



Eagle Capital Management

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March 27, 2020

Eagle Capital Management, LLC

This brochure provides information about the qualifications and business practices of Eagle Capital Management, LLC. If you have any questions about the contents of this brochure, please call us at 212-293-4040. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Eagle Capital Management, LLC is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training.

Additional information about Eagle Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

In this Item 2, we are required to identify and discuss material changes since the last annual update of our brochure (which was on March 27, 2019). While this update to our brochure contains certain changes and updates since the last annual update of our brochure, we do not believe they constitute material changes. Due to market volatility in March 2020, assets under management presented for December 31, 2019 will likely differ from expected March 31, 2020 amounts.

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Item 4 Advisory Business

Our Advisory Firm. Eagle Capital Management, LLC (“Eagle”) was formed in 1988. Eagle’s goal was to create an environment in which equity investment decisions would be made through original, thoughtful research and rigorous valuation techniques (In 1995 the organizational structure of the firm was changed to a limited liability company).

Our principal owner is Ravenel Boykin Curry, III who controls over 25% of Eagle. Eagle has no affiliation with any outside entities and no Eagle partners hold positions with any other asset management firm.

Our Advisory Services. The firm offers one strategy, the “Eagle Equity” strategy, which it has been managing since its inception. The Eagle Equity strategy invests primarily in U.S. traded public equities. From time to time, we also identify non-U.S. companies with equity interests that trade in the form of American Depositary Receipts (“ADRs”) that fit our investment criteria. Each Eagle Equity strategy portfolio typically holds 25-35 positions.

As is disclosed in Part 1A of our Form ADV, our clients are primarily high net worth individuals (including family offices), pension and other retirement plans, charitable institutions and other institutional investors for whom we manage investment accounts, and pooled investment vehicles (including private and UCITS funds).

We manage client portfolios by seeking to replicate the Eagle Equity strategy model portfolio and we strive to ensure that client accounts conform to the model portfolio at all times. However, as described more fully in the *Account Volume* section of Item 8, client portfolios often deviate from the model portfolio; this deviation occurs for a number of reasons, especially in conjunction with anticipated or actual capital flows within a single account or across a broader subset of accounts. Eagle has adopted and follows allocation policies designed to mitigate these situations.

Eagle does not provide financial planning services. Our clients and their consultants determine that the Eagle Equity strategy portfolio is appropriate for their circumstances.

We serve as the investment adviser, with discretionary trading authority, to a private pooled investment vehicle, Eagle Capital Equity Fund, L.P. (the “Fund”), a Delaware limited partnership; the securities of which are offered to investors on a private placement basis. The Fund’s investment strategy largely tracks that of the Eagle Equity strategy. Additional information regarding the Fund can be found in Item 8, below and in the Fund’s offering documents. Eagle’s clients are under absolutely no obligation to consider or make an investment in the Fund.

Tailoring of Services. We do accept client modifications to the extent that we are able to jointly determine with the client that the restrictions do not significantly alter the Eagle Equity strategy’s investment philosophy.

Our investment decisions and advice with respect to the Fund will be subject to its investment objectives and guidelines, as set forth in its offering documents.

Wrap Fee Programs. Eagle provides investment management for client portfolios participating in wrap fee programs and receives management fees in relation to the provision of these services. In some cases, Eagle’s fee is included in the wrap fee. Other than upon client request, there is no

difference between Eagle's investment management services provided to wrap fee clients and the investment management services provided to other clients.

Assets Under Management. As of December 31, 2019, Eagle managed approximately \$32,041,358,265 of client assets on a discretionary basis. We do not manage assets on a non-discretionary basis.

This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Fund are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Fund, including requirements that they be "accredited investors" as defined in Regulation D, "qualified purchasers" as defined in the Investment Company Act, or non-"U.S. Persons" as defined in Regulation S. Persons reviewing this brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of the Fund described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

Item 5 Fees and Compensation

Separate Account Clients. Eagle receives a management fee for its investment advisory services determined on the basis of the market value of the account assets. While Eagle's fees are negotiated and vary by client, Eagle's basic management fee schedule is as follows: 1% (annual rate) on the first \$5 million and 0.75% (annual rate) on the assets above \$5 million, charged quarterly. Certain clients' fees are calculated using a performance fee, which is negotiated and varies by client, as described in Item 6 below.

Accounts are billed in arrears and generally based on the asset valuation at calendar quarter-end, although for some legacy clients we compute our fee quarterly on the average of the three month-end values or on the average of the balance at the beginning of the quarter and at the end of the quarter. Generally, fees are adjusted for material intra-quarter contributions and withdrawals. Clients may terminate Eagle at any time and a pro rata portion of any fees otherwise accrued will be calculated upon termination.

Eagle's investment advisory fees are, in most cases, remitted to Eagle by the custodian and charged against the account. A copy of the invoice is sent to the client. Some clients prefer to pay our fee from another source after receipt of an original invoice.

Clients who select Eagle to manage their assets within a wrap fee program will typically do so under either a "single contract" or "dual contract" arrangement:

- Under a *single contract arrangement*, the client pays an asset-based fee to the sponsor firm and, out of that fee, the sponsor firm is responsible for paying an investment advisory fee (as described above) to Eagle. In these programs, the sponsor firm and Eagle enter into a sub-advisory or other agreement under which Eagle agrees to manage the assets. As part of that agreement, Eagle and the sponsor firm agree on the investment advisory fees to be charged by Eagle on the assets. Eagle's advisory fees are negotiable and may vary from program to program, but typically do not exceed 1% per year on assets under management. There are other non-asset based fees and expenses that will be charged to the client as discussed below in this Item 5 and in Item 12 of this Brochure.
- Under a *dual contract arrangement*, the Client has one contract with the sponsor firm and another contract with Eagle. As such, the Client pays Eagle an investment advisory fee in addition to the asset based fee they pay to the sponsor firm for investment advice, custody, execution and reporting. Eagle's management fee is negotiated and varies by client, but typically does not exceed 1% per year on assets under management. Other fees and expenses will also apply and are discussed in more detail below in this Item 5 and in Item 12 of this Brochure.

