

**Part 2A of Form ADV: Firm Brochure**

**TCG Capital Management, LLC**

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*This brochure provides information about the qualifications and business practices of TCG Capital Management, LLC ("TCM" or the "Company"). If you have any questions about the contents of this brochure, please contact us at (310) 633-2900 or at [corporate.legal@cherninent.com](mailto:corporate.legal@cherninent.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.*

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

*The Company is an investment adviser that is registered with the United States Securities and Exchange Commission (the "SEC"). Registration with the SEC as an investment adviser does not imply a certain level of skill or training.*

## **Item 2:     Material Changes**

Not Applicable.

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## **Item 4: Advisory Business**

TCG Capital Management, LLC ("TCM" or the "Company") is an investment advisory firm based in Los Angeles and San Francisco, California, that was founded in 2018 by Peter Chernin, Jesse Jacobs, Mike Kerns and Jason Bergsman to manage private equity investments in the media, entertainment, technology, sports and consumer sectors. The Company is organized as a Delaware limited liability company. The principal owners of TCM are Peter Chernin, Jesse Jacobs and Mike Kerns.

TCM intends to sponsor and manage private equity funds that will focus on investments in the media, entertainment, technology, sports and consumer sectors (together with any related parallel funds and alternative investment vehicles, the "Funds"). TCM may also sponsor and manage other investment vehicles ("Co-Investment Vehicles") that will offer investors opportunities to co-invest alongside the Funds in media, entertainment, technology, sports and consumer investment opportunities or alongside The Chernin Group, LLC ("TCG") in investment opportunities that are determined not to be appropriate for the Funds.

As the investment adviser to the Funds, TCM anticipates that it will invest each Fund's assets pursuant to an investment advisory agreement that the Fund will enter into with TCM, and in accordance with the Fund's limited partnership agreement, private placement memorandum and other governing documents (the "Fund Governing Documents"). TCM will conduct its investment advisory activities so as to comply with the investment objective, guidelines and restrictions set forth in each Fund's Governing Documents, as the same may be amended from time to time. However, TCM will not tailor its investment activities on behalf of a Fund to the needs of any individual investor in a Fund.

As of the date hereof, TCM does not have any assets under management.

## **Item 5: Fees and Compensation**

TCM will receive an asset-based management fee from each Fund that is payable quarterly in advance, as further described in the applicable Fund Governing Documents. If TCM's advisory agreement with a Fund is terminated, management fees will be charged on a *pro rata* basis through to the date of termination, and any fees paid in advance but not earned will be refunded. The general partner of a Fund will generally make capital calls on the Fund's investors for the amount of TCM's management fees and pay the amounts received to the Company. In addition to the management fees described above, TCM will also be entitled to receive a carried interest allocation from the Funds after certain performance hurdles have been met, as further described in the applicable Fund Governing Documents. Such carried interest represents a portion of a Fund's net investment profits.

It is anticipated that TCM may receive similar asset-based management fees and carried interests from the Co-Investment Vehicles that it organizes in the future. Investors in TCM's Funds should review the applicable Fund Governing Documents carefully for a full description of the fee revenues and other compensation that TCM may receive from such Fund.

The management fees and carried interest are generally subject to waiver or reduction by the general partner with respect to some or all of a Fund's limited partners in the general partner's sole discretion, as further described in the applicable Fund Governing Documents.

In general, each Fund will bear all costs and expenses incurred in connection with the organization of the Fund, including third party legal and accounting fees, printing costs, travel (at rates not

exceeding a first-class equivalent fare) and other out-of-pocket expenses, and all costs and expenses incurred in connection with the offering of interests in the Fund (but excluding any placement fees) ("Organizational Expenses"), up to a maximum amount specified in the applicable Fund Governing Documents. Organizational Expenses in excess of this amount, and any placement fees, will be paid by the Fund but borne by TCM through a 100% offset against the Fund's management fee.

