. We address this conflict by using several pricing sources and identifying the difference in pricing between those sources for securities. When the pricing differential is above a certain threshold, we have an

objective method of assigning the value to the security without regard to whether the assigned value would result in a higher or lower fee to us.

### **ADVERTISING, MARKETING AND PERFORMANCE PRESENTATION**

We have duty to ensure that all advertising, marketing and performance presentation is in compliance with SEC rules, regulations and other regulatory pronouncements as well as in accordance with our policies and procedures.

A conflict exists because we could want to present advertising and marketing material that shows us in the most favorable light. We address this conflict by having a review process in place so that a principal reviews all marketing material prior to distribution to ensure compliance with all SEC and Firm requirements.

### **CROSS TRADES**

When we determine that an account we manage needs to liquidate securities, we may sell the securities to another advisory client in need of securities of the same type that are being liquidated when such transaction benefits both accounts.

A conflict exists when such transactions take place because there are instances where such trades would favor the buyer in the cross trade.

When a client wants to sell bonds, we bid on those bonds on behalf of our advisory clients using the same bidding standards that we use for bidding on bonds in the market from third parties. If we are the highest bidder, we may buy the bonds on behalf of our advisory clients. If a bid from a third party is higher than ours, we may sell to the highest bidder. Our decision regarding the execution of trades on behalf of clients who are selling bonds is in accordance with our duty of best execution.

We do not receive compensation for such internal cross trades other than our normal advisory compensation as set forth in the client advisory agreement.

### **Trade Errors**

On occasion, a trading error may occur in a client account that results in a loss or a profit to the client.

1. If the Firm caused the error and the error resulted in a loss to the client's account, the Firm corrects the error to place the client in the same position as if the error had not occurred.
2. If the Firm caused the error and the error resulted in a profit to the client account the profit is retained by the client.
3. If the error is not caused by the Firm, the party that caused the error is responsible to correct the results of the error.