



Global Evolution

Global Evolution USA, LLC

250 Park Avenue, 19th floor
New York, N.Y. 10017
(646) 609-7161

www.globalevolution.com

March 24, 2020

This Brochure provides information about the qualifications and business practices of Global Evolution USA, LLC. If you have any questions about the contents of this Brochure, please contact us at (646) 609-7159. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Global Evolution USA is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information which may help you determine whether to hire or retain an adviser. Additional information about Global Evolution USA is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Summary of Material Changes

This Item 2 discusses material changes made to this Form ADV Part 2A (“Brochure”) since the filing of the February 21, 2019 annual updating amendment to this Brochure.

On October 24, 2019, Global Evolution Financial ApS, became owner of 100% of Global Evolution Fondsmæglerselskab A/S. Previously, Global Evolution Holding ApS, owned 100% of Global Evolution Fondsmæglerselskab A/S. After October 24, 2019, Global Evolution Holding ApS, owned over 99% of Global Evolution Financial ApS, with the remaining less than 1% being held by participating employees via a long term incentive plan. The change in corporate structure does not represent a change of control as Conning Holdings Limited continues to own approximately 45% of Global Evolution Holdings ApS. The change permits minority employee ownership via a long term incentive plan.

On January 26, 2019, Samantha Addonizio assumed the role of Chief Compliance Officer of Global Evolution USA, LLC from Kasper Jørgensen, who remains the Head of Legal and Compliance of its parent entity, Global Evolution Fondsmæglerselskab A/S. On October 15, 2018, Kasper Jørgensen assumed the role of Chief Compliance Officer, Global Evolution USA, LLC, following the departure of Hendricus Bocxe.

October 1, 2018 Items 1 and 14 were amended to reflect the relocation of the office to 250 Park Avenue and to reflect certain referral agreements between Global Evolution and its affiliates, Conning Inc., and Conning Investment Products.

On June 28, 2018, Conning Holdings Limited (“Conning”), acquired a 45% stake in Global Evolution Fondsmæglerselskab A/S. Conning is a wholly-owned subsidiary of Cathay Life Insurance Co., Ltd., a Taiwanese company. As a result, Items 4 and 10 were updated to reflect the resulting ownership changes and affiliations.

In April 2018, Items 6, 7 and 15 were updated to address changes resulting from the launch of the Global Evolution Emerging & Frontier Phoenix Fund, LP, a private fund. In connection with the establishment of this fund-of-one, a new affiliate, Global Evolution USA, GP was also established. This affiliate is ultimately owned by Global Evolution Holding ApS, which is the holding company of Global Evolution Fondsmæglerselskab A/S and which, in turn, owns Global Evolution USA, LLC.

There have been no other material changes since Global Evolution USA’s annual update of February 21, 2019

Table of Contents

| | |
|---|----|
| Item 1 – Cover Page | |
| Item 2 – Summary of Material Changes | 2 |
| Item 4 - Advisory Business..... | 5 |
| Firm Description | 5 |
| Principal Owners | 5 |
| Types of Advisory Services | 6 |
| Tailored Relationships | 6 |
| Client Assets | 6 |
| Item 5 - Fees and Compensation | 6 |
| Description | 6 |
| Fee Billing | 6 |
| Other Fees and/or Expenses..... | 6 |
| Fees Paid in Advance..... | 7 |
| Item 6 - Performance-based Fees and Side-by-Side Management | 7 |
| Item 7 - Types of Clients | 7 |
| Description | 7 |
| Account Minimums | 8 |
| Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss..... | 8 |
| Methods of Analysis | 8 |
| Investment Strategies..... | 9 |
| Risk of Loss..... | 11 |
| Item 9 - Disciplinary Information..... | 13 |
| Item 10 - Other Financial Industry Activities and Affiliations | 13 |
| Financial Industry Activities | 13 |
| Affiliations..... | 13 |
| Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 15 |
| Code of Ethics | 15 |
| Recommend Securities with Material Financial Interest..... | 15 |

| | |
|---|----|
| Invest in Same Securities Recommended to Clients..... | 15 |
| Personal Trading Policies | 16 |
| Item 12 - Brokerage Practices..... | 16 |
| Selecting Brokerage Firms | 16 |
| Research and Soft Dollars..... | 17 |
| Brokerage for Client Referrals | 18 |
| Order Aggregation, Trade Allocation, Cross Trades | 18 |
| Item 13 - Review of Accounts..... | 20 |
| Reviews..... | 20 |
| Regular Reports | 20 |
| Item 14 - Client Referrals and Other Compensation..... | 21 |
| Item 15 - Custody..... | 21 |
| Item 16 - Investment Discretion..... | 22 |
| Item 17 - Voting Client Securities | 22 |
| Item 18 - Financial Information..... | 23 |