In addition, each Fund will generally be responsible for all expenses relating to its own operations ("Fund Expenses"), including, without limitation, (a) any management fees, (b) fees, costs and expenses related to the discovery, evaluation, purchase, holding, development, management, monitoring and sale of investments, including, without limitation, travel (at rates not exceeding a first-class equivalent fare), accommodation, meal and entertainment expenses related to such investments or prospective investments, syndication fees, bank charges, closing and execution costs, sales commissions, appraisal fees and taxes, (c) principal, interest, fees, costs and expenses and other amounts payable relating to financings, (d) fees, costs and expenses relating to third-party services, including custody, legal, accounting, consulting, investment banking, administrative, tax, audit, depository, safekeeping and other professional costs, including those provided by affiliates of the Fund's general partner or TCM, (e) actual allocable compensation of in-house attorneys, accountants and tax advisors based upon the percentage of such person's documented business time allocated to matters related to Fund business, (f) any insurance or indemnity expenses (including the cost of premiums with respect to any directors and officers or similar insurance for the employees of TCM), (g) fees, costs and expenses relating to the Fund's administration (including administrative services provided by affiliates of the Fund's general partner or TCM), including preparation of its financial statements and reports to limited partners, (h) fees, costs and expenses relating to meetings of partners, (i) fees, costs and expenses relating to the Fund's limited partner advisory committee, including out-of-pocket expenses of its members, (j) any taxes, fees or other governmental charges levied against the Fund, (k) fees, costs and expenses relating to unconsummated transactions, including, without limitation, the fees, costs and expenses described in clause (b) above, and including amounts that would otherwise have been borne directly or indirectly by potential co-investors were such transactions consummated; provided that the Fund's general partner has used commercially reasonable efforts to recoup such amounts from any potential co-investors, (l) fees, costs and expenses related to the dissolution and liquidation of the Fund, (m) fees, costs and expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund, (n) expenses relating to defaults by limited partners in the payment of capital contributions, (o) fees, costs and expenses (and damages) related to regulation, litigation, government inquiries, investigations or proceedings, in each case related to the Fund or its investments, (p) expenses of the Fund's general partner and TCM related to the preparation and filing of Form PF, (q) fees, costs and expenses relating to compliance or filings related to the European Alternative Investment Fund Managers Directive (which will be apportioned between parallel investment vehicles based upon the percentage of commitments of limited partners), (r) fees, costs and expenses relating to complying with the reporting requirements of Sections 1471 through 1474 of the U.S. Tax Code and certain regulations and other administrative guidance thereunder, (s) in the case of clauses (m) through (r) above, similar regulations and administrative requirements in other jurisdictions, and (t) fees, costs and expenses incurred in connection with administering side letters entered into with limited partners, including the distribution and implementation of any applicable elections pursuant to "most-favored nation" or similar clauses.

100% of any transaction, directors', management, monitoring, consulting and break-up fees and other similar fees received by TCM and its affiliates and employees in connection with a Fund's investments, net of unreimbursed transaction expenses incurred by TCM or its affiliates, will be applied to reduce the Fund's management fee for the following quarterly period ("Transaction Fees").

For the avoidance of doubt, Transaction Fees will only include the portion thereof that is allocable to the Fund and will exclude any Specialized Operational Services Expenses and Consultant Fees<sup>1</sup>. To the extent such offsets would reduce a Fund's management fee for a given quarterly period to below zero, such offsets will be carried forward and reduce future installments of the management fee. If upon dissolution of a Fund, any excess Transaction Fee remains, the Company will return to the Fund for the benefit of the Partners an amount equal to such unapplied excess amount; *provided*, that any limited partner may waive its right to receive its *pro rata* portion of such amount.

TCM anticipates that the applicable Fund Governing Documents for each Fund will have provisions that allow such Funds to borrow money for investment and other purposes. Such borrowings may be made prior to capital being called from the Fund's investors or even in lieu of calling capital. This mechanism may defer investor capital calls and provides a form of leverage that can have the effect of amplifying a Fund's reported net internal rate of return (IRR), particularly in the early years of a Fund's investment life. Such borrowings can also accelerate the date upon which a Fund's preferred return will be achieved for purposes of determining when TCM is entitled to begin receiving carried interest allocations from the Fund. In accordance with the terms of the applicable Fund Governing Documents, interest payments and other fees and expenses incurred in respect of such borrowings are partnership expenses and such expenses will decrease a Fund's net returns over time.