Specific information on the investment advisory fees payable to Eagle under a wrap fee program will be provided by the applicable sponsor firm. For information on the asset-based fees charged by the sponsor firm, clients should consult with the sponsor firm or refer to the sponsor firm's Wrap Fee Program Brochure (also known as Form ADV Part 2A Appendix 1).

Clients incur costs other than Eagle's management fee or (as applicable) performance-based fee, including custodian fees, brokerage and transaction commissions and ADR conversion fees. Ticket charges and other additional fees may also be assessed on certain transactions based upon agreements that a client has with one or more of its service providers. When clients have uninvested cash swept into a money market fund, maximizing the return on that cash, the custodian charges a fee and a proportionate share of other expenses of the money market fund. Eagle does not benefit

from any such additional charges. Clients invested in a mutual fund will bear, along with other shareholders in any such fund, a pro rata portion of the mutual fund's management, trading, and administrative fees and expenses. See Item 12 for a description of Eagle's use of "soft dollar" arrangements and for further detail regarding brokerage commissions.

Eagle Capital Equity Fund, L.P. The fees and expenses applicable to the Fund are set forth in detail in its offering documents. A brief summary of such fees and expenses is provided below.

Generally, the Fund pays Eagle a fee for investment management services (the "Fund Management Fee") for each month equal to a percentage (totaling 0.75-1% per annum) of the month-end net asset value of each investor's capital account for such month. The Fund will calculate the Fund Management Fee monthly and pay the Fund Management Fee in arrears after the end of each fiscal quarter.

The Fund Management Fee will be prorated for any withdrawal by an investor that is effective other than as of the first day of a fiscal quarter.

In the sole discretion of Eagle, the Fund Management Fee may be waived, reduced or calculated differently with respect to the capital account of any investor, including Eagle's employees and affiliates, and certain family members of employees of Eagle.

In addition to the Fund Management Fee, the Fund will bear the following expenses: (i) brokerage, prime brokerage and futures commission merchant fees, commissions and expenses; expenses relating to short sales; clearing and settlement charges; (ii) interest expenses and fees related to financings or refinancings; (iii) taxes; and (iv) extraordinary expenses, including the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any taxing authority, including any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of the Fund or any trading vehicle.

Certain expenses related to the Fund are initially charged to the Fund but are ultimately reimbursed by Eagle ("Covered Expenses"). Further information regarding Covered Expenses is provided in the offering documents.

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

Most Eagle clients (including the Fund) are assessed a management fee. Exceptions to this include accounts of Eagle clients that have negotiated performance-based fees and accounts of certain entities and individuals, including accounts of current and former Eagle employees, their family, and friends (which are on a fee-free basis).

All of these clients' accounts follow the Eagle Equity strategy (and the Fund's investment objectives and program are substantially consistent with those of the Eagle Equity Strategy) and the concurrent existence of these different fee structures at times creates a conflict of interest for our firm. In instances where a performance-based fee is charged, there is at times an incentive to favor these clients when making trading decisions. To protect our clients' interests, we seek to treat these accounts no differently from any other discretionary account when making trading allocations when Eagle has full trading discretion. As noted above, we maintain an allocation policy to address how we apply the Eagle Equity strategy to a large number of client accounts; our allocation policy makes no provision for differing treatment of accounts based on fee arrangements.

Item 7 Types of Clients

Eagle's clients include public funds, corporate clients, endowments and foundations, union plans, pension funds, high-net-worth individuals, and pooled investment vehicles as described in Item 4. The majority of individual account clients are introduced by consultants and advisers who have deemed Eagle's equity focus appropriate for their clients.

Generally, the minimum account size is \$2 million. Certain legacy client accounts have lower account sizes. Further, business considerations may, in certain cases, lead to exceptions to this policy.

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

Philosophy. Our investment philosophy has not materially changed since the inception of the firm.

We believe that most successful equity investments are made when a longer-term perspective is taken. Many of Eagle's commitments are made with a five-to-seven year holding period in mind. Eagle sees its role as an accumulator of shares of businesses that offer above-average returns over that period, as opposed to focusing on short-term strategies. However, sharp short-term price fluctuations or other market events may dictate sales and purchases.

To achieve investment returns superior to broad equity market indices in both up and down markets, Eagle uses fundamental analysis: a bottom-up, research-driven approach to find undervalued companies. By identifying change early, seeking to be ahead of the general market, we believe that we minimize risk and maximize the upside potential.

Although all of our investment professionals work as a team, our CIO Team, comprised of Ravenel B. Curry, III, Eagle's Chief Investment Officer, and Deputy Chief Investment Officers Boykin Curry, Alec Henry and Adrian Meli, make the final buy and sell decisions.

As noted above, we maintain a model portfolio for the Eagle Equity strategy. We then seek to replicate that portfolio for each of our client accounts, but portfolio dispersion does occur. The reasons for dispersion among portfolios include, among other things, investment restrictions placed on a specific account, different initial funding dates, and the effect of withdrawals and deposits.

A stock is generally added to the Eagle Equity strategy model portfolio when the investment team agrees that:

- the investment thesis is valid and compelling,
- the valuation is attractive, and
- on a relative basis, the opportunity is more attractive than others that the investment team is following.

Full positions are often scaled in over time, except in cases where we believe that the opportunity to purchase at value will be fleeting.

