



Eagle Rock Institutional, LLC

**128 Bridge Street, Suite 101
PO Box 382
Rancocas, NJ 08073
Tel: (609) 642-4200
Fax: (609) 514-0330**

FIRM BROCHURE (PART 2A OF FORM ADV)

This Brochure provides information about the qualifications and business practices of Eagle Rock Institutional. If you have any questions about the contents of this brochure, please contact us at the number above.

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. Additional information about Eagle Rock Institutional is available on the SEC's website at www.adviserinfo.sec.gov. Registration with SEC or any state authority does not imply any particular level of skill or training.

April 3, 2018

ITEM 2. MATERIAL CHANGES

In this Item 2, we are required to identify and discuss all material changes since our last annual update of Part II of Form ADV, or to include these changes in a separate document accompanying this Brochure.

This section will be amended annually, as necessary, to identify and discuss material changes to the Brochure since the previous release of the Brochure.

Eagle Rock Institutional, LLC applied for SEC registration on April 3, 2018. Our CRD number is 294979. This brochure is written assuming the SEC will approve our application. This document will be updated as soon as information becomes available.

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ITEM 4. ADVISORY BUSINESS

Eagle Rock Institutional, LLC (“Eagle Rock” or “ERI”) is an investment adviser that is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Eagle Rock was organized as a limited liability corporation in the state of Delaware in February 2018 to offer fixed income investment solutions to institutional clients. The firm focuses on investing across multiple asset classes including high yield bonds, bank debt (floating rate securities), investment grade bonds, agency and nonagency mortgage backed securities. The principals of the firm are Thomas Wojczak, Anita Sood and Eagle Rock Wealth Management, LLC. The majority principals of Eagle Rock Wealth Management, LLC are Akin Ayodele, Anita Sood and Joy Sheehan.

Eagle Rock provides investment advisory and management services to registered open-end investment companies (“Registered Funds”) and via separately managed account arrangements to larger investors (including insurance companies, corporations and special purpose entities) upon request.

Registered Funds

Eagle Rock intends to serve as sub-advisor to registered open-end investment companies. Investors should read the prospectus carefully before investing.

Each Fund is managed only in accordance with its own characteristics and is not tailored to any particular shareholder (each an “investor”). Details regarding the services provided to the Funds, and otherwise regarding the firm’s arrangements with the Funds, are set forth in the registration statement.

Separately Managed Accounts

For separate clients, ERI offers asset management services that consist of continuous and ongoing supervision over specified account(s). Each separate client enters into a written Investment Management Agreement to appoint Eagle Rock Institutional, LLC as the investment adviser with respect to an account. Each account consists only of assets held by a qualified custodian under the client’s name. This custodian maintains custody of all funds and securities in the account, and the client retains all rights of ownership (e.g., the right to withdraw securities or cash, and the right to exercise or delegate proxy voting).

Although ERI may delegate investment discretion to other unaffiliated advisors (“Sub-Advisors”); upon client request and/or approval, it will manage substantially all client assets directly.

Eagle Rock does not participate in wrap fee programs. As of March 14, 2018, Eagle Rock does not have managed assets to report.

ITEM 5. FEES AND COMPENSATION

Registered Funds

The terms and conditions of Eagle Rock's relationship with each Fund, including fees, services and termination provisions, are individually negotiated with the Trust's Board of Trustees (the "Board"). From time to time, ERI may voluntarily or contractually agree to limit the total annual fund operating expenses of a Fund. Each Fund's fees and expenses (including, as applicable, expense waivers or limitations) are described in greater detail in the registration statement. While fees and services are negotiable with the Board at the Fund level, investors in the Fund are each subject to a pro rata portion of the fees and expenses applicable to the class(es) of the Fund in which such investor owns interests.

Separately Managed Accounts

Fees for separately managed accounts are negotiable depending on the nature of the assets to be managed, the time that actual management is allowed and other factors.

Typically, management fees are paid quarterly in arrears based on the market value of assets under management at the end of each quarter and range from 0.45% to 2.0%. Clients may select to pay a flat fee which is paid monthly. Fees are prorated for the first quarter or month, based on the number of days under management. Clients with a separately managed account can select whether fees will be billed or deducted from their account.

All Eagle Rock clients will incur brokerage and other transaction related costs incurred with respect to transactions in their accounts. See **Item 12** for more information about Eagle Rock's brokerage practices.

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

Eagle Rock does not engage in or use any of these types of arrangements.

