

**Headwaters Solutions LP**  
**Part 2A of Form ADV**  
*The Brochure*

# HEADWATERS SOLUTIONS LP

Headwaters Solutions LP  
30 Liberty Ship Way Suite 3220  
Sausalito, CA 94965  
415-636-9596

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Headwaters Solutions LP (the “Firm”) is a federally registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Being registered as an investment adviser does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of the Firm. If you have any questions about the contents of this brochure, please contact us at 415-636-9596. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

## Item 2 - Material Changes

Since the most recent brochure was filed on October 4, 2019, the Firm has not undergone any material changes.

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## Item 4 - Advisory Business

Headwaters Solutions LP (the “Firm,” “we,” “our,” or “us”), a Delaware limited partnership with offices in Sausalito, California, was formed in June 2017. The principal owner of the Firm is Headwaters Advisors LLC. However, Matthew Rowe and Jennifer Rowe (Dowling) (together, the “Managing Partners”) are solely responsible for the management and day-to-day operations of Firm’s business. Specifically, the Managing Partners oversee the provision of discretionary investment advice and management services to clients (the “Accounts”) by the Firm pursuant to investment management agreements (“Governing Documents”), and other documents, as applicable. For the avoidance of doubt, Headwaters Advisors LLC plays no role in the management or day-to-day operations of the Firm’s business and thereby does not play a role in providing investment advice and management services to the Accounts.

As of March 1, 2020, the Firm’s regulatory assets under management were approximately \$170,000,000 on a discretionary basis and \$0 on a non-discretionary basis.

The Firm primarily creates customized portfolios for its Accounts. We tailor each portfolio to the dynamic needs of each Account with a focus on transparency, scalability and liquidity. The particular investment objectives and strategies are described in the applicable Governing Documents for each Account. Please see Item 8 for more detail about our advisory services.

All discussion of the Accounts in this Brochure, including but not limited to their investments, the strategies used in managing the Accounts, and conflicts of interest faced by us in connection with the management of the Accounts are qualified in their entirety by reference to each Account’s respective Governing Documents.

The Firm does not participate in wrap fee programs.

## Item 5 - Fees and Compensation

### **Management Fees**

Accounts generally compensate us for our investment advisory and management services through management fees, which are negotiated.

The Firm charges a management fee for its investment services, commensurate with its level of activity and maintenance, the client's withdrawal rights, and the timing of the investment, among other items.

Management fees will be based on a number of factors, including but not limited to, total Account size and operational and trading complexity. The management fee will be payable monthly in arrears at the beginning of each calendar month. The Management Fee will equal an annual percentage multiplied by the Dollar Delta Equivalent of equity derivatives, notional exposure of credit derivatives or unhedged market exposure equivalent in the case of a naked overlay based on (or as calculated using) the calendar daily weighted average of the price of the securities based on such securities' closing prices on the most recent trading day.

Accounts will also be subject to a minimum annual management fee, which will be negotiated with each Account. The minimum annual management fee will be due in accordance with the Governing Documents if the aggregate management fees as calculated during any 12-month period beginning on the execution date of the Governing Documents, or any anniversary of such execution date, is less than the minimum annual management fee. If the Governing Documents are terminated, the minimum annual management fee shall still apply with respect to the 12-month period in which the termination occurs, but will be prorated based on the number of days in the 12-month period prior to the date of the termination.

### **Fee Reductions and Offsets**

We may, in our sole discretion, at any time and from time to time, waive, reduce, assign or otherwise share all or any portion of the management fee paid by an Account.

### **Additional Fees/Expenses**

Accounts will be subject to a setup fee which is due and payable upon execution of the Governing Documents. The setup fee is negotiated with each Account and shall apply towards the first minimum annual management fee due in accordance with the Governing Documents. Setup fees shall not be refunded in the event an investment advisory contract is terminated.

Accounts generally pay all fees and expenses associated with transactions in the portfolio, including, but not limited to: any initial and per trade fees, premiums paid for options, swap options and other derivative instruments acquired for an Account; brokerage commissions, clearing fees, bid/ask spreads, custodial fees and interest on margin borrowing, other brokerage or transactional fees and other costs of executing transactions for an Account including; and legal, regulatory, or other professional fees and expenses, costs, settlement payments and judgments incurred in connection with the investment activity of an Account. The Firm is not affiliated with any broker-dealer. Please refer to Item 12, Brokerage Practices, for more information.

All fees due from Accounts will be invoiced by the Firm.

The Firm does not receive any fees from the sale of securities or other investment products.