A stock is generally sold when it meets Eagle's investment criteria for doing so, which may include one or more of the following considerations:

- the thesis has played out;
- a new idea offers better relative risk/reward;
- the growth opportunities are not materializing;
- the position approaches our maximum investment guideline; and/or
- the price is appreciating at a faster pace than the stock's intrinsic value.

Positions are generally scaled out over time.

The investment objectives and investment program of the Fund are substantially consistent with the investment objectives and investment program of the Eagle Equity Strategy. The Fund's investment objective is to generate investment returns superior to equity market indices in both up and down markets. The Fund seeks to attain its investment objective by utilizing a long only

investment strategy and by investing primarily in the equity securities of undervalued companies that in Eagle's view will experience long-term secular change.

Risk Management. Investing in securities involves risk of loss that clients and investors should be prepared to bear. Eagle considers risk to include the likelihood that events occur which lead to a permanent loss of client and investor capital.

A basic tenet of Eagle's risk management approach is: "risk is greatest when agreement is greatest." Eagle seeks to avoid higher expectation stocks where the perceived future opportunity has largely been discounted and seeks stocks where Eagle believes it has a differentiated view with the goal of allowing for significant upside over time while limiting the potential for permanent impairment.

Our primary focus is on "fundamental" risk versus "price" risk. We monitor our portfolio companies on an ongoing basis to maintain a high degree of confidence in their fundamental strength. Therefore, we are willing to be patient through periods of stock price volatility if we continue to maintain confidence in the fundamental characteristics and long-term investment opportunity of a particular company.

If we are disciplined in our stock selection and consistently adhere to our investment philosophy, we should be managing risk at the single stock level. Our valuation discipline and focus on sound, strong, competitive, and durable businesses with sound balance sheets provide the lion's share of what we consider to be our fundamental risk protection.

Risk Factors. The following list of risk factors cannot be and is not intended to be exhaustive. These risk factors include only those risks that we believe to be material and relate to our management, operations, investment strategy, methods of analysis, investments and to market conditions impacting our business generally. As Eagle manages a significant number of client accounts and pooled investment vehicles which have varying tax, structural, liquidity and investment considerations, not all of the risk factors are applicable to all client accounts or pooled investment vehicles. Nonetheless, all clients and investors should review the risk factors in this item.

Risks Relating to Management

Investment and Research Process. Before making investments, we will conduct research that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting research, we may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting research and making an assessment regarding an investment, we will rely on the resources reasonably available to us, which in some circumstances, whether or not known to us at the time, may not be sufficient, accurate, complete or reliable. Research may not reveal or highlight matters that could have a material adverse effect on the value of a client portfolio.

Retention and Motivation of Employees. Our success is dependent upon the talents and efforts of highly skilled individuals we employ and our ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that our investment professionals will continue to be associated with us, and the failure to attract or retain such investment professionals could have a material adverse effect on a client portfolio. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of our investment professionals could be replaced.

Key Personnel Risk. The effectiveness of our investment strategy is largely dependent upon the continued services of individuals, including the members of our CIO Team who make the final buy and sell decisions for the portfolio.

Risks Relating to Operations

Systems and Operational Risks Generally. On a daily basis, we rely on accounting, order management and other systems that are critical to our business activities. In addition, our activities will be dependent upon systems operated by third parties, including market counterparties and other service providers. We may not be in a position to verify the risks or reliability of such third-party systems. Failures in our systems or in systems employed by third parties on which we rely could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Such failures may also result in the disruption of our business, which in turn, may lead to financial loss, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a client portfolio.

Cybersecurity Risk. As part of our business, we process, store and transmit large amounts of electronic information, including information relating to client transactions and personally identifiable information of our clients and investors. Similarly, our service providers may process, store and transmit such information. Our information systems, facilities and business operations may be susceptible to compromise. While we have procedures and systems in place that we believe are reasonably designed to protect such information and prevent data loss and security breaches, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to us may be susceptible to compromise, leading to a breach of our network. Our systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of our information systems may cause information relating to clients, including client transactions and personally identifiable information of such clients, to be lost or improperly accessed, used or disclosed.

Our service providers face the same electronic information security threats. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to clients, including client transactions and personally identifiable information of such clients, may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of our proprietary information may cause us to suffer, among other things, financial loss, the disruption of our business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on a client portfolio.

Legal and Regulatory Environment. Changes in the regulation of investment advisers and their trading and investing activities may have a material adverse effect on our ability to pursue our investment strategy, impose additional costs on a client portfolio, and limit the anticipated return on certain investments.

Account Volume. Eagle manages over 2000 accounts under the Eagle Equity strategy. The number and size of these accounts creates a degree of operational complexity when executing

transactions on behalf of all accounts in a manner that is consistent with Eagle's fiduciary duty. Due to this complexity, accounts may be subject to the following considerations:

Model Portfolio. As a general matter, we seek to bring newly funded client accounts into conformance with the model portfolio as soon as possible; however when the model portfolio is updated, existing client accounts may not be brought into conformance with the updated model portfolio, either immediately or at any point in the future. As such, client portfolios may own securities in differing proportions to the proportion that appears in the model portfolio and, with respect to model portfolio updates, client portfolios may hold securities that no longer appear (but historically have appeared) in the model portfolio.

Order Implementation. Given the size of Eagle's assets under management, the purchases and sales of securities that it makes may have, directly or indirectly, an impact upon the prices of securities that it trades. As such, trades by Eagle on behalf of one client may affect the purchase and sale prices realized in trading by Eagle on behalf of other clients. Eagle may decide to speed-up or slow-down the implementation of an order depending upon a variety of factors, including its sensitivity to price related to the volume of its own trading. Eagle is price sensitive as it relates to buying or selling securities for clients. Still, even with such price sensitivity, Eagle may, on behalf of clients, purchase or sell a security at differing times or at differing prices. Eagle may not be similarly sensitive in the case of newly funded client accounts or client directed withdrawals, and may execute transactions to purchase or sell securities at prices above or below then prevailing levels of price sensitivity when entering a position for newly funded client accounts or in the case of satisfying a client directed withdrawal.