Item 4 - Advisory Business

Firm Description

Global Evolution is a boutique emerging and frontier markets sovereign debt manager. In the U.S., the firm operates through its wholly-owned subsidiary, Global Evolution USA, LLC (hereinafter “Global Evolution USA”), which was formed in 2012 to provide the investment advisory services described below to US institutional investors.

Global Evolution USA is a wholly-owned subsidiary of Global Evolution Fondsmæglersekskab A/S, (“Global Evolution DK”) which is authorized and regulated in Denmark by Finanstilsynet (Danish Financial Services Authority). Global Evolution DK was formed in 2007 and is headquartered in Kolding, Denmark. For purposes of this brochure, “Global Evolution” is defined as the parent (Global Evolution DK), along with its subsidiary, Global Evolution USA.

All of the business revenues and net profits of Global Evolution USA are consolidated within Global Evolution DK. Global Evolution DK is exempt from SEC registration as a “participating affiliate” of Global Evolution USA as that term is used in relief granted by the staff of the SEC allowing U.S. registered investment advisers to use investment advisory resources of non-U.S. investment adviser affiliates subject to the regulatory supervision of the U.S. registered investment adviser. Certain employees of Global Evolution DK are subject to Global Evolution USA’s supervision and control and are treated as “persons associated with” Global Evolution USA. Please see Item 10 “Affiliations” for a more detailed discussion of the participating affiliate relationship with Global Evolution DK.

Principal Owners

Global Evolution DK owns 100% of Global Evolution USA, the SEC-registered entity. Our parent (Global Evolution DK), in turn, is wholly-owned by Global Evolution Financial ApS, which, in turn, owns over 99% of Global Evolution Holding ApS. The remaining less than 1% of Global Evolution Financial ApS is owned by an employee long term incentive plan. On June 28, 2018, Conning Holdings Limited (“Conning”), acquired a 45% ownership interest in Global Evolution Holding ApS with the remaining 55% owned by Global Evolution management and employees. The ultimate owner of Conning is Cathay Financial Holding Co., Ltd., a listed company on the Taiwan stock exchange.

Over time, Conning will acquire a majority equity ownership position through a series of contractually pre-determined annual share purchases by Conning from the holding companies of Global Evolution’s founders; Søren Rump and Morten Bugge. These Conning purchases, and corresponding founder sales, are binding commitments on behalf of both parties to the share purchase agreement. With these commitments, Conning will obtain majority ownership of Global Evolution on the second anniversary of the June 2018 transaction which is anticipated to be on or about, June 2020.

Going forward, Global Evolution will continue to operate as an independent boutique, with all business and investment decisions solely residing with Global Evolution’s management committee.

Types of Advisory Services

Global Evolution is a specialized emerging markets boutique firm offering portfolio management services to US registered investment companies and institutional clients. For institutional investors, in addition to separately managed accounts, we intend to offer institutional comingled funds as those funds are established.

Tailored Relationships

Service is a critical aspect of our business. As such, we work with our clients to establish investment guidelines that optimize their goals. Accordingly, any special terms, restrictions and requirements set forth in the client's investment management agreement will be considered.

Client Assets

As of January 31, 2020, Global Evolution USA had discretionary assets under management of approximately 795.9 million. The parent, Global Evolution DK, had discretionary assets under management (including US assets) of \$14.84 billion as of January 31, 2020.

Item 5 - Fees and Compensation

Description

Global Evolution USA charges base fees per annum ranging from 25 bps to 100 bps depending on factors including (but not limited to) the complexity or degree of customization of a mandate, firm-wide capacity in a strategy, the number and extent of strategies included in a multi-strategy product. Depending on the mandate or private fund, the firm may also charge a performance fee. For private funds, please refer to the relevant private placement memorandum for detailed information concerning management and performance fees. All fees are negotiable.