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

The Firm does not currently receive performance-based fees from Accounts but may in the future.

## Item 7 - Types of Clients

A broad range of U.S. and non-U.S. institutional investors, as well as other types of sophisticated investors, including, among others, diversified financial institutions, consultants, governmental and corporate pension and profit sharing plans, endowments, insurance companies, sovereign wealth funds, funds of funds and certain high net worth individuals and family offices may constitute Accounts. The Firm has no specific minimum account size requirements at this time.



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

### Methods of Analysis & Investment Strategies

The Firm creates customized portfolios for Accounts that are tailored to the dynamic needs of each Account and are focused on transparency, scalability and liquidity. Account portfolios may incorporate, among other approaches, structured risk exposure, downside protection and correlation control as a component of their alpha generation and risk management. The investment process will combine ongoing observation and analysis of multi-asset class risk within global developed markets as it relates to client portfolio characteristics and goals. The solutions will be structured as separately managed accounts and deliver discretionary long volatility, overlay and tail hedge strategies.

The Firm employs quantitative and qualitative analysis and research in selecting investment opportunities. We use multiple sources of information in conducting our analysis, including proprietary research and analysis, research material prepared by others, inspections of corporate and management activities, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases. We also use industry magazines, financial newspapers and magazines, third-party consultants, regulatory filings, contacts at major companies and corporate executives, professional service firms (e.g., law firms and accounting firms), commercial and investment banks, financial intermediaries and other investment and advisory institutions. Additionally, we may participate in onsite visits, industry group and portfolio company management meetings, creditors' committees and steering committees. At this time the Firm will not be participating in or paying for information from expert networks.

### Material Risks

*General.* All investing involves a risk of loss, and the value of an Account's portfolio investments may increase or decrease. As a result, an Account may lose money on its investments in the portfolio, and there can be no assurance that the Firm will achieve its investment objective. Accounts are not a complete investment program. The value of an Account will fluctuate, sometimes dramatically, which means underlying investors could lose money.

*Market.* The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value may also decline because of factors that affect a particular industry or industries, such as labor shortages, increased production costs, or competitive conditions within an industry.

*Issuer.* The value of a security may decline for a number of reasons which directly relate to the issuer, including but not limited to management performance, financial leverage, and reduced demand for the issuer's products or services.

*Portfolio Concentration.* The Firm may manage concentrated portfolios of investments in certain issuers in developed markets. As a result of the limited number of securities in the portfolios, an Account's investment may, from time to time, have significant concentrations in particular markets, sectors, and geographies. This concentration may magnify the volatility of an Account's portfolio.

*Equity Securities.* Common shares and other equity securities can be affected by macro-economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment,

changes in a particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer. Prices of common shares and other equity securities also can be affected by fundamentals unique to the partnership or company, including earnings power and coverage ratios.

*Fixed Income Securities and Loans.* The Firm may cause an Account to invest in fixed income related investments of U.S. and non-U.S. issuers, including, without limitation, bank debt, bonds, and notes as well as derivatives thereon. Fixed income securities generally pay fixed, variable or floating rates of interest. The value of fixed income securities will often change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed income securities and bank loans, particularly in the case of higher-yielding debt instruments in which the Firm may invest, are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity and general market liquidity (i.e., market risk). Further, in seeking to capture certain price appreciation opportunities, we may purchase certain debt instruments for an Account that are nonperforming and possibly in default where the obligor or relevant guarantor may be in bankruptcy or liquidation (e.g., bankruptcy claims). Accordingly, there can be no assurance as to the amount and timing of payments, if any, with respect to these debt investments or that any such investments will be profitable.

*Liquidity.* The Firm may, but does not expect to, acquire thinly traded investments that are difficult to liquidate quickly. In addition, investments that were once liquid may become illiquid, making it difficult to acquire or dispose of them at the prices at which they are valued by us and/or the custodian and/or the auditor. We may also engage with issuers in ways that restrict our ability to acquire or dispose of related investments (e.g., by serving on the board of directors of an issuer). The Firm's ability to respond to market movements may be impaired, and we may experience adverse price movements upon liquidation of the investments. Illiquid securities may sell at a lower price than similar securities that are not illiquid, and the sale of illiquid investments often requires more time and results in higher selling expenses. Any premature sales or dispositions may prevent us from realizing as great an overall return on investment as may have been realized if such sales or dispositions had been made at a later date.

*Foreign Securities.* The Accounts may invest in foreign securities. Investments in securities of non-U.S. issuers (including foreign governments) and securities denominated or whose prices are quoted in non-U.S. currencies pose currency exchange risks (including blockage, devaluation, and non-exchangeability) as well as a range of other potential risks which could include, but are not limited to, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. companies may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S.