ITEM 7. TYPES OF CLIENTS

We provide investment advisory and management services to Registered Investment Companies and to institutional investors.

Eagle Rock Institutional, LLC serves, in a limited non-discretionary role for a corporate entity, whereby it stands ready to supervise the making of investments pursuant the written (or verbal) investment directions of such entity to the extent such entity may request assistance from time to time. Such arrangement is not reflected in listings of number of clients or assets under management.

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

Investing in securities involves risk of loss that clients should be prepared to bear. We strive to reach the best asset allocation for each of our clients; however, we cannot guarantee that our investment advice will lead to successful results.

Our standard investment strategies:

Eagle Rock employs a regimented investment strategy that focuses on creating value through selectively choosing assets for inclusion in the portfolio based on disciplined asset selection and looks to maintain the value of those investments through proactive portfolio management. Our managers have the experience of managing assets over several economic cycles and have developed strong relationships with transaction originators and active financial sponsors.

Our general investment strategy ordinarily employs a five-step investment selection and monitoring process that incorporates both qualitative and quantitative considerations with the goal of the preservation of capital. The team members consider preservation of capital as essential and strong credit analysis and evaluation skills are the foundation of their asset selection process. Thorough and continual analysis of issuer viability is the best way of preserving capital through business and economic cycles. We employ a pro-active portfolio management approach to asset selection and pursue both a “top down” industry view and a “bottom up” individual credit analysis and selection to maximize income and minimize losses. Credit analysis focuses on analyzing macroeconomic, industry and company specific information, utilizing outside research and internally generated opinions for ideas and information. The credit analysis process includes assessing the business model, cash flow, liquidity, firm valuation and management in our asset selection process in order to identify the best investments. Historical financial analysis and sensitivity case analysis of projections are also part of the process.

For actively managed portfolios Eagle Rock maintains a disciplined approach to creating portfolio diversification, utilizing both internal proprietary systems and external systems, in addition to active credit monitoring and portfolio management. The objective is being able to anticipate and identify potential problems and issues that may develop with our investments before they occur in order to take quick action and maximize recovery. This practice has resulted in the ability to avoid default related losses and obtain higher recoveries.

Common sub-strategies (specific sub-strategies depend on a client’s investment management agreement and client arrangements):

A commonly employed objective is to provide both current income and capital appreciation. In such a case, Eagle Rock will often pursue its client’s objectives by

investing primarily in the following categories of securities and instruments of corporations and other business entities: (i) secured and unsecured floating and fixed rate loans; (ii) bonds and other debt obligations; (iii) debt obligations of stressed, distressed and bankrupt issuers; (iv) structured products, including but not limited to, mortgage-backed and other asset-backed securities and collateralized debt obligations; and (v) reorganized corporate equities. Additionally, within the categories of obligations and securities in which Eagle Rock may invest, Eagle Rock may employ various trading strategies, including but not limited to, capital structure arbitrage, pair trades, and shorting. Eagle Rock may also invest in these categories of obligations and securities through the use of derivatives. A significant portion of client assets may be invested in securities rated below investment grade, which are commonly referred to as “junk securities.”

Eagle Rock selects investments from a wide range of trading strategies and credit markets in order to vary investments and to optimize the risk-reward parameters of our clients, not according to pre-determined allocations (unless required by a client). The investment team and other Eagle Rock personnel use a wide range of resources to identify attractive individual investments and promising investment strategies for consideration in connection with investments.

Eagle Rock will invest and trade in listed and unlisted, public and private, rated and unrated, debt and other obligations, including structured debt as well as financial derivatives. Investments may include investments in stressed and distressed positions, which may include publicly-traded debt, obligations that were privately placed with banks, insurance companies and other lending institutions, trade claims, accounts receivable and any other form of obligation recognized as a claim in a bankruptcy or workout process.

From time to time, Eagle Rock may also invest a portion of client assets in short-term U.S. Government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations to enable Eagle Rock to make investments quickly and to serve as collateral with respect to certain of its investments. A greater percentage of assets may be invested in such obligations if Eagle Rock believes that a defensive position is appropriate because of the outlook for security prices or to respond to adverse market, economic business or political conditions.

Common/routine investments made on behalf of clients:

Senior Loans. Senior loans hold the most senior position in the capital structure of a business entity, are typically secured with specific collateral and have a claim on the general assets of the borrower that is senior to that held by subordinated debtholders and stockholders of the borrower. The proceeds of senior loans primarily are used to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, and, to a lesser extent, to finance internal growth and for other corporate

purposes. Senior loans typically have rates of interest which are re-determined either daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates generally are LIBOR, the prime rate offered by one or more major United States banks (Prime Rate) or the certificate of deposit (CD) rate or other base lending rates used by commercial lenders.