Investors and prospective investors in each Fund should refer to the applicable Fund Governing Documents for more detailed information concerning the fees, carried interest and other expenses that a Fund will bear.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

As noted in Item 5 above, TCM will be entitled to receive a carried interest allocation from the Funds after certain performance hurdles have been met, and it is anticipated that TCM may also be entitled to receive carried interest allocations from Co-Investment Vehicles in the future. These performance-based carried interest distributions may create conflicts of interest, including an incentive for TCM to engage in riskier or more speculative investments on behalf of the Funds than might otherwise be the case. In addition, in allocating investment opportunities, TCM may have an incentive to favor clients with a potential for performance-based compensation over clients with no performance-based compensation. TCM has adopted policies and procedures that are designed to ensure that all of its clients are treated in a fair and equitable manner with respect to the allocation of investment opportunities. In addition, for the time being, TCM currently anticipates that there will only be one Fund actively investing.

## **Item 7: Types of Clients**

As of the date hereof, it is anticipated that TCM's only clients will be Funds and Co-Investment Vehicles. It is expected that the investors in the Funds will generally include endowments,

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<sup>1</sup> For this purpose, "Specialized Operational Services Expenses" is defined as compensation in the form of fees, earn-outs and/or equity incentives from portfolio companies and their affiliates in consideration for providing specialized operational services to such portfolio companies and "Consultant Fees" is defined as compensation in the form of fees, earn-outs and/or equity incentives from a Fund and portfolio companies in consideration for providing executive, management, advisory, or other services to such portfolio companies.

foundations, public and private pension funds, funds-of-funds, corporations, U.S. and non-U.S. institutional investors, family offices, and high net worth individual investors.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis; Investment Strategies**

The Funds will invest across the media, entertainment, technology, sports and consumer sectors. It is anticipated that the Funds will focus primarily on investment opportunities in North America. TCM will target opportunities for the Funds that will benefit from the team's experience building and operating media, entertainment, technology, sports and consumer companies and from the strategic insights and resources of TCG.

#### **Investment Process**

TCM uses a thematic approach to sourcing investment opportunities. TCM draws upon the collective experience of its personnel as entrepreneurs, operators and investors in the media, entertainment, technology, sports and consumer sectors to develop investment hypotheses and themes on which to focus its investment efforts. These themes are developed and tested through data analysis and discussions with people and companies that help to advance and refine TCM's understanding of the potential investment opportunities found within any particular theme. Examples of themes that the team have historically pursued include direct-to-consumer online video, sports data and analytics, among others.

To identify potential investment opportunities, TCM looks for certain "signatures" that are indicators of an attractive potential investment. These include factors that are suggestive of a compelling market opportunity and a viable business model; technology capabilities and other factors indicating that a prospective portfolio company is scalable and poised for commercial growth; factors suggesting that the prospective portfolio company will have a sustainable competitive edge; and factors indicating that the investment will be able to achieve attractive capital appreciation in a suitable exit, with strategies implemented to mitigate risk.

Once an investment opportunity has been identified, TCM forms a deal team including investment and in-house legal professionals. This team will conduct initial diligence to verify the investment thesis and assess the potential risks of the investment and will hold preliminary discussions with the prospective portfolio company to explore terms. Before proceeding further, each potential investment will be presented to TCM's Investment Committee for an initial review by the entire investment team. If the Investment Committee authorizes the deal team to proceed, the team will negotiate and execute a term sheet, conduct deeper diligence on the target company and its team and negotiate definitive documentation for the investment. All investments must receive final approval from the Investment Committee before an investment will be made.