*Swap Agreements.* The Accounts may enter into different types of swap agreements, including, without limitation, swaps with respect to U.S. or non-U.S. interest rates, foreign exchange rates, corporate borrowing rates, commodity prices, baskets of equity securities or inflation rates. Swaps may also be used to obtain leverage. In connection with swap agreements, cash is or securities are generally posted to or received from the swap counterparty in accordance with the terms of the swap agreement, which may expose the Accounts to further risks.

*Options.* The Accounts may buy and sell options on securities, currencies and commodities on exchanges and in the over-the-counter market. The seller of a put option assumes the risk of a decline in the market price of the underlying security, currency or commodity below the exercise price of the option, although this may be mitigated by an offsetting short position in the underlying security (a “covered put”). The seller of a call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or commodity above the exercise price of the option, although this may be mitigated by an offsetting long position in the underlying security (a “covered call”). Buyers of puts and calls will lose their option premium if the option expires worthless and is not resold prior to expiration.

*Futures Contracts.* The Accounts may trade futures contracts that reference a wide variety of equity indices, government bonds, commodities and other underlying instruments and indices on futures exchanges regulated by the Commodity Futures Trading Commission (“CFTC”) and other regulatory organizations. Futures contracts are levered because of the limited margin typically required for futures traded on an exchange. Futures positions can be volatile and may become illiquid. Certain futures exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily limits.” Under these daily limits, during a single trading day no trades may be executed at prices beyond the daily limits, which may result in futures positions becoming illiquid, reducing the Accounts’ ability to liquidate unfavorable positions and potentially exposing the Accounts to substantial losses. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

*Currency Trading and Forward Contracts.* The Accounts may engage in spot and forward transactions in currencies of different countries involving outright purchases and sales, forward contracts and options on currencies. Forward currency contracts are agreements to purchase or sell one specified currency for another currency at a specified future date and price determined at the inception of the contract. Forward contracts are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and spot trading is substantially unregulated and there is no limitation on daily price movements or any requirement to segregate customer funds or positions. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the Accounts have a forward contract. The banks who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any currency due to unusually high trading volume, political intervention or other factors. The imposition of foreign exchange controls by governmental authorities also might limit trading. Market illiquidity or disruption could result in major losses to the Accounts.

*Convertibles.* The Accounts may invest in fixed income and other securities that may be converted into or exchanged for a specified amount of another security (typically common equity) of the same or different issuer within a particular period of time at a specified price or formula. Convertible securities are exposed to changes in the price of the security into which they are convertible, changes in the creditworthiness of the issuer, changes in interest rates, and changes in overall fixed-income risk premiums. The Accounts and other investors in convertible securities frequently hedge their position

by selling short all or a portion of the underlying securities into which they are convertible. As a result, to the extent that they hedge in this fashion, the Accounts may also be exposed to the following risks: (i) the loss of the ability to hedge the security due to loss of stock loan or a corporate event such as a merger; (ii) an unexpected increase in dividends by the issuer making hedging more expensive and thus lowering the value of the conversion option; (iii) an unexpected termination of the conversion option due to a cash takeover of the issuer; (iv) a decline in the volatility of the underlying security by reason of a share-for-share takeover or otherwise which also tends to reduce the value of the conversion option and (v) a failure of the issuer to deliver common stock upon receipt of a conversion notice, preventing the Accounts from liquidating their hedge.

*Hedging Transactions.* The Firm may seek to hedge certain generic market risks to which the Accounts' portfolios are exposed, such as volatility, commodity, foreign exchange, corporate credit, interest rate and equity market risk. However, the Firm is not obligated to hedge any specific risk and may elect not to hedge the Accounts' portfolios against certain risks or to alter the extent to which they are so hedged from time to time. Although hedging transactions are typically intended to reduce specific risks to which the Firm believes the Accounts' portfolios are exposed, such transactions may fail to reduce, or even increase, the overall risk of the portfolios, causing them to experience poorer performance than if the Accounts had not engaged in such hedging transactions. Moreover, the portfolios will always be exposed to certain risks that cannot be hedged.

*Derivatives and Counterparty Risk Generally.* To the extent that the Firm invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the applicable Account may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

*Reliance on the Advisor.* The Firm's ability to achieve its investment objectives is dependent on its ability to identify and execute profitable investment opportunities. Therefore, the success of the Accounts depends significantly on the expertise and decision making of Matthew Rowe and Jennifer Rowe (Dowling). The death, incapacity, or withdrawal of Mr. Rowe or Mrs. Rowe (Dowling) could have a material and adverse effect on the Accounts.