Tax Considerations: Even if clients have similar investment objectives, programs or strategies, Eagle may (and often does) take action with respect to investments held by certain clients that differs from the timing or nature of any action for other clients, because Eagle takes into account those clients' tax treatment as part of its portfolio management process. As a result, clients with similar investment strategies may have differing portfolios and investment returns.

Counterparty Risk. Eagle may establish relationships on behalf of its clients to obtain financing, derivative intermediation and prime brokerage services that permit clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that Eagle, on behalf of its clients, will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the clients' trading activities, create losses, preclude clients from engaging in certain transactions or prevent clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on clients' business due to their reliance on such counterparties.

Eagle, on behalf of its clients, may effect transactions in the "over-the-counter" ("OTC") derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, clients enter into a contract directly with dealer counterparties which may expose clients to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, clients may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become

insolvent or have a liquidity problem, losses would be greater than if clients had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that clients post collateral.

If there is a default by a counterparty, a client under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the client being less than if the client had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of such client's securities from such counterparty or the payment of claims therefor may be significantly delayed and such client may recover substantially less than the full value of the securities entrusted to such counterparty. In addition, there are a number of proposed rules that, if they were to go into effect, may impact the laws that apply to insolvency proceeding and may impact whether Eagle, on behalf of a client, may terminate its agreement with an insolvent counterparty.

Collateral that a client posts to its counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, clients may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, Eagle, on behalf of its clients, may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to clients' assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on clients and their assets. It should be assumed that the insolvency of any such counterparty would result in significant delays in recovering a client's securities from or the payment of claims therefor by such counterparty and a loss to such client, which could be material.

Risks Relating to Investment Strategy and Specific Investments

General Investment Risks. An investment made by any client involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that a client's investment will be successful. Clients must be prepared to bear the loss of their entire investment.

Long-Term. The success of a client's long-term investment strategy depends upon the Eagle's ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, Eagle, on behalf of its clients, may forego value in the short-term or temporary investments in order to be able to avail clients of additional and/or longer-term opportunities in the future. Consequently, clients may not capture maximum available value in the short-term.

Short-Term Market Considerations. Eagle's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Leverage and Borrowing

Borrowing for Cash Management Purposes. Eagle, on behalf of its clients, may have the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which a client can borrow will affect the operating results of such client.

Costs. Borrowings for cash management purposes will be subject to interest, transaction and other costs. Any such costs may or may not be recovered by the return on a client's portfolio.

Lending of Portfolio Securities. Eagle, on behalf of its clients, may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, clients will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Diversification and Concentration. Eagle, on behalf of its clients, may select investments that are concentrated in a limited number or types of securities. In addition, a client's portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose such client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Lack of Control. Eagle, on behalf of its clients, may invest in equity securities of companies that it does not control, which clients may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which clients do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve clients' interests. In addition, clients may share control over certain investments with other client accounts, which may make it more difficult for a client to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the client.

Hedging Transactions. Eagle, on behalf of a client, may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of such client's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect such client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in such client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the client's securities; (vii) protect against any increase in the price of any securities such client anticipates purchasing at a later date; or (viii) act for any other reason that Eagle deems appropriate. A client will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Eagle may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While Eagle, on behalf of a client, may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for such client than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Undervalued Securities. The task of identifying, evaluating and purchasing securities that are undervalued is difficult. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Investing in undervalued securities presents the risk that the market does not recognize what we believe to be the true value of the security, and such securities fail to appreciate in value, or decline in value.

Volatility. A client portfolio may include relatively volatile securities and/or be impacted by periods of market volatility. Prolonged volatility or changes in the volatility of such securities and/or markets can adversely affect the value of a client portfolio.

Accuracy of Public Information Risk. We select investments, in part, on the basis of information and data filed by issuers with various government regulators or made publicly available by the issuers. Although we evaluate this information and data, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Material, Nonpublic Information. From time to time, we may come into possession of material, nonpublic information with respect to an issuer of publicly traded securities. In such circumstances, clients may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Equity Securities Generally. The value of equity securities of public and private, listed companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from Eagle's expectations or if equity markets generally move in a single direction and clients have not hedged against such a general move. Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, 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. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Currencies. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by Eagle's clients are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Derivative Instruments. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which clients may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on clients.

Regulation in the Derivatives Industry. There are many rules related to derivatives that may negatively impact clients, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared OTC instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of Eagle and its clients, and increase the amount of time that Eagle spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs may be passed on to clients.

These rules are operationally and technologically burdensome for Eagle and its clients. These compliance obligations require employee training and use of technology, and there are operational risks borne by clients in implementing procedures to comply with many of these additional obligations.

These regulations may also result in forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants ("FCMs")), as the use of other parties may be more efficient for clients from a regulatory perspective. However, this could limit the clients' trading activities, create losses, preclude clients from engaging in certain transactions or prevent clients from trading at optimal rates and terms.

Many of these requirements were implemented pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or "EMIR") and similar regulations globally. In the United States, the Dodd-Frank Act divides the regulatory responsibility for derivatives between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over "security-based swaps" and the CFTC has regulatory authority over "swaps". EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of

regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps and EMIR regulations, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on clients:

Reporting. Most swap transactions have become subject to anonymous “real time reporting” requirements, meaning that information relating to transactions entered into by clients will become visible to the market in ways that may impair clients’ ability to enter into additional transactions at comparable prices or could enable competitors to “front run” or replicate clients’ strategies.