Loans and other corporate debt obligations are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income to a client and a reduction in the value of the investment. There can be no assurance that the liquidation of any collateral securing a senior loan would satisfy a borrower's obligation in the event of nonpayment of scheduled interest or principal payments, or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, a client could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a senior loan. To the extent that a senior loan is collateralized by stock in the borrower or its subsidiaries, such stock may lose all or substantially all its value in the event of the bankruptcy of a borrower. Some senior loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate senior loans to presently existing or future indebtedness of the borrower or take other action detrimental to the holders of senior loans including, in certain circumstances, invalidating such senior loans or causing interest previously paid to be refunded to the borrower. If interest were required to be refunded, it could negatively affect the investment performance of a client's portfolio. To the extent a senior loan is subordinated in the capital structure, it will have characteristics like other subordinated debtholders, including a greater risk of nonpayment of interest or principal.

Some loans in which clients may invest, and the issuers of such loan, may not be rated by a rating agency, will not be registered with the SEC or any state securities commission and will not be listed on any national securities exchange. The amount of public information available with respect to issuers of senior loans will generally be less extensive than that available for issuers of registered or exchange listed securities. In evaluating the creditworthiness of borrowers, Eagle Rock will consider, and may rely in part, on analyses performed by others. Eagle Rock does not view ratings as the determinative factor in its investment decisions and relies more upon its credit analysis abilities than upon ratings. Borrowers may have outstanding debt obligations that are rated below investment grade by a rating agency. A high percentage of senior loans held by a client may be rated, if at all, below investment grade by independent rating agencies. In the event senior loans are not rated, they are likely to be the equivalent of below investment grade quality. Debt securities which are unsecured and rated below investment grade (i.e., Ba and below by Moody's Investors Service, Inc. ("Moody's") or BB and below by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P")) and comparable unrated bonds, are viewed by the rating agencies as having speculative characteristics and are commonly known as "junk bonds." Because senior loans are senior in a borrower's capital structure and are often secured by specific collateral,

Eagle Rock believes that senior loans have more favorable loss recovery rates as compared to most other types of below investment grade debt obligations. However, there can be no assurance that a client's actual loss recovery experience will be consistent with Eagle Rock's prior experience or that a client's senior loans will achieve any specific loss recovery rates. No active trading market may exist for many senior loans, and some senior loans may be subject to restrictions on resale. A secondary market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may impair the ability to realize full value on the disposition of an illiquid senior loan.

In the event of a bankruptcy or insolvency of a borrower, the obligation of the borrower to repay the senior loan may be subject to certain defenses that can be asserted by such borrower against a client because of improper conduct of the lender selling the participation. Investing in senior loans involves investment risk. Some borrowers default on their senior loan payments. Eagle Rock attempts to manage this credit risk through multiple different investments within the portfolio and ongoing analysis and monitoring of borrowers. A client investing in such products also is subject to market, liquidity, interest rate and other risks.

Second Lien Loans. Second lien loans are loans made by public and private corporations and other nongovernmental entities and issuers for a variety of purposes. Second lien loans typically are secured by a second priority security interest or lien to or on specified collateral securing the borrower's obligation under the loan and typically have similar protections and rights as senior loans. Second lien loans are not (and by their terms cannot) become subordinate in right of payment to any obligation of the related borrower other than senior loans of such borrower. Second lien loans, like senior loans, typically have adjustable floating rate interest payments. Because second lien loans are second to senior loans, they present a greater degree of investment risk but often pay interest at higher rates reflecting this additional risk. Such investments generally are of below investment grade quality. Other than their subordinated lien status, second lien loans have many characteristics and risks like senior loans discussed above. In addition, second lien loans of below investment grade quality share many of the risk characteristics of non-investment grade securities. As in the case of senior loans, Eagle Rock may purchase interests in second lien loans for its clients through assignments or participations.

Second lien loans are subject to the same risks associated with investment in senior loans and noninvestment grade securities. Because second lien loans are second in right of payment to one or more senior loans of the related borrower, they therefore are subject to additional risk that the cash flow of the borrower and any property securing the loan may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower. Second lien loans are also expected to have greater price volatility than senior loans and may be less liquid. There is also a possibility that originators will not be able to sell participations in second lien loans, which would create greater credit risk exposure.