*Limited Operating History.* The Firm has a limited operating history. The past investment performance of our partners, principals or employees or other entities with which we may have been affiliated is not an indication of the future results of any Account. A client's investment program should be evaluated on the basis that there can be no assurance that our assessments of the short-term or long-term prospects of investments will prove accurate or that a client's investment program will prove successful.

*Inside Information.* From time to time, the Firm or its affiliates may come into possession of material, non-public information concerning an entity in which the Accounts have invested or propose to invest. Applicable law may limit the ability of the Accounts to buy or sell securities of such entity while such information remains non-public and material. The resulting illiquidity may result in delays and additional costs, and transactions may be possible only at substantial discounts.

## Item 9 - Disciplinary Information

Neither the Firm nor any of its management persons has been involved in any legal or disciplinary events that are material to an evaluation of our advisory services or the integrity of management.

## Item 10 - Other Financial Industry Activities and Affiliations

The Firm is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. None of our employees are registered representatives of a broker-dealer.

Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

The Firm is under the control of Matthew Rowe and Jennifer Rowe (Dowling) which are its management persons. The Firm does not have any other relationships or arrangements with any related persons that are material to its advisory business.

The Firm does not recommend or select other investment advisers for its Accounts.

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

The Firm has adopted a written Code of Ethics (the “Code”) designed to address and mitigate potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Code also sets forth a standard for business conduct and compliance with federal securities laws by all our employees. Employees must adhere to the highest standards of ethical conduct and deal fairly with the Accounts.

The Code contains policies and procedures that ensure that all personal securities trading by employees of the Firm is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility, including towards the Accounts. We prohibit personal trading on certain securities or instruments; require pre-clearance of personal trades in certain circumstances including purchases of an IPO or a new private placement; require periodic reporting of employees’ personal securities transactions and holdings; and require prompt internal reporting of Code violations.

The Firm has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of watch lists and restricted trading lists. Because our structure makes information barriers impractical, we have not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all employees are required to immediately contact the Chief Compliance Officer or its designee in all instances where they believe they may have received any material, non-public information. The Firm will provide a copy of the Code to any investor or prospective investor upon request.

The Firm and/or its employees may give advice and take action for their own accounts that may differ from advice given and action taken on behalf of the Accounts. In addition, The Firm’s employees may invest in third-party private investment funds that invest in some of the same securities the Firm invests in on behalf of the Accounts. Further, from time to time, the Firm’s employees may have an investment position or interest in the same securities recommended to or owned by the Accounts and may hold an interest in securities prior to the Accounts initiating a position in such securities. As such, The Firm may purchase or sell for the Accounts securities of an issuer in which the Firm’s employees also have an investment position or interest.

Allowing employees to hold or trade the same securities as the Accounts in the limited circumstances described further below could present certain potential conflicts of interest. For example, employees could have an existing investment that opposes the position of the Accounts (i.e., an employee has an existing short position when the Accounts have or take a long position, or vice versa), and thus the employee could potentially experience a conflict between acting in his/her own best interest versus the Accounts’ best interests. Employees may also have an incentive to cause the Accounts to invest in companies in which the employees already have an interest, especially if the employees believe that such an investment by the Accounts may increase the value of their personal stake.

## Item 12 - Brokerage Practices

The Firm intends to allocate investments among the Accounts in a manner which it believes to be fair and equitable over time. We have discretion to determine, subject to each Account's Governing Documents, the securities to be purchased or sold, in what amounts and the timing of the securities transactions.

We may also select broker-dealers and other financial intermediaries to effect transactions on behalf of certain Accounts and the commission rates to be paid for such transactions. However, for certain Accounts the selection of broker-dealers may be directed by the Account or may be otherwise based on a preapproved list of financial institutions agreed to between us and the Account in the Governing Documents or otherwise. We seek to obtain "best execution" from broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, we may cause an Account to enter into arrangements pursuant to which the Account pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. We are not required to solicit competitive bids or seek the lowest available commission or transaction costs.

### **Research and Other Soft Dollar Benefits**

Although it is currently not contemplated, the Firm or its affiliates may receive products and services in addition to brokerage services from an Account's broker-dealers, or otherwise enter into any "soft dollar" arrangements with one or more broker-dealers whereby we will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. In the event the Firm or its affiliates receive products and services from applicable broker-dealers or otherwise enter into soft dollar arrangements, Clients will bear the related costs, if any.