Central Clearing. In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing requirements have been implemented as part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for clients in many respects (for instance, they may reduce the counterparty risk to the dealers to which clients would be exposed under non-cleared derivatives), clients could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, clients may not be able to hedge risks or express an investment view as well as it would have been able to had it used customizable derivatives available in the over-the-counter markets. Clients may have to split their derivatives portfolio between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the counter positions, and which could lead to increased costs.

Another risk is that clients may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the relevant FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject clients to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the clients. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require Eagle, on behalf of its clients, to borrow eligible securities from a dealer to meet margin calls and raise

the costs of cleared trades to clients. In addition, clearinghouses may not allow clients to portfolio-margin their positions, which may increase clients' costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the clients would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the relevant FCM, subjecting clients to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

Swap Execution Facilities. In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms such as swap execution facilities ("SEFs"), which require a client to subject itself to regulation by these venues and subject a client to the jurisdiction of the CFTC.

The EU regulatory framework governing derivatives is set not only by EMIR but also MiFID II. Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues. The SEC has yet to finalize rules related to security-based swap execution facilities.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for clients to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

Margin Requirements for Non-Cleared Swaps. Rules issued by U.S., EU and other regulators globally (the "Margin Rules") impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that clients will be required to post to swap counterparties may increase by a material amount, and as a result clients may not be able to deploy capital as effectively. Additionally, to the extent clients are required to segregate initial margin with a third party custodian, additional costs will be incurred by such clients.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price

distortions. Successful use of index futures contracts by client also is subject to Eagle's ability to correctly predict movements in the direction of the market.

Futures Contracts. The value of futures contracts depends upon the price of the instruments or other commodities underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which clients' positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Eagle, on behalf of its clients, from promptly liquidating unfavorable positions and subject clients to substantial losses or prevent them from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions. Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, clients may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

Forward Contracts. Eagle, on behalf of its clients, may enter into forward contracts and options thereon, including non-deliverable forwards, which are currently not traded through clearinghouses, although this is expected to change. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts 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. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which Eagle would otherwise recommend, to the

possible detriment of clients. In its forward trading, clients will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which clients trade. Client assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. Eagle may order trades for clients in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject clients to the risk of loss.

Failure to Enter into Offsetting Trade. To the extent Eagle, on behalf of a client, invests in a futures contract or long option, unless an offsetting trade is made, the client would be required to take physical delivery of the commodity underlying the future or option. To the extent Eagle fails to enter into such offsetting trade prior to the expiration of the contract, the client may suffer a loss since neither the client nor Eagle has the operational capacity to accept physical delivery of commodities.

Exchange-Traded Funds. Exchange-traded funds (“ETFs”) are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF’s expenses, including management fees. Accordingly, in addition to bearing their other expenses (e.g., management fees and operating expenses), clients may also indirectly bear similar expenses of an ETF.

Non-U.S. Exchanges. Eagle, on behalf of its clients, may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC (or other U.S. regulators) and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. Securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments. Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in Securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict clients’ investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, clients may be unable to structure transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce clients’ rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to

the jurisdiction of the SEC or the CFTC (or other U.S. regulators) or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Risks Relating to Methods of Analysis

Fundamental Analysis. Our trading decisions may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data is inaccurate or that other market participants have developed, based on such data, trading strategies similar to our trading strategy, we may not be able to achieve our anticipated expected returns. In addition, fundamental market information is subject to interpretation. To the extent that we misinterpret the meaning of certain data, a client portfolio may incur losses.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions. The success of our investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These conditions may impact the prices of the securities in which we invest, as well as the volatility of such securities.

Catastrophe Risks. Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which clients participate (or has a material effect on locations in which Eagle operates) the risks of loss can be substantial and could have a material adverse effect on clients and investors' investments therein.

Coronavirus Risks. In December 2019, a novel strain of coronavirus (known as COVID-19) surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China and South Korea, among other affected countries. These closures have caused the disruption of manufacturing supply chains and local and global economies, the duration of which remains uncertain. As of March 2020, COVID-19 has spread across the world, which has resulted in additional market disruptions. The extent to which COVID-19 may negatively affect the operations of Eagle and the performance of its clients' investments is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact. These potential impacts, while uncertain, could adversely affect the performance of clients' investments.

Governmental Interventions. Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed,

what the interim or permanent restrictions will be and/or the effect of such restrictions on our investment strategy.

Competition; Availability of Investments. Certain markets in which Eagle, on behalf of its clients, may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that Eagle will be able to identify or successfully pursue attractive investment opportunities in such environments.

Litigation Risk. Some of the tactics that Eagle may use involve litigation. A client could be a party to lawsuits either initiated by it, or by a company in which clients invest, other shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of a client.

Currency Exchange Exposure. Eagle, on behalf of its clients, may invest in securities denominated in currencies other than the U.S. dollar. Clients, however, value their securities in U.S. dollars. Clients may or may not seek to hedge their non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when clients wish to use them, or that hedging techniques employed by Eagle, on behalf of clients, will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of clients' positions denominated in currencies other than the U.S. dollar will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Potential Interest Rate Increases. The United States has experienced a decade-long period of historically low interest rate levels. Recently, however, short-term and long-term interest rates have begun to rise. The recovery of the U.S. economy, recent changes in U.S. government policy, including the tapering of the U.S. Federal Reserve Board's quantitative easing program, and increases in the federal funds rate, increase the risk that interest rates will rise in the future. Any future interest rate increases may result in periods of volatility, which may result in substantial client withdrawals that, in turn, force the liquidation of such securities at disadvantageous prices negatively impacting the performance of client accounts.

Rise of High-Frequency Trading. In recent years, high frequency trading has increased, which has raised questions about the impact high frequency trading has on financial markets generally. Though the increase in high frequency trading has been correlated with increased market liquidity, this purported liquidity may be illusory and high frequency trading may be the cause of reductions in true liquidity and certain instances of extreme volatility. Opponents of high frequency trading argue that it exploits the work of active traders, has reduced the number of active traders and has resulted in increased execution costs. The effects of high frequency trading on specific trades or markets generally may adversely affect Eagle's ability to effect its trading strategy on behalf of its clients.