Private Funds

As compensation for its service as the investment manager of the private funds, Global Evolution USA generally receives a management fee. Depending on the investment strategy, Global Evolution USA may, but will not always, receive a performance-based fee with respect to a private fund. Performance fees generally reflect the capital appreciation of a private fund and may include hurdle rates and/or high water marks. The management fees are typically paid quarterly in arrears. Please consult a private fund's governing documents for additional information regarding such fees.

Fee Billing

Global Evolution USA bills clients quarterly in arrears.

Other Fees and/or Expenses

For all products, administrative costs of third-party custody and administration are charged to clients in addition to the management and, where applicable, performance fees charged by Global Evolution USA.

These expenses could include brokerage commissions and other transaction related costs. For additional information concerning this area, please refer to Item 12 of this Brochure entitled “*Brokerage Practices*,” for more information.

Fees may include management fees (paid to Global Evolution) and performance fees. Fees for funds are described in detail in each fund’s private placement memorandum and/or offering materials. Fees are paid directly from each fund, except for sub-advised funds, in which case, we receive our fee directly from the fund’s manager or investment adviser. Each fund also pays other transaction or fund-related expenses out of each respective fund.

As detailed in fund offering documents, some funds may also require a minimum period of investment. If a redemption is made prior to the agreed upon minimum investment period, investor accounts may be subject to a redemption fee for early redemption. Please see relevant private placement memoranda (PPM) for more information about management and performance fees, minimum investment periods, and minimum subscription amounts.

Fees Paid in Advance

Global Evolution does not bill clients in advance.

Item 6 - Performance-based Fees and Side-by-Side Management

For institutional clients, certain strategies may include performance-based fees based where performance exceeds defined benchmarks. Such performance fees are paid quarterly in arrears and are subject to “high-water mark” requirements. In reviewing trade allocations and performance of all accounts, management is aware of the potential conflicts associated with allocating assets between accounts with and without performance fees and has therefore developed internal trade allocation procedures designed to mitigate inequitable treatment of client accounts. Please refer to *Brokerage Practices – Order Aggregation and Trade Allocation* of this Brochure for additional information in this respect.

Item 7 - Types of Clients

Description

Global Evolution USA provides investment advisory services to US registered investment companies, and private pooled investment vehicles and funds. Global Evolution USA plans on eventually providing investment advisory services to institutional investors including but not limited to public and private

pension funds, sovereign wealth funds, “Taft-Hartley” plans, endowments, foundations, collective investment trusts and family offices.

Account Minimums

The minimum account size for a separately managed account is \$100 million; however, exceptions may be made on a case-by-case basis. Minimums for each private fund are more fully described in each fund’s private placement memorandum.

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

Methods of Analysis

As emerging market managers, we search for emerging economies and invest in countries that we believe present the best opportunities for high risk-adjusted return. Our portfolios are intentionally constructed to provide diversified absolute returns with low correlations to other asset classes.

We initially apply a top-down approach characterized by a focus on macro and political risk, and active country assessment. At Global Evolution, we believe:

- Active management is a key tool for Global Evolution. We take a strong view on each country to exploit inefficiencies, market themes and opportunities and first-mover advantages with attractive risk-return characteristics.
- Fundamental top-down analysis of long-term economic and political prospects provides us with opportunities to identify attractive investment opportunities. We also maintain an established network of local economists and professionals with local knowledge of emerging market countries.
- Our investment management team is supported by unique proprietary systems for advanced portfolio and risk management. We believe that an integrated and comprehensive platform utilizing the latest technology enables us to provide highly focused and effective client service.
- At Global Evolution we apply a sovereign screening process as an overlay to our investment process which, we believe enables us to avoid investments in countries that are not acting in accordance with internationally recognized standards, ethical standards, and social responsibility.
- We base our assessments on each individual country's financial, political, social and legal foundations to identify a universe of investable countries.
- The analysis and screening are validated and concluded through our risk assessment process which also includes an assessment of the relationship of a country with international

multilateral organizations, such as the IMF, World Bank, various global rating agencies, and diplomatic relations in general and the presence and/or inclusion/exclusion of securities in various emerging market indices.