#### **Active Management to Transform Companies through Value Creation**

Once an investment has been made, TCM will take an active role in seeking to grow the portfolio company, optimize financial performance and maximize returns for its investors. TCM will work closely with a portfolio company's management team to monitor the progress of any initiatives being implemented and respond to any opportunity or challenge a portfolio company may face. Throughout this process, TCM may also engage other operational advisors who can contribute

additional strategic insights and operational capabilities. Key areas of focus include organizational improvements, strategic initiatives, operational efficiency and technological transformation.

### Exit Strategies

TCM's investment strategy strives to invest in and grow strategic businesses with multiple exit strategies and opportunities. The deal team will monitor potential exit strategies and opportunities from the outset of an investment. Once an exit strategy and/or opportunity becomes more clearly defined for a portfolio company, the deal team will consult with TCM's investment committee. The decision by the investment committee regarding when and how to exit an investment will be based on each portfolio company's operating performance and outlook, relevant industry, regulatory and economic trends, and overall conditions in the financial markets.

### Risk Factors

The investment strategies pursued by TCM involve a number of significant risks. These investment strategies may be deemed to be speculative, and such investment strategies are not intended as complete investment programs. They are designed for sophisticated investors who fully understand and are capable of bearing the risk of such investments. Investment risks include, but are not limited to, the following:

- *Limited Number of Investments.* The investment strategies pursued by TCM will involve making illiquid private investments in a relatively small number of portfolio companies. As a result, it is anticipated that the portfolios managed by TCM will be highly concentrated, and the failure of even one of these investments could have a materially adverse impact on a portfolio's overall performance.
- *Sector Concentration.* TCM intends to concentrate its investment activities in the media, entertainment, technology, sports and consumer sectors, and a Fund's investments may be concentrated in a particular issuer, industry or geographic region, with the result that the overall value of a Fund's investments will become more susceptible to adverse economic or business conditions affecting any such sector, issuer, industry or region. The Funds' performance will depend heavily on the economic prospects of the media, entertainment, technology, sports and consumer sectors, which will be influenced by a number of economic, market and other factors that will be beyond TCM's ability to control.
- *Investments in Start-Up and Growth Companies.* The businesses of the portfolio companies in which TCM invests will be subject to significant risks, including strategic, financial, technical or other challenges. Some of these portfolio companies may be highly leveraged and exit strategies may be uncertain at the time an investment in the portfolio company is made. The success of these investments will be highly dependent on the ability of the managers of the portfolio companies to successfully navigate these and other challenges.
- *Overseas Investing.* Although TCM currently intends to focus on investments in North America, TCM generally reserves the right to invest overseas. Investing overseas entails additional investment risks, including currency risk, lack of transparency and the risk of operating in markets with less well-developed legal systems to protect the rights of investors and creditors.

- *Illiquid Investments.* Investments in the Funds will generally be illiquid, and interests in the Funds may generally not be transferred without the prior consent of the Fund's general partner and the satisfaction of certain other conditions. Investors in the Funds must be able and prepared to maintain their investments in the Funds over the entire life of the Fund.
- *Passive Investments.* Investments in the Funds will generally be passive investments. As limited partners, investors in the Funds will generally have no control over the day-to-day operations of the Funds and limited rights to protect themselves if they become dissatisfied with the manner in which a Fund is being operated. Limited partners in the Funds will be highly dependent on the investing skills and management abilities of TCM to achieve success.
- *Valuation.* The valuation of the portfolio companies in which TCM invests will be a difficult task that will rely heavily on business judgment. There can be no assurance that the Funds will be able to realize their investments at a price that is commensurate with the value at which such investments will be carried.
- *Collective Investment Vehicle.* Each Fund will be managed in a manner that is consistent with the best interests of the Fund as a whole, which is not necessarily consistent with the best interests of each individual investor in the Fund. For example, TCM may structure investments so as to maximize tax efficiency for a Fund, but which may not be the most tax advantageous structuring possible for an individual investor, depending on that investor's own particular facts and circumstances.
- *Competition for Investment Opportunities.* The competition for sourcing investments in private equity opportunities is becoming increasingly intense. There can be no assurance that TCM will be able to source a sufficient number of suitable investments at reasonable valuations to achieve its investment objective.