Brexit. The United Kingdom has notified the European Council of its intention to withdraw from the European Union. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. It is not possible to ascertain the precise impact these events

may have on Eagle or its clients from an economic, financial or regulatory perspective but any such impact could have material consequences for clients.

MiFID II. The package of European Union market infrastructure reforms known as “MiFID II”, in effect from January 3, 2018, is expected to have a significant impact on the European capital markets.

MiFID II increases regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II has brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Other regulatory changes, such as an increase in the scope of commodities and commodity derivatives regulation, including position limits and position management powers could similarly lead to liquidity reduction and/or an increase in costs and spreads in the European commodities markets.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of Eagle to execute investment strategies on behalf of clients.

Item 9 Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events or facts that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, nor have there ever been.

Item 10 Other Financial Industry Activities and Affiliations

Other than staff attendance at conferences, the firm and its management do not participate in other financial industry activities.

Neither Eagle nor any of Eagle's management persons have relationships or arrangements with financial industry participants that may be material to Eagle's advisory business or clients, including financial industry participants that are broker-dealers, investment advisers, pooled investment vehicles, futures commission merchants, commodity pool operators, commodity trading advisors, banking institutions, accounting firms, law firms, insurance companies, pension consultants, and real estate brokers.

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

Code of Ethics

Eagle has adopted a Code of Ethics (“Code of Ethics”), pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, and will provide a copy to any client or prospective client upon request.

The major areas that are covered in the Code of Ethics are summarized below.

Reportable Accounts and Transactions. All “access persons” must, on an ongoing basis, report any newly opened employee and employee related securities accounts to the Chief Compliance Officer (“CCO”). In addition, access persons must report, no later than 10 days after becoming an access person and annually thereafter, their “Reportable” securities holdings and, on a quarterly basis, report their “Reportable” securities transactions during the quarter.

Personal Trading. All transactions in “Reportable” securities in all personal accounts managed outside the firm, including all initial public offerings, must be precleared by the trading department, the compliance department and the CIO Team, in accordance with the firm’s written policies and procedures. Eagle, its employees and other affiliates may effect transactions for their personal accounts in the same securities purchased and sold for the accounts of a client. While our policies are intended to mitigate any adverse effects from these situations, this would present a potential conflict in that such person could make improper use of information regarding a client’s portfolio holdings, future transactions, or research paid for by a client, and seek to exploit the same market liquidity as clients.

Insider Trading Policy. Eagle also maintains a policy statement on insider trading, which describes policies and procedures relating to the prevention or misuse of material, non-public information. All “access persons” and other employees must abide by this policy.

Administration of the Code of Ethics. “Supervised Persons” are required to report any violation of the Code of Ethics to the CCO and must cooperate in any investigation relating to possible breaches of the Code of Ethics. Supervised Persons are encouraged to seek advice from the CCO and all relevant “principal officers” with respect to any action or transaction which may violate the Code of Ethics. Violations of the Code of Ethics or of applicable securities laws may result in sanctions imposed by the principal officers in consultation with the CCO and/or outside counsel, including but not limited to a warning, fines, disgorgement, suspension, demotion or dismissal. In addition to sanctions, violations may result in referral to civil or criminal authorities where appropriate.

All personnel have acknowledged and have agreed in writing to adhere to the Code of Ethics and to have read and understood the Eagle Compliance Policies and Procedures Manual. All personnel are required to make such acknowledgments and agreements on annual basis. A signed attestation is retained.

Various personal accounts associated with the Chief Investment Officer and other Eagle personnel are managed by the firm, which, at times, creates a conflict. There is at times an incentive to favor such accounts when making trading decisions. To address such conflicts of interest, purchases and sales in these accounts are executed at the end of the trading day or after all other transactions in the specific securities are completed. Investments in private placements are required to be pre-cleared by Compliance.

Managing the Fund and Separate Accounts. Conflicts of interest arise, at times, from the fact that Eagle provides investment management services to a variety of clients, including investment funds, managed accounts, proprietary accounts, other pooled investment vehicles, and the Fund.

In general clients (including the Fund) have investment objectives, programs, strategies and positions that are similar to or conflict with each other, or in a sense can be competing with each other for the same investment opportunities. Some clients, such as the Fund, have the ability to hedge and make other decisions that could be contrary to or conflict with the investment decisions being made on behalf of other clients. Such conflicts could affect the prices and availability of securities in which the clients invest.

In addition, even if one client's account has investment objectives, programs or strategies that are similar to those of another, Eagle at times gives advice or takes actions with respect to the investments held by, and transactions of, one client account that differs from the advice given or the timing or nature of actions taken with respect to the investments held by, and transactions of, other client accounts for a variety of reasons, including differences between investment strategies, client restrictions, market conditions, regulatory considerations and tax treatment of the accounts. As a result, client accounts at times have different portfolios and investment returns. Conflicts of interests also arise from time to time when Eagle makes decisions on behalf of a client with respect to matters where the interests of Eagle or one or other client accounts differs from the interests of the first client. Please see Item 12 for further information on Eagle's policies regarding the aggregation of trades and the allocation of investment opportunities.

Item 12 Brokerage Practices

Eagle, as a matter of policy and practice, seeks to obtain best execution for client transactions (i.e., seeking to obtain not necessarily the lowest commission but the best overall execution in the particular circumstances).