Investment Strategies

Global Evolution focuses on sovereign and corporate related investments in fixed income and foreign exchange instruments in emerging and frontier markets strategies. Our products include hard currency debt, local currency debt, frontier markets and emerging markets foreign exchange. Global Evolution also offers a combination of the above-mentioned strategies through a dynamically managed emerging markets strategy.

We currently offer the following investment strategies with predefined investment guidelines and risk/return objectives.

Emerging Markets Hard Currency Debt

- Primarily invested in dollar-denominated sovereign debt
- Non-benchmark focused and diversified strategy across emerging markets globally

Emerging Markets Hard Currency Corporate Debt

- Primarily invested in dollar-denominated corporate debt
- Active, conviction-based, fundamental top-down with focus on risk management and diversification

EM Hard Currency Corporate Debt Investment Grade

- Primarily invested in investment grade dollar-denominated corporate debt
- Active, conviction-based, fundamental top-down with focus on risk management and diversification

Emerging Markets Local Currency Debt

- Primarily invested in local currency denominated sovereign debt and currency instruments
- Non-benchmark focused and diversified strategy across emerging markets globally

EM Local Currency Corporate Debt

- Primarily invested in local currency denominated corporate debt and currency instruments
- Active, conviction-based, fundamental top-down with focus on risk management and diversification

Frontier Markets (*currently closed to new investors*)

- A combination of dollar-denominated debt and local currency sovereign debt and currency instruments
- Focus on a diversified selection of strategies and long-term investment opportunities within frontier markets globally

Emerging Markets Blended Debt

- Dynamically managed allocation to hard currency sovereign debt and local currency sovereign debt and currency instruments
- Non-benchmark focused and diversified strategy across emerging markets globally

Absolute Return Debt

- The strategy actively invests in a broad array of emerging and frontier market debt securities and currency instruments, complemented with an active risk overlay. Due to the importance of G10 FX in both our macro assessment of emerging markets as well as in terms of managing risk, we will use the full spectrum of currencies

EM Blended Debt High Yield

- Dynamically managed allocation to corporate and sovereign hard currency and local currency debt (between 30% and 70%)
- Returns driven by asset allocation, bottom up security and country allocation selection and a top down portfolio construction aiming at capturing the opportunities arising from the EM and global macro backdrop

Use of Derivatives

In executing its various strategies, from time to time, Global Evolution may elect to utilize any of a variety of derivative-based strategies and instruments in any of its strategies. Derivative instruments will be used for both hedging and investment purposes. The purpose of the use of derivatives would be to increase the probability of each strategy to reach its investment and return objectives (see Derivatives Risks below, as well).

Derivatives use could include any or all of the following (in consideration of the relevant opportunities and risks):

- Interest Rate Futures - interest rate futures will normally be used to take or hedge interest rate risk on the most liquid international fixed income markets (e.g. treasuries)
- Interest Rate Swaps (IRS) – interest rate swaps can benefit portfolios by reducing or increasing interest rate exposure
- Total Return Swaps (TRS) - TRS use can help sell or buy exposure in credit, interest rates and currencies in an efficient manner when cash market exposures to individual bonds are inappropriate, thinly traded or otherwise difficult to optimally execute
- Cross Currency Swaps (CCS) – CCS can help managers take or hedge currency and interest rate risk
- FX Forward – an FX forward is an FX instrument that allows the manager to purchase or sell currency exposure for future delivery
- Non-Deliverable Forwards (NDF) – an NDF is an FX instrument that allow the manager to purchase or sell currency exposure in currencies that are non-deliverable
- Credit Default Swaps (CDS) – a CDS can be used by the manager to take or hedge credit risk

Risk of Loss

Although Global Evolution endeavors to preserve client capital and achieve real growth of wealth, investing in the financial markets involves risk of loss that each client should be prepared to bear.

Some of the risks that clients may expect include the following:

Emerging Markets Risk

Investments in emerging market countries involve exposure to changes in economic and political factors. The economies and capital markets of most emerging market countries are still in early stages of development. As a result, their economic systems are still evolving and their political systems are typically less stable than those in developed economies. For example, emerging market countries can suffer from currency devaluation and higher rates of inflation as well as substantial changes in their government, policies and laws.