Unsecured Loans. Unsecured loans are loans made by public and private corporations and other nongovernmental entities and issuers for a variety of purposes. Unsecured loans generally have lower priority in right of payment compared to holders of secured debt of the borrower. Unsecured loans are not secured by a security interest or lien to or on specified collateral securing the borrower's obligation under the loan. Unsecured loans by their terms may be or may become subordinate in right of payment to other obligations of the borrower, including senior loans, second lien loans and other secured loans. Unsecured loans may have fixed or adjustable floating rate interest payments. Because unsecured loans are subordinate to the secured debt of the borrower, they present a greater degree of investment risk but often pay interest at higher rates reflecting this additional risk. Such investments generally are of non-investment grade quality. Other than their subordinated and unsecured status, such investments have many characteristics and risks similar to senior loans, second lien loans and other secured loans discussed above. In addition, unsecured loans of noninvestment grade quality share many of the risk characteristics of non-investment grade securities. As in the case of secured loans, Eagle Rock may purchase interests in unsecured loans through assignments or participations.

Unsecured loans are subject to the same risks associated with investment in senior loans, second lien loans, other secured loans and non-investment grade securities. However, because unsecured loans rank lower in right of payment to any secured obligations of the borrower, they may be subject to additional risk that the cash flow of the borrower and available assets may be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower. Unsecured loans are also expected to have greater price volatility than secured loans and may be less liquid. There is also a possibility that loan originators will not be able to sell participations in unsecured loans, which would create greater credit risk exposure.

Investment Grade Securities. Eagle Rock may invest, on behalf of its clients, in a wide variety of bonds that are rated or determined by Eagle Rock to be of investment grade quality of varying maturities issued by U.S. corporations and other business entities. Bonds are fixed or variable rate debt obligations, including bills, notes, debentures, money market instruments and similar instruments and securities. Bonds generally are used by corporations and other issuers to borrow money from investors for a variety of business purposes. The issuer pays the investor a fixed or variable rate of interest and normally must repay the amount borrowed on or before maturity. Certain bonds are "perpetual" in that they have no maturity date. Some investment grade securities, such as zero-coupon bonds, do not pay current interest, but are sold at a discount from their face values.

Although more creditworthy and generally less risky than non-investment grade securities, investment grade securities are still subject to market and credit risk. Market risk relates to changes in a security's value as a result of interest rate changes

generally. Investment grade securities have varying levels of sensitivity to changes in interest rates and varying degrees of credit quality. In general, bond prices rise when interest rates fall, and fall when interest rates rise. Longer-term bonds and zero coupon bonds are generally more sensitive to interest rate changes. Credit risk relates to the ability of the issuer to make payments of principal and interest.

The values of investment grade securities like those of other debt securities may be affected by changes in the credit rating or financial condition of an issuer. Investment grade securities are generally considered medium and high-quality securities. Some, however, may possess speculative characteristics, and may be more sensitive to economic changes and to changes in the financial condition of issuers. The market prices of investment grade securities in the lowest investment grade categories may fluctuate more than higher-quality securities and may decline significantly in periods of general or regional economic difficulty. Like noninvestment grade securities, such investment grade securities in the lowest investment grade categories may be thinly traded, making them difficult to sell promptly at an acceptable price.

Other Fixed Income Securities. Eagle Rock also may purchase, on behalf of its clients, unsecured loans, other floating rate or fixed rate debt securities such as notes, bonds and asset-backed securities (such as securities issued by special purpose funds investing in bank loans), investment grade and below investment grade fixed income debt obligations and money market instruments, such as commercial paper. The high yield securities in which Eagle Rock invests are rated Ba or lower by Moody's or BB or lower by S&P or are unrated but determined by Eagle Rock to be of comparable quality. Debt securities rated below investment grade are commonly referred to as "junk securities" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. Below investment grade debt securities involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated debt securities. Fixed-income securities may have fixed or variable principal payments and all types of interest rate and dividend payment and reset terms, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment in kind and auction rate features. Eagle Rock may invest, on behalf of its clients, in fixed-income securities with a broad range of maturities.