Eagle considers factors including the responsiveness of the broker to requests for information, the assistance of the sell-side trader in securing the best price execution, the quality or strategy of the algorithm or crossing network, the broker's risk pricing abilities, the promptness and accuracy of the brokers' back office operations when selecting broker-dealers for client transactions, and the overall quality of research received. With regard to the reasonableness of compensation (e.g., commissions), Eagle uses its market expertise and published materials to judge the current rates being paid. Eagle estimates the cost of the transaction and considers the incremental services that the broker provides. The typically low turnover in the Eagle accounts and the total commissions generated are also considered. In a few instances, the low price of a stock may also affect the commission rate.

Additionally, applicable regulatory thresholds may limit client holdings in certain securities. Applicable regulatory thresholds or constraints may also result in additional trading activity and fees incurred in the management of a client account.

As it relates to trade errors, it is the policy of Eagle to seek to correct all trade errors promptly upon discovery and to ensure that all trade errors are dealt with in such a manner so as to prevent any loss or harm to any advisory client, in all cases subject to the terms of the client's agreement with Eagle. Eagle will not be liable to any client for any act or omission resulting in a trade error absent bad faith, gross negligence, willful misconduct or actual fraud on the part of Eagle. As a general matter, Eagle's trade error correction policy seeks to put advisory clients in a position similar to the one that they would have been in had the trade error not occurred.

Research and Other Soft-Dollar Benefits. Eagle maintains soft-dollar arrangements with pre-selected brokers for research products and services (including brokerage services) that assist Eagle in its investment decision-making process. Because the research, products and services (including brokerage services) obtained through soft-dollars are obtained using client brokerage commissions, Eagle does not pay for them directly. Research services furnished by brokers through which Eagle effects securities transactions may be used in servicing all of Eagle's accounts, and not all such services may be used by Eagle in connection with the accounts which paid commissions to the broker providing such services. Likewise, Eagle does not seek to allocate soft-dollar benefits to clients' accounts proportionately to the soft-dollar credits the accounts generate. Because they provide this service, there may be an additional incentive to utilize these brokers beyond most favorable execution, and the commission charged by these brokers may be higher than other brokers. Eagle directs brokerage trades to these pre-selected firms when they are expected to be of equal execution.

Eagle's soft-dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid.

In the event Eagle obtains any mixed-use products or services on a soft-dollar basis, Eagle will make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions. The portion not eligible under Section 28(e) of the Securities Exchange Act of 1934 safe harbor, e.g., computer hardware,

accounting systems, etc., will be paid for with Eagle's own funds. Eagle will be subject to a conflict of interest in terms of determining any portion to be paid for with Eagle's own funds. Including as it related to seeking to mitigate this conflict, Eagle periodically reviews the firm's soft-dollar arrangements, budget, and allocations and monitors the firm's brokerage policy.

If a client or prospective client of Eagle has no established relationship with a broker or brokerage firm, the Eagle trader will make the decision about which trading firm to use to execute a particular trade. The Eagle trader works from a pre-approved list of brokers.

This list of brokers is compiled after receiving input from the Eagle trader, the portfolio manager and analysts. This list contains information regarding, among other things, the quality of the research and the responsiveness of the broker to requests for information, the assistance of the sell-side trader in securing the best price execution, and the promptness and accuracy of the broker's back office operations.

Drawing from the approved list of brokers at time of trade, Eagle's trader selects a broker based, in part, upon a stock's liquidity and a given broker's relevant area(s) of expertise. Eagle's trader gains additional insight into who might be currently or potentially involved with a given traded stock (i.e., where he or she might find a natural buyer or seller) by consulting the firm's supporting subscription services.

Given the size of Eagle's assets under management and the volume of client accounts it manages, client transactions are aggregated, executed in several aggregated trades or executed separately, often to effect better execution on transactions. While all clients will not necessarily participate in the same aggregated trade, all clients participating in any given aggregated trade receive the same price and pay the same commission. At times, trades may be effected for certain client accounts and not others because of market movements between order times. Client accounts featuring client-defined investment restrictions may have their orders entered at different times than unconstrained client accounts; clients' account restrictions may affect account performance. Trades are generally allocated to client accounts based on a client account's target weighting (i.e. portfolios which are furthest from their target weighting will receive allocations first). Allocations will continue in such a manner until all clients reach their target weighting.

When appropriate opportunities occur, Eagle will engage in cross trades between non-ERISA accounts, consistent with Eagle's cross-trading policy as set forth in its Compliance Policies and Procedures Manual. Crossing trades may reduce execution and commission costs, enable cash withdrawals and contributions to be effected with less market impact and at the same time facilitate portfolio rebalancing to achieve diversification. For ERISA and select wrap accounts that are not cross-trade eligible, absence of cross-trading may affect execution quality or transaction costs associated with their trading experience.

Upon written instructions from a client, Eagle will allocate a dollar amount into a specified money market fund or fixed income instrument identifying it in the portfolio as an unsupervised (vs. reserved) asset. No Eagle management fee will be charged on that unsupervised investment. Additions to or deletions from those investments must be made in dollar terms and in writing.

Initial public offerings (IPOs) are offerings of securities which frequently are of limited size and limited availability. IPOs may also become "hot issues" which are offerings that trade a premium above the initial offering price.

In the event Eagle participates in any IPOs, Eagle's policy and practice is to allocate IPO shares fairly and equitably among our advisory clients who have been deemed non-restricted persons. In allocating these IPOs, we generally put first priority on clients that have given us complete trading discretion. A second priority will be clients who have not received an IPO in the current cycle. A third priority will be that our allocation generally be of sufficient size within the portfolio to render it consequential. At all times, however, Eagle will act in accordance with what it believes to be in the best interests of its clients.

Wrap and directed brokerage accounts do not participate in IPOs.

Directed Brokerage. Eagle does not recommend, request or require that clients direct Eagle to execute transactions through a specified broker-dealer.