Special Frontier Market Risk

Frontier market countries have additional considerations. Frontier countries generally have smaller economies and even less developed capital markets than traditional emerging markets, and as a result, the risks of investing in emerging market countries may be magnified in frontier market countries. Risks in these markets may be magnified by higher price volatility, less liquidity, trade barriers, exchange controls, managed adjustments in relative currency values, relatively new and unsettled securities laws,

and other protectionist measures imposed or negotiated by trading partners are emerging market risks which may be magnified in frontier market economies.

Concentrated Portfolio Risk

While we typically manage portfolios to be relatively diversified, the possibility exists that, at any one time, portfolios could be more concentrated and thus hold larger position sizes. In principle, a large loss in any one larger holding has a greater impact on portfolio return for a concentrated portfolio than it would for a more broadly diversified portfolio.

Currency Risk Securities in which the Adviser invests can be denominated or quoted in currencies other than the US dollar. Changes in foreign currency exchange rates can affect the value of investments. Generally, when the US dollar rises in value against a foreign currency, a security denominated in that currency loses value because the currency is worth fewer US dollars. Conversely, when the US dollar decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more US dollars. This risk, generally known as “currency risk”, means that a strong US dollar will reduce returns for investors in non-dollar securities while a weaker US dollar will increase returns from non-dollar investments.

Interest Rate Risk

Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to interest rate changes and therefore price changes.

Foreign Government Debt Risk

The risk that (a) the governmental entity that controls the repayment of government debt may not be willing or able to repay the principal and/or to pay the interest when it becomes due, due to factors such as political considerations, the relative size of the government entity’s debt position in relation to the economy, cash flow problems, insufficient foreign currency reserves, the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies, and/or other national economic factors; (b) governments may default on their debt securities, which may require holders of such securities to participate in debt rescheduling; and (c) there is no legal or bankruptcy process by which defaulted government debt may be collected in whole or in part.

Derivatives Risk

Risks associated with derivatives include the risk that the derivative is not well correlated with the security; the risk that derivatives will result in losses or missed opportunities; the risk that the Adviser

will be unable to sell the derivative because of an illiquid secondary market; the risk that the counterparty is unwilling or unable to meet its obligation; and the risk that the derivatives transaction could increase exposure to the market and magnify potential losses.

Counterparty Risk

A financial institution or other counterparty with whom the Adviser does business may decline in financial health and become unable to honor its commitments. This could cause losses for investors or could delay the return or delivery of collateral or other assets.

Active Management Risk

The Adviser's investment strategies or choice of specific securities can be unsuccessful and result in losses being incurred.

The foregoing set of risk factors does not purport to provide a complete explanation of risks involved in an investment. Potential investors should familiarize themselves with all such risks, including those not discussed above, before deciding whether to invest.

Item 9 - Disciplinary Information

Global Evolution has not been subject to any disciplinary action.

Item 10 - Other Financial Industry Activities and Affiliations

Financial Industry Activities

Global Evolution is not engaged in any business or profession other than acting as an investment adviser.

Affiliations

Global Evolution USA is affiliated with other entities engaged in the financial services business and, in some cases has business arrangements with such entities that are material to its advisory business or to its Clients. These affiliations are described in more detail below and despite policies and procedures designed to mitigate such conflicts, in some cases, may cause Global Evolution USA's or a related person's interests to diverge from the best interests of a Client.

Certain individuals may assume dual responsibilities within Global Evolution USA and its affiliates, for example in relation to human resources, legal, information technology, or other responsibilities as agreed from time to time by management. In the unlikely event such individuals have access to current Global Evolution USA investment information, they are subject to relevant portions of Global Evolution USA's Code of Ethics as outlined in Item 11. All such affiliate employees are also subject to their own, affiliated entity's Code of Ethics.

Conning Holdings Limited ("Conning") owns 45% of the shares in Global Evolution Holding ApS. Conning is a wholly-owned subsidiary of Cathay Life Insurance Co., Ltd., a Taiwanese company. A list of Global Evolution USA's affiliated entities is included on Schedule D of Form ADV, Part 1 at Item 7.A. (Part 1 of our Form ADV can be accessed by following the directions provided on the cover page of this Brochure.)