Non-Investment Grade Securities/Middle Market Securities. Eagle Rock may invest, on behalf of its clients, in securities rated below investment grade, such as those rated Ba or lower by Moody's and BB or lower by S&P or securities comparably rated by other rating agencies or in unrated securities determined by Eagle Rock to be of comparable quality. Securities rated Ba by Moody's are judged to have speculative elements, their future cannot be considered as well assured and often the protection of interest and principal payments may be very moderate. Securities rated BB by S&P are regarded as having predominantly speculative characteristics and, while such obligations have less near-term vulnerability to default than other speculative grade debt, they face major ongoing uncertainties or exposure to adverse

business, financial or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. Securities rated C are regarded as having extremely poor prospects of ever attaining any real investment standing. Securities rated D are in default and the payment of interest and/or repayment of principal is in arrears. Eagle Rock may purchase securities rated as low as D or unrated securities deemed by Eagle Rock to be of comparable quality.

Lower grade securities, though high yielding, are characterized by high risk. They may be subject to certain risks with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated securities. The secondary market for lower grade securities may be less liquid than that of higher rated securities. Adverse conditions could make it difficult at times for Eagle Rock to sell certain securities or could result in lower prices.

The prices of debt securities generally are inversely related to interest rate changes; however, the price volatility caused by fluctuating interest rates of securities also is inversely related to the coupon of such securities. Accordingly, lower grade securities may be relatively less sensitive to interest rate changes than higher quality securities of comparable maturity, because of their higher coupon. This higher coupon is what the investor receives in return for bearing greater credit risk. The higher credit risk associated with lower grade securities potentially can have a greater effect on the value of such securities than may be the case with higher quality issues of comparable maturity.

Lower grade securities may be particularly susceptible to economic downturns. It is likely that an economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. The ratings of Moody's and S&P and the other rating agencies represent their opinions as to the quality of the obligations which they undertake to rate. Ratings are relative and subjective and, although ratings may be useful in evaluating the safety of interest and principal payments, they do not evaluate the market value risk of such obligations.

Middle market companies have additional risks due to their limited operating histories, limited financial resources, less predictable operating results, narrower product lines and other factors. Securities of middle market issuers are typically considered high yield. "High yield" refers to the below investment grade quality (also commonly referred to as "junk bonds"). Middle market companies have additional risks due to their limited operating histories, limited financial resources, less predictable operating results, narrower product lines and other factors. Securities of middle market issuers are typically considered high yield. "High yield" refers to below-investment-grade quality (also commonly referred to as "junk bonds"). Middle market companies have additional risks due to their limited

operating histories, limited financial resources, less predictable operating results, narrower product lines and other factors. Securities of middle market issuers are typically considered high yield. "High yield" refers to below-investment-grade quality (also commonly referred to as "junk bonds")

Collateralized Loan Obligations and Bond Obligations. Eagle Rock may invest, on behalf of its clients, in asset-backed securities that are securitizing certain financial assets by issuing securities in the form of negotiable paper that are issued by a financing company (generally a SPV). These securitized assets are, as a rule, corporate financial assets brought into a pool according to specific diversification rules. In CLOs, the underlying assets, typically senior loans, are used as collateral supporting the various debt tranches issued by the SPV. Eagle Rock may also invest in CBOs.

Money Market Instruments. Money market instruments include short-term U.S. government securities, U.S. dollar-denominated, high quality commercial paper (unsecured promissory notes issued by corporations to finance their short-term credit needs), certificates of deposit, bankers' acceptances and repurchase agreements relating to any of the foregoing. U.S. government securities include Treasury notes, bonds and bills, which are direct obligations of the U.S. government backed by the full faith and credit of the United States and securities issued by agencies and instrumentalities of the U.S. government, which may be guaranteed by the U.S. Treasury, may be supported by the issuer's right to borrow from the U.S. Treasury or may be backed only by the credit of the federal agency or instrumentality itself.

U.S. Government Securities. U.S. government securities in which Eagle Rock invests on behalf of clients include debt obligations of varying maturities issued by the U.S. Treasury or issued or guaranteed by an agency or instrumentality of the U.S. government, including the Federal Housing Administration, Federal Financing Bank, Farmers Home Administration, Export-Import Bank of the United States, Small Business Administration, Government National Mortgage Association (GNMA), General Services Administration, Central Bank for Cooperatives, Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Maritime Administration, Tennessee Valley Authority, District of Columbia Armory Board, Student Loan Marketing Association, Resolution Eagle Rock Corporation and various institutions that previously were or currently are part of the Farm Credit System (which has been undergoing reorganization since 1987). Some U.S. government securities, such as U.S. Treasury bills, Treasury notes and Treasury bonds, which differ only in their interest rates, maturities and times of issuance, are supported by the full faith and credit of the United States government. Others are supported by (i) the right of the issuer to borrow from the U.S. Treasury, such as securities of the Federal Home Loan Banks; (ii) the discretionary authority of the U.S. government to purchase the agency's obligations, such as securities of the FNMA; or (iii) only the credit of the issuer. No assurance can be given that the U.S. government will provide financial support in the