Any requests for research or brokerage products or services would require approval from the Chief Compliance Officer or its designee, and we would limit the use of soft dollars to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

### **Brokerage for Client Referrals**

The Firm does not consider the receipt of client referrals when selecting broker-dealers to execute transactions.

### **Directed Brokerage**

The Firm permits clients to direct brokerage to a specified broker-dealer or will otherwise agree with an Account as to a pre-determined list of broker-dealers the Firm can transact with on behalf of the Account. In such cases, the Firm may be unable to achieve the most favorable execution for the applicable Account. The Account may be subject to higher brokerage commissions and/or may receive less favorable pricing.

### **Aggregate Orders and Allocation**

Where we select broker-dealers and other financial intermediaries to effect transactions on behalf of Accounts, or as otherwise applicable, the Firm attempts to execute multiple orders for the purchase or sale of the same instrument for multiple Accounts with a single broker and at substantially similar pricing, subject to seeking to obtain best execution for each Account. The Firm does not aggregate

multiple orders for the purchase or sale of the same instrument for multiple Accounts into block transactions. As a result, certain Accounts may be subject to higher or lower brokerage commissions and/or may receive more or less favorable pricing. However, as noted above, the Firm intends to allocate investment opportunities among the Accounts for which it selects brokers and other financial intermediaries in a manner which it believes to be fair and equitable over time.



## Item 13 - Review of Accounts

Matthew Rowe, the Firm's Chief Investment Officer, reviews the Accounts' investments on an ongoing basis. Such reviews cover Account performance relative to stated objectives, exposure to various risks, alternative investment opportunities, ongoing research findings, and investment strategy progress and compliance.

The Firm is subject to specific reporting requirements agreed to in the Governing Documents, which includes estimated performance and key characteristics of the Accounts' portfolios. Further, Accounts arrange to receive statements from their custodians reflecting holdings and transactions for the Account in order to review the statements and ascertain whether any discrepancies exist.

## Item 14 - Client Referrals and Other Compensation

The Firm does not receive any economic benefit, including sales awards or prizes, from anyone who is not a Client for providing investment advisory services to the Accounts.

As of October 4, 2019, the Firm does not compensate non-supervised persons for referrals. However, we may enter into agreements with persons who refer potential Clients to us. For their referral services, these persons may receive compensation from us in the form of a percentage of the management fee and/or performance-based compensation that the Firm and its affiliates receive from the Accounts opened by the referred Clients. All solicitation arrangements that we may enter into will be designed to comply with Rule 206(4)-3 under the Advisers Act and any similar state regulations. The Clients are not responsible for any of the fees paid to the referring persons.

## Item 15 - Custody

Currently, the Firm is not deemed to have custody of client's cash and securities for the purposes of Rule 206(4)-2 of the Advisers Act.

## Item 16 - Investment Discretion

The Firm has discretionary trading authority over the Accounts. Our investment discretion is exercised in a manner consistent with each Account's stated investment objectives, policies, and strategies, as set forth in its Governing Documents. Investors generally may not place any limits on our authority beyond the limitations set forth in such documents.

Accounts grant us discretionary authority in the Governing Documents they sign with us. Such clients also give us trading authority over their Accounts when they sign the custodian agreements. However, certain Account client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types.

## Item 17 - Voting Client Securities

The Firm may have authority to vote proxies on securities held in the Accounts. In the event we vote proxies on behalf of our Accounts, we follow proxy voting policies and procedures to ensure that we vote in the best interest of that Account. The policies and procedures are summarized below.

The Firm understands that proxy voting is a critical component of exercising shareholder rights and communicating with a portfolio company's board of directors and management. We determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to understanding the proxy proposals. We then vote proxies in the manner we believe reasonably furthers the best interests of our Accounts and their investors and is consistent with the investment strategy as set forth in the relevant Account Governing Documents.

If a proxy vote creates a material conflict between the interests of the Firm and an Account, we will resolve the conflict before voting the proxies by discussing the conflict with the Client. We will take steps designed to ensure that the decision to vote the proxy was based on our determination of the Account's best interest and was not the product of the conflict.

The Firm maintains records of all proxy voting policies and procedures as well as votes that are made on behalf of its Accounts. Such records are available to each Client upon request.

## Item 18 - Financial Information

We do not require or solicit prepayment of fees six months or more in advance.

We do not believe there are any financial conditions that would impair our ability to meet our contractual commitments to the Accounts. We have not been the subject of a bankruptcy petition at any time during the past ten years.