As a result, Global Evolution USA is an affiliate of Conning, Conning Investment Products, Inc., Goodwin Capital Advisors, Inc., and Octagon Credit Investors, LLC, each of which is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (referred to herein collectively as the "Conning Group").

Participating Affiliate Relationship

Global Evolution USA is a wholly-owned subsidiary of Global Evolution DK, an investment firm registered in Denmark. In reliance on a series of SEC no-action letters, Global Evolution USA has entered into an arrangement with Global Evolution DK (a "Participating Affiliate") which permits Global Evolution USA to use investment management capabilities and related services, including personnel, of the Participating Affiliate in providing advice to its clients. The Participating Affiliate is not registered with the SEC as an investment adviser. However, in accordance with SEC guidance, employees of the Participating Affiliate that provide investment advice to Global Evolution USA's clients will remain subject to the regulatory supervision of both Global Evolution USA and the SEC.

In connection with the establishment of a private fund, Global Evolution USA, GP was established. This affiliate is ultimately owned by Global Evolution Holding ApS, which is the holding company of Global Evolution Fondsmæglerselskab A/S and which, in turn, owns Global Evolution USA, LLC.

Broker Dealers

Conning Investment Products, Inc. is a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA") and an affiliate of Global Evolution USA. Certain employees of Global Evolution USA may be licensed as representatives or principals of Conning Investment Products, Inc. for purposes of distribution of Private Funds. Global Evolution USA does not use Conning Investment Products, Inc. for loan or securities transactions within private funds or separately managed accounts.

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

Code of Ethics

Global Evolution has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Investment Advisers Act and Rule 17j-1 under the Investment Company Act of 1940 that sets forth the standards of business conduct required of Global Evolution’s personnel, and requires an affirmative commitment that we will comply with federal securities laws.

The Code summarizes the values, principles and business practices that guide the business conduct of Global Evolution and also provides a set of basic principles to guide employees regarding the minimum ethical requirements expected of them. The Code supplements our existing employee policies and also supplements various other policies and procedures that have been adopted. All employees are expected to become familiar with the Code and to apply these principles in the daily performance of their jobs.

A copy of Global Evolution’s Code shall be provided to any client or prospective client upon request.

Recommend Securities with Material Financial Interest

We do not recommend securities in which Global Evolution or its employees have a material financial interest.

Invest in Same Securities Recommended to Clients

Global Evolution and its personnel may effect transactions for their own accounts in the same securities purchased and sold for the accounts of our clients. To ensure that trading by the Adviser’s personnel is conducted in a manner that does not adversely affect the Adviser’s clients and in a manner consistent with the fiduciary duty owed by the Adviser to its clients, the Adviser has adopted policies governing personal securities transactions that are detailed within the Code. These policies restrict personal securities transactions in emerging and frontier markets securities as well as require pre-clearance of any personal securities transactions in any US mutual funds that are managed or sub-advised by Global Evolution.

Conflicts of Interest

Global Evolution acts as investment adviser to client accounts that have similar investment objectives and pursue similar investment strategies. As a result, certain investments identified by Global Evolution may be appropriate for multiple clients. Decisions to buy and sell investments for each client advised by Global Evolution are made with a view toward achieving such client’s investment objectives; however Global Evolution may face conflicts of interest in allocating investment opportunities among accounts

because the Firm might receive greater fees or compensation from some accounts than others. Moreover, a particular investment may be bought or sold for only one client or in different amounts and at different times for more than one but fewer than all clients, even though it could have been bought or sold for other clients at the same time. In addition, when a particular investment is bought or sold for two or more clients on the same date, there can be no assurance that a client will not receive less (or more) of the investment than it would otherwise receive if Global Evolution did not have a conflict of interest among clients. Also, a particular investment may be bought for one or more clients when one or more other clients are selling the investment.

Investment decisions for clients are made by Global Evolution in its best judgment, but in its sole discretion, taking into account such factors as Global Evolution believes to be relevant. Such factors may include investment objectives, regulatory restrictions, availability and liquidity of the investment, current holdings, availability of cash for investment, the size of the investments generally and limitations and restrictions on a client's account that are imposed by the client. In effecting transactions, it may not always be possible, or consistent with the investment objectives of Global Evolution's various clients, to take or liquidate the same investment positions at the same time or at the same prices. Global Evolution generally is not under any obligation to share any investment, idea or strategy with all of its clients.