future to U.S. government agencies, authorities or instrumentalities that are not supported by the full faith and credit of the United States. Securities guaranteed as to principal and interest by the U.S. government, its agencies, authorities or instrumentalities include (i) securities for which the payment of principal and interest is backed by an irrevocable letter of credit issued by the U.S. government or any of its agencies, authorities or instrumentalities; and (ii) participations in loans made to non-U.S. governments or other entities that are so guaranteed. The secondary market for certain of these participations is limited and therefore may be regarded as illiquid.

Certain specific considerations for Eagle Rock-advised Funds:

Eagle Rock has control over the design of the Funds it advises and manages. Each Fund employs specific investment strategies and has its own material risk factors and investment characteristics. Each investor in a Fund advised and/or managed by Eagle Rock must consult the Prospectus of the applicable Fund for a discussion of applicable risk factors and disclosure items. Within the framework and limitations specified in each Fund's governing and offering documents, Eagle Rock performs fundamental and technical analyses to select securities that it believes will meet the mandates of the specific Fund. Investors in any Eagle Rock managed Fund have significant general liquidity risk related to their investments because interests are not freely transferable and significant restrictions and/or limitations on redemptions exist.

Active Fund management strategies and some of the associated risks include the following:

Certain specific risks: Risks described above concerning the investment in loans and bank loans exist, as does the risk of investing in high yield securities, investment grade corporate obligations, and mortgage backed securities.

Other risks include:

Loan Origination Risk - the value of a Fund's investment in loans may be detrimentally affected to the extent a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. Eagle Rock may attempt to minimize this risk by maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan. However, there can be no assurance that the value assigned by Eagle Rock to collateral underlying a loan can be realized upon liquidation, nor can there be any assurance that collateral will retain its value. In addition, active lending/origination by a Fund under this strategy may subject it to additional regulation, as well as possible adverse tax consequences to its investors.

Insolvency Considerations with Respect to Issuers of Debt Obligations - Various laws enacted for the protection of creditors may apply to the debt obligations held by the Fund. The information in this paragraph is applicable with respect to U.S. issuers subject to United States bankruptcy laws. Insolvency considerations may differ with

respect to other issuers. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a debt obligation, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the debt obligation and, after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of such issuer, or to recover amounts previously paid by such issuer in satisfaction of such indebtedness. There can be no assurance as to whether any lending institution or other investor from which the issuer acquired the debt obligations engaged in any such conduct (or any other conduct that would subject the debt obligations and the issuer to insolvency laws) and, if it did, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against the issuer.

Portfolio Concentration Risk - It is possible that a significant amount of funds invested in this strategy may be invested in the instruments of only a few companies or that at any particular point in time one investment strategy could be more heavily weighted than the others. The concentration of a portfolio in any one obligor would subject a Fund following this strategy to a greater degree of risk with respect to defaults by such obligor, and the concentration of the portfolio in any one industry would subject the applicable Fund to a greater degree of risk with respect to economic downturns relating to such industry. The concentration of a Fund's portfolio in any one investment strategy would subject the Fund to a greater degree of risk than if the Fund's portfolio was diversified with respect to several investment strategies.

Event Driven Strategy Risk. There are significant business risks associated with event driven investing. Because of the inherently speculative nature of this activity, the results may fluctuate from period to period, and, as part of the Fund's investment strategy, are not expected to correlate with the direction of the equity markets. Accordingly, the results of a particular period will not necessarily be indicative of results which may be expected in future periods. The significant business risks associated with event driven strategies include, but are not limited to, the items discussed below.

Insolvency Considerations with Respect to Issuers of Debt Obligations - Various laws enacted for the protection of creditors may apply to the debt obligations held by the Fund. The information in this paragraph is applicable with respect to U.S. issuers subject to United States bankruptcy laws. Insolvency considerations may differ with respect to other issuers. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a debt obligation, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the debt obligation and, after giving effect to such indebtedness, the issuer (i) was insolvent,

(ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of such issuer, or to recover amounts previously paid by such issuer in satisfaction of such indebtedness. There can be no assurance as to whether any lending institution or other investor from which the issuer acquired the debt obligations engaged in any such conduct (or any other conduct that would subject the debt obligations and the issuer to insolvency laws) and, if it did, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against the issuer.