No guarantee or representation can be made that any Fund will achieve its investment objective or that investors will receive a return of their capital. All investing involves a risk of loss and the investment strategies pursued by the Funds could lose money over short or even long periods of time. Prospective investors in a Fund are advised to review the applicable Fund Governing Documents for full details on the Fund's investment, operational and other actual and potential risks.

## **Item 9: Disciplinary Information**

Not applicable.

## **Item 10: Other Financial Industry Activities and Affiliations**

Neither TCM nor any of its directors, officers or principals is registered, or has an application pending to register, as a broker-dealer or as a registered representative of a broker-dealer. Neither TCM nor any of its directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of any of the above.

TCM is affiliated with TCG. TCG is a holding company that is engaged in acquiring and operating businesses in the media, entertainment, technology, sports and consumer sectors. The Fund Governing Documents for the Funds will provide that TCG will acquire new businesses in these sectors only through the Funds, to the extent such investment opportunities are appropriate for the Funds. In addition, the Funds will be given a “right of first refusal” with respect to any follow-on investments to be made in any of TCG’s existing businesses, subject to the approval of the board of managers of TCG; provided that such “right of first refusal” may only be exercised with the approval of the Fund’s limited partner advisory committee. It is currently contemplated, that TCM’s first Fund will purchase certain existing TCG investments. Such “principal transactions” could present conflicts of interest, including an incentive to favor TCG over the Fund in setting the terms of such transactions. However, the Fund Governing Documents will generally provide that any such transaction must be approved by the limited partners or the Fund’s limited partner advisory committee. In addition, TCM retains employees and consultants to provide specialized operational services and executive, management, advisory, or other services to TCM’s clients (including the Fund’s portfolio companies). As noted in Item 5 above, the fees TCM receives for such services are considered “Specialized Operational Services Expenses” or “Consulting Fees,” as applicable, and will not be subject to any management fee offsets by the Fund. If the affiliation between TCG and TCM is terminated (through the sale, transfer or dissolution of TCG or otherwise), the Funds would no longer benefit from the competitive advantage (if any) provided by TCG and any services provided to portfolio companies or TCM by TCG may need to be provided instead by third parties, potentially at an increased cost to such portfolio companies. Finally, TCG personnel will need to devote at least some of their time and resources to TCG’s existing businesses.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

TCM has established a code of ethics (the “Code of Ethics”) that sets forth standards of ethical conduct for its professionals. The Code of Ethics addresses standards for treating clients ethically, addressing potential conflicts of interest and monitoring and restricting personal trading by TCM and its affiliates and professionals. In addition, the Company has established policies and procedures that address, among other things, potential conflicts of interest that might arise in the management of client assets.

As a general rule, TCM does not buy or sell securities of public companies. However, from time to time, TCM personnel may come into possession of material non-public information related to public companies. In such circumstances, employees must comply with all applicable securities laws on so-called insider trading. TCM will at all times maintain a list of securities of companies that the Company is actively evaluating for purchase in a client’s account, in which a client account holds an interest, or about which TCM might have received material non-public information (the “Restricted List”). The Chief Compliance Officer will update the Restricted List as appropriate. Securities will be removed from the Restricted List when information is no longer material and an appropriate “cooling off period” has lapsed. In addition, TCM personnel are required to pre-clear all personal trades with the Chief Compliance Officer involving securities that are offered pursuant to a private placement or initial public offering, and securities that are issued by a company on the Restricted List.

TCM’s employees may not take for their own advantage an opportunity that rightfully belongs to TCM or its clients, may not use Company or client property, information or position for personal gain, and may not compete directly or indirectly with TCM or the Funds.

TCM's employees and controlled persons must certify annually that they have read and agree to comply in all respects with the Code of Ethics and that they have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by the Code of Ethics.

Additionally, the Code of Ethics provides for a range of sanctions should anyone violate the Code of Ethics. These sanctions include, but are not limited to, a warning, fines, disgorgement, and suspension or termination of employment.