Personal Trading Policies

The Firm's Code of Ethics also has requirements for reporting personal trading activity, pre-clearance requirements for trading, and the requirement to report all violations to Global Evolution USA's Chief Compliance Officer.

Item 12 - Brokerage Practices

Selecting Brokerage Firms

Fixed income instruments typically trade at a bid/ask spread and without an explicit brokerage commission. Accordingly, while there is no formal trading expense or commission, clients will bear the implicit trading costs reflected in these spreads. Global Evolution seeks to obtain best execution of its clients' trades through monitoring and effectively controlling the quality of trade decisions. The circumstantial and judgmental aspects involved in obtaining best execution with respect to a particular trade are not always quantifiable. Therefore, it is not feasible to define a single measurement basis for best execution on a trade-by-trade basis but rather we weigh a combination of factors. When selecting a broker-dealer for the execution of a client's portfolio transactions, we take into account the following factors: price; costs; speed; likelihood of execution and settlement; size; nature; counterparty supervision, rating, product offering, research, personnel and systems; and any other relevant consideration.

In the majority of cases we would typically expect that the most significant issue to be taken into account in selecting a broker will be the total consideration paid or received (price) in each case such that there will be greater weight on the price and costs associated with each trade. However, there will be occasions when other factors may be more important or relevant and, as discretionary managers, we may use our judgment and experience to give greater prominence to them. Execution of orders at a price other than the best price available at the prevailing time will not necessarily constitute a breach of the policy.

The relative importance of each of the execution factors will be determined by reference to the following characteristics:

- the client;
- the client order;
- the financial instruments that are the subject of that order; and
- the execution venues to which that order can be directed.

In many circumstances, we may deal directly with a market maker rather than with a broker who is acting on an agency basis. For example, this would include situations where we make use of Direct Market Access systems or are dealing with an investment bank that is acting in a principal capacity as a market maker. We may also trade outside a regulated market or multilateral trading facility from time to time.

We monitor on a regular basis the effectiveness of our execution policy and, in particular, the execution quality of the entities identified in that policy. Where the monitoring reveals the need for any changes or enhancements to be made, these will be implemented as appropriate. We will review the execution policy on an annual basis and also whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients.

Research and Soft Dollars

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities, commonly known as “soft dollar commitment/arrangement.” Conduct outside of the safe harbor of Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law.

Global Evolution has not entered into any formal “soft dollar commitments/arrangements,” written or verbal, explicit or implied, with any broker-dealers. A soft dollar commitment/arrangement is viewed by Global Evolution as a commitment, understanding or agreement to pay increased commissions, or direct trades to a broker-dealer, in exchange for the receipt of research.

Global Evolution may, however, effect transactions for clients with broker-dealers who provide Global Evolution with research or brokerage products and services, providing lawful and appropriate assistance to Global Evolution in the performance of its investment decision-making responsibilities. Research and brokerage products and services received from broker-dealers are supplemental to Global Evolution's own research efforts and may be used to service all client accounts. Research services furnished by brokers through which Global Evolution effects transactions may be used in servicing all of its clients' accounts and not all such services may be used by Global Evolution in connection with the accounts which paid commission to the broker providing services.

Based upon the quantity and quality of brokerage and research services provided, as determined based on the considerations described above, a client account may pay a spread or brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Spreads and commission rates are negotiated by Global Evolution for the benefit of its clients' accounts and generally reflect a discount from the broker's "standard" published spread and commission rates.

Brokerage for Client Referrals

In selecting broker-dealers for client transactions, we do not consider whether we or our affiliate have a relationship with a broker-dealer or third party, or whether we or our affiliate may receive client referrals from a broker-dealer or third party.

Directed Brokerage

Global Evolution does not maintain directed brokerage arrangements on its own initiative and, in light of the unique features of the fixed-income market and the potential impact / delay on the Firm's trading decisions, will not step out trades to directed brokers. A directed brokerage arrangement involves a client directive obligating Global Evolution to utilize a particular broker or brokers without regard to best execution. Directed brokerage arrangements reflect client preferences, goals or instructions and are not subject to Global Evolution's obligation to seek best execution. The Firm's ability to obtain best execution for the client may be hindered by the directed brokerage relationship and the client may forego any benefit from savings on execution costs that Global Evolution could obtain for its other clients through negotiating for volume discounts with brokers.