Portfolio Concentration Risk - It is possible that a significant amount of funds invested in this strategy may be invested in the instruments of only a few companies or that at any particular point in time one investment strategy could be more heavily weighted than the others. The concentration of a portfolio in any one obligor would subject a Fund following this strategy to a greater degree of risk with respect to defaults by such obligor, and the concentration of the portfolio in any one industry would subject the applicable Fund to a greater degree of risk with respect to economic downturns relating to such industry. The concentration of a Fund's portfolio in any one investment strategy would subject the Fund to a greater degree of risk than if the Fund's portfolio was diversified with respect to several investment strategies.

Short Selling. The Fund may sell securities short, which exposes the seller to theoretically unlimited risk due to the lack of an upper limit on the price to which the security may rise. Short selling also involves the sale of borrowed stock, and thus if the stock loan is called the short seller may be forced to repurchase the stock at a theoretically unlimited loss. In addition, some traders may attempt to profit by forcing short sellers to incur a loss, or may make large purchases of a stock that has been sold short with the intent to drive up the stock price and cause the short sellers to incur losses. Such traders expect the short sellers will limit their losses by repurchasing the stock and thus force the stock price even higher.

Illiquidity of Investments. The investments made by the Fund may be very illiquid, and consequently the Fund may not be able to sell such investments at prices that reflect the Manager's assessment of their value or the amount paid for such investments by the Fund. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Fund and other factors. Furthermore, the nature of the Fund's investments, especially those in financially distressed companies, may require a long holding period prior to being able to determine whether the investment will be profitable or not. The Fund is authorized to make distributions in kind of securities in lieu of or in addition to cash. In the event the Fund makes distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

Non-U.S. Securities. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various foreign currencies in which the Fund's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; and (iv) the extension of credit, especially in the case of sovereign debt.

ITEM 9. DISCIPLINARY INFORMATION

None.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

None.

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

We have adopted a Code of Ethics ("COE") as required by SEC rules. A copy of the Eagle Rock's COE is available to any client or prospective client upon request.

Our COE establishes rules of conduct for all of our principals and employees and is based upon the principle that we owe a fiduciary duty to our clients. Our COE includes personal trading reporting and review policies and procedures and insider trading policies and procedures. Our COE requires, among other things, that all individuals required to adhere to the COE and:

- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with Eagle Rock's COE; and
- Comply with applicable provisions of the federal securities laws.

Eagle Rock does not engage in proprietary trading. Eagle Rock's COE requires individuals required to adhere to the COE to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on a quarterly basis, and 3) provide Eagle Rock with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

As stated in **Item 6**, when presented with an investment opportunity, Eagle Rock will assess the suitability of the investment for each Fund or account it advises. Its assessment takes into account, among other things, the Funds' or account's investment objectives and strategies, risk profile, tax status, diversification requirements, liquidity needs and available assets for investment. Eagle Rock also assesses current market conditions and any other information relevant to the fair allocation of securities among the multiple potential investors.

Eagle Rock and/or related persons may from time to time invest in securities or investment products that Eagle Rock and such related persons may also recommend to clients. Any such securities transactions are likely to be insignificant in relation to the market as a whole. As a general practice, such transactions, if any, are executed after, or simultaneously with, related client transactions and disclosure of any conflict of interest is made in advance. Eagle Rock and its related persons are not permitted to "front-run", self-deal, utilize insider information, or otherwise participate in or effect transactions that would potentially cause damage or harm to a client account.

ITEM 12. BROKERAGE PRACTICES

General Information

In selecting brokers and dealers to effect transactions in financial instruments, Eagle Rock considers such factors as general ability to obtain best execution, price, the brokers and dealers' facilities, reliability, credit quality and financial responsibility. These transactions typically are done on a "net" basis, without brokerage commission. Eagle Rock reviews its relationships with each of these entities on a periodic and systematic basis to ensure that we fulfill our fiduciary duty to seek best execution on client transactions.

In selecting brokers or dealers to execute transactions, Eagle Rock's policies do not require us to solicit competitive bids and Eagle Rock does not have an obligation to seek the lowest available commission cost. It is not Eagle Rock'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 the broker to Eagle Rock which are included in the commission rate and the research, brokerage or other services provided may not benefit any individual client or be allocated among clients in any fashion.