The paragraphs above only represent a summary of key provisions in the Code of Ethics. TCM will provide a copy of the entire Code of Ethics to any client or prospective client (including any investor therein) upon request.

Because the general partner of a Fund will be an affiliate of TCM, the Company has a material interest that could create conflicts that must be managed. It is anticipated that each Fund will have a limited partner advisory committee (the seats of which are filled by limited partners that represent a significant percentage of the Fund's committed capital and that are not affiliates of TCM or the general partner) that reviews transactions where a potential conflict of interest exists, pursuant to the applicable provisions of the Fund's limited partnership agreement.

## **Item 12: Brokerage Practices**

TCM's advisory business generally involves privately negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly traded securities. With respect to such private transactions, TCM believes it fulfills its best execution responsibilities through careful evaluation and negotiation of the terms of each such transaction.

However, TCM may from time to time purchase or sell publicly traded securities. In such circumstances, TCM considers various factors in determining which broker is most likely to deliver best execution including, but are not limited to, the Company's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the execution, clearance, and settlement capabilities as well as the reputation and perceived financial soundness of the broker selected and other brokers considered; TCM's knowledge of actual or apparent operational problems of any broker; the broker or dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions.

TCM does not maintain relationships with broker-dealers that feature soft-dollar benefits or referral arrangements.

## **Item 13: Review of Accounts**

TCM monitors each of the investments it makes in portfolio companies on an ongoing and continuous basis.

On a quarterly basis, investors in each Fund will receive written financial reports, including an unaudited balance sheet, a statement of net income or net loss, a statement of changes in financial position or a cash flow statement, and a supplemental statement of such investor's capital account.

On an annual basis, investors in each Fund also will receive audited financial statements of the Fund, valuations of all of the Fund's investments, and tax information necessary for the completion of U.S. tax returns.

#### **Item 14: Client Referrals and Other Compensation**

TCM may, from time to time, determine to engage a third party placement agent to introduce potential investors to the Funds. Depending on the specific arrangement, TCM may pay a placement fee, which may be calculated as a percentage of the commitment amount of the investor. If TCM compensates a placement agent for referring an investor, such arrangements will be disclosed in writing to the investor. In all cases, placement fees will be borne entirely by the Company through management fee offsets.

As noted in Item 5 above, 100% of each Fund's pro rata share of any transaction, directors', management, monitoring, consulting, break-up, and other similar fees received by TCM and its affiliates and employees in connection with the Fund and its investments, net of unreimbursed transaction expenses incurred by TCM or its affiliates, will be credited to the Fund and distributed to its investors in accordance with that Fund's Governing Documents.

#### **Item 15: Custody**

TCM will conduct all business operations in such a way that all client cash and securities over which the Company is deemed to have custody under applicable law (other than certain privately offered securities) will be preserved in the safekeeping of independent qualified custodians.

With respect to each Fund, an independent public accountant will audit the Fund's financial statements annually, and the audited financial statements are distributed to the investors of the Fund.

#### **Item 16: Investment Discretion**

In general, advice to the Funds will be provided on a discretionary basis. The terms and conditions governing TCM's discretion over the investments made on behalf of its clients is set forth in writing in the applicable investment management agreement or Fund Governing Documents.

#### **Item 17: Voting Client Securities**

In accordance with Rule 206(4)-6 of the Advisers Act, TCM has adopted and implemented written policies and procedures governing the voting of client securities. The Funds are primarily invested in privately-held portfolio companies that do not typically issue proxies. However, in the event proxies have to be voted, TCM will generally be responsible for voting proxies on behalf of its clients. TCM will vote client proxies in a way that it believes will maximize value for its clients. In exercising its voting discretion, TCM and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of TCM's clients.

A copy of TCM's written proxy voting policies and procedures, as well as a record of how the Company has voted in the past, will be maintained and available for client review upon written request.

## **Item 18: Financial Information**

TCM is not aware of any financial conditions that are reasonably likely to impair its ability to meet its contractual obligations to its clients. TCM has never been the subject of a bankruptcy petition.