Some of Eagle's clients have relationships with particular brokers or brokerage firms. In such cases, the establishment of brokerage fees and commissions is generally a matter of negotiation between the client and broker. The brokers generally act as custodian of the client's assets as well. Any client-directed brokerage instructions are required to be in writing.

When clients require the use of a particular brokerage house as a custodian and broker, specific transaction prices and commission costs could be more or less attractive for the client. Certain clients have arrangements with their broker-dealers whereby clients pay a separate fee to their broker-dealer and are not charged commissions on trades. Eagle does not assume responsibility for judging the fairness of these fees as they may or may not encompass services beyond stock trading and custody. Discretionary trading accounts are generally traded ahead of accounts where the client has requested that Eagle trade with a specific broker (also known as directed trading accounts), as well as certain accounts participating in wrap fee programs. Trading ahead may or may not benefit accounts, depending upon market conditions.

Item 13 Review of Accounts

Eagle's investment and operations professionals review all trades made in client accounts, including the Fund. Many factors could initiate a client account review other than a periodic review, including (among other possible factors and to the degree applicable) the decision to add or eliminate a particular investment, to balance gains and losses at the direction of the client or adviser, to raise cash for distribution to clients at their request, to invest new cash contributions in a portfolio, or to alter the asset mix as market conditions dictate.

The firm employs a system to confirm adherence to client-specific restrictions on a pre- and post-trade basis. In addition, Eagle's portfolio administration team monitors portfolio administration operations and its trading team monitors portfolio holdings and trading operations, on a periodic basis, to ensure adherence to style and process. Finally, the firm's client service team serves as an additional point of oversight for separate account client portfolios.

Quarterly statements including specific holdings, current performance, and investment commentary are provided. More frequent information will be provided if requested. Custodians of clients' funds and securities provide their own separate reports to clients. With respect to investors in the Fund, we generally provide annual audited financial statements within 120 days of the Fund's fiscal year end.

Item 14 Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services.

Eagle, from time to time, engages one or more individuals or entities to solicit investment advisory clients in accordance with SEC rules, including that all required disclosures are provided to the relevant clients, and to place investors in the pooled investment vehicles managed by Eagle. Generally, the arrangement and compensation entails a share of such fee revenues paid to the agent or solicitor for a period of time, typically so long as such client or investor remains a client of Eagle or investor in a pooled investment vehicle managed by Eagle. Currently, Eagle has one such relationship.

Item 15 Custody

Eagle likely would be deemed to have custody, as defined by the SEC, of certain advisory client funds, securities or assets. The “custody rule” under the Investment Advisers Act of 1940 requires that client funds and securities be maintained with “qualified custodians,” which include banks and registered broker-dealers. Clients will receive account statements at least quarterly from these custodians. These statements should be carefully reviewed and compared to quarterly statements delivered by Eagle.

Eagle is not required to comply (or is deemed to have complied) with certain requirements of the custody rule with respect to the Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that the Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that the Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16 Investment Discretion

Eagle has discretionary authority to manage securities accounts on behalf of clients, including the Fund, as granted pursuant to Eagle's Investment Management Agreements.

With respect to separate account clients, Eagle will accept limitations on this authority, including in the form of specific stock restriction requests from clients. Eagle will abide by restrictions to the extent that they do not significantly alter Eagle's fundamental investment philosophy.

Our investment decisions and advice with respect to the Fund are subject to its investment objectives and guidelines, as set forth in its offering documents.

Item 17 Voting Client Securities

Eagle, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies, unless otherwise instructed by or on behalf of a client, for portfolio securities. Further, Eagle has been instructed not to vote proxies in relation to certain wrap accounts. Our policies and practices include the responsibilities to: monitor and evaluate the proposals for the companies we are invested in; assess any conflicts of interest in accordance with the Investment Advisers Act of 1940; vote clients' proxies where Eagle has been given authority to do so; retain information regarding the voting of proxies; and maintain relevant and required records.

Eagle seeks to vote all proxies and does so in accordance with its fiduciary duty. At times, conflicts of interest with individual clients arise. In those circumstances, Eagle may, among other things: (i) contact the client who may direct a vote in a particular solicitation; (ii) consult with a third party service provider; or (iii) take action (in consultation with legal counsel) to vote in accordance with its fiduciary duty.

Eagle ensures that proxies are voted in an accurate and timely manner and that voting records are maintained. Eagle has hired the proxy service company, Broadridge Financial Solutions, Inc., to electronically compile and maintain voting records of clients' proxies for a majority of Eagle's clients. Broadridge Financial Solutions, Inc. provides access to client ballots and records via a password protected website, ProxyEdge. Eagle executes its voting privilege via this website. Broadridge Financial Solutions, Inc. notifies Eagle of new meeting ballots. Eagle's analysts determine how Eagle will vote the associated proxies, in accordance with applicable voting guidelines. The analysts make their recommendations to Ravenel B. Curry, III, Chief Investment Officer, who gives final approval. Once approved, Eagle votes the electronic ballots via the ProxyEdge platform. Unsupervised assets and money market vehicles will be voted in accordance with management suggestions by designated staff without CIO review. For the avoidance of doubt, Eagle considers "trade away" securities—i.e., those securities held on Eagle's books for only a short period when, for example, a client makes an in-kind contribution to their account—to be unsupervised assets for purposes of this proxy voting policy. Clients may call Eagle to discuss proxies pertaining to their accounts, obtain a copy of Eagle's voting policies and procedures, and obtain their voting records upon request.

Item 18 Financial Information

In certain circumstances, none of which are applicable to Eagle, registered investment advisers are required to provide financial information or disclosures about their financial condition in this Item. Eagle is a privately held, 100% employee-owned firm. The firm's sole source of revenue is the investment management fees paid by its clients. Eagle has no financial commitment that impairs its ability to meet its contractual and fiduciary obligations to clients. Eagle has never been the subject of a bankruptcy hearing.