Purchases and sales of securities for any given client may be aggregated with purchases and sales of securities of the same issuer for other Eagle Rock clients occurring on the same day. When transactions are so aggregated, the actual prices applicable to the aggregated transactions and transaction costs will be averaged and will be allocated among the assets under management and the accounts of our other participating clients in proportion to the purchase and sale orders placed for each client on any given day.

Research and Other Soft Dollar Benefits

Eagle Rock does receive research products (i.e. research reports) and related services from the brokers it uses at no direct cost and no formal “soft dollar” arrangements currently exist. Research products and related products benefit Eagle Rock because we do not have to pay for such research products or services, but do not necessarily directly benefit clients’ accounts. Eagle Rock, like any investment adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Eagle Rock currently uses its best efforts to limit the use of “soft dollars” to obtain research and brokerage services to services which constitute “research and brokerage” within the meaning of Section 28(e).

Eagle Rock does not believe that the value of the research products and related services is significant or an important factor in choosing the brokers it recommends or uses to service its clients, in particular as the products and services received largely consist of unsolicited newsletters and reports.

Directed Brokerage

Clients may request that brokerage transactions be directed to a specific broker-dealer. Clients who choose to direct brokerage to a broker-dealer other than those chosen by us may incur higher commission rates than clients who allow us the discretion to choose broker-dealers. If we believe that the use of another broker-dealer would hinder our ability to meet our fiduciary obligations, we will decline to accept the account. Currently Eagle Rock does not manage any directed brokerage accounts.

ITEM 13. REVIEW OF ACCOUNTS

Eagle Rock strives to ensure compliance with each client’s investment guidelines, consistent with its fiduciary responsibility to manage the account in the best interest of the client. Accordingly, Eagle Rock maintains compliance systems that capture most investment parameters from each client’s guidelines and facilitate automated pre-trade and post-trade testing for compliance with those parameters. The firm monitors each client account to ensure that it is invested consistently with any written client investment guidelines and restrictions, as well as applicable law and regulation.

The frequency, depth and nature of account reviews are often determined by negotiation with individual clients pursuant to the terms of each client's written

investment management agreement or by the mandate selected by the client and the particular needs of each client. Reviews of accounts also occur when investment strategies and objectives are changed by the client. Reviews are conducted by the Portfolio Management personnel that are responsible for the particular account.

The frequency and content of reports for clients vary according to the particular needs of each client and the agreement between the client and Eagle Rock.

Reporting to parties who have a separately managed account advised by Eagle Rock is substantially similar to reporting provided to Fund investors, although depending on the desires of the individual client, analysis may or may not be provided.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

We may enter into arrangements with third parties in which we agree to pay a third party for soliciting and referring clients to us. The third party may receive a portion of our standard management fee for a period of time, which amount varies on a case-by-case basis. Our payment for the referral or solicitation does not impact the fee paid by the client. Each consultant agrees that such referral arrangement will conform to Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, including that such referral arrangement is disclosed to prospective advisory clients and investors.

ITEM 15. CUSTODY

Eagle Rock does not have physical custody of client's funds or assets. Separately managed accounts are custodied with the custodian of the clients' choosing. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Eagle Rock urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to clients. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16. INVESTMENT DISCRETION

We are granted discretionary authority by way of the investment advisory or sub-advisory contract with our clients. By executing a discretionary advisory agreement, clients give us the authority to exercise investment discretion over their accounts.

Any limitations to this discretion are in a written document executed by both the client and us.

ITEM 17. VOTING CLIENT SECURITIES

Because Eagle Rock Institutional, LLC primarily manages fixed income securities, proxy voting is generally not required or requested under a fixed income class. However, clients may obtain a copy of Eagle Rock's complete proxy voting policies and procedures upon request. Clients may also obtain information from Eagle Rock about how Eagle Rock voted any proxies on behalf of their account(s). Our policy for voting proxies of a Fund's portfolio companies is, in general, to vote with the management of the company.

If Eagle Rock receives a proxy proposal that raises an actual and a material conflict of interest, Eagle Rock will vote the proposals according to the policies of an independent third party. Alternatively, Eagle Rock may disclose the conflict of interest to the applicable client and obtain instructions from the client on how to vote on the proposal.

A copy of our proxy-voting policies and procedures are available to clients upon request, by calling us at (609) 642-4200.

ITEM 18. FINANCIAL INFORMATION

In certain circumstances, Registered Investment Advisers are required in this item to provide clients with certain financial information or disclosures about Eagle Rock Advisory Group's financial condition. Eagle Rock has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.