Order Aggregation, Trade Allocation, Cross Trades

It is our basic policy that no client for whom Global Evolution has investment decision responsibility shall receive preferential treatment over any other client. In allocating securities among clients, it is our policy

that all clients will be treated fairly and that, to the extent possible, all clients should receive equivalent treatment.

If an asset trade is finalized with only partial allocation, it is up to the Investment Management Team to ensure that a proportional allocation is executed, as described below. For practical reasons, minor deviations can appear compared to the mathematically correct allocation as some fixed income instruments have minimum initial trade size or in order to allocate round amounts.

When appropriate, we will aggregate client orders for the purchase or sale of securities. We will generally follow the guidelines set forth below in aggregating client orders for securities:

- No investment advisory client will be favored over any other investment advisory client
- Each client that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security with that counterparty on a given business day and transaction costs will be shared pro rata based on each client's participation in the transaction
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the pre-trade approval
- If the aggregated order is partially filled, it will generally be allocated pro-rata among our clients, subject to an allocation of a meaningful minimum size as determined by the Adviser (which could result in an account receiving no allocation or a larger than pro-rata allocation) and to a minimum purchase size which may be imposed by an issuer in an offering
- Our policies for the aggregation of transactions will be fully disclosed according to Applicable Jurisdiction's Client Disclosure Laws and requirements

The following are non-exclusive examples of situations where aggregation of trades may not occur:

- We enter multiple pre-trade approvals in one trading day and allocates each order pursuant to the pre-trade approval
- We are bound by a client's restrictions on counterparty selection and restrictions on counterparty selection may prevent us from executing orders with the counterparty, resulting in trades that are not aggregated, thereby receiving separate prices and separate fills.

Global Evolution may engage in internal cross trades where prudent, in compliance with SEC and Department of Labor rules, and where permitted by client contracts and Global Evolution's policies and procedures. Global Evolution does not engage in agency cross transactions (i.e., transactions in which the Firm earns a fee other than its advisory fee). Internal cross trades are subject to Rule 17a-7 under the 1940 Act for US mutual funds. Global Evolution does not permit internal cross trades involving one or more retirement accounts (e.g., subject to ERISA). In other cases, Global Evolution will ensure that any internal cross transactions are in the best interests of and appropriate for both

clients, the transactions are consistent with Global Evolution's obligations to seek best execution, and an independent or objective pricing mechanism is used. To the extent a broker is intentionally utilized to facilitate a cross trade with or without compensation, Global Evolution will honor the same process and requirements.

Trade Errors

Global Evolution has a conflict of interest in connection with the identification and resolution of trade errors, operational errors and other errors. Specifically, Global Evolution, as a party who may bear some or all of the financial responsibility to correct an error, has an incentive to determine that an error did not occur or, if one has occurred, to resolve it in a manner that minimizes the financial impact on the Firm. Although a conflict of interest may exist, Global Evolution endeavors to make determinations in good faith, taking into account all circumstances of which it is aware, including, where appropriate, its own interests and the standards under applicable law and those contained in the client's investment management agreement with us.

A determination by Global Evolution that an error has not occurred will not typically be communicated to the relevant client since, in Global Evolution's view, no error has occurred, and thus clients will not be afforded an opportunity to assess the reasonableness of Global Evolution's conclusions. This conflict is heightened in cases where Global Evolution's client is a private fund which does not have an independent board of directors, as is generally the case with the private fund(s) Global Evolution manages. All determinations for these funds with respect to the identification and resolution of errors will be made exclusively by Global Evolution because there is no unaffiliated party, such as an independent board of directors, representing the interests of investors. As a result, investors will typically not be informed that an error existed or how it was resolved.

Item 13 - Review of Accounts

Reviews

Each client account is reviewed at least weekly by the Chief Investment Officer, portfolio managers and/or the Chief Compliance Officer, with the assistance of portfolio managers, if necessary, to determine whether the account is being managed in a manner that is consistent with the client's investment objectives, guidelines and/or restrictions, as communicated to the Adviser.

Regular Reports

Global Evolution will provide reporting as requested by clients and as provided for in any Advisory Contract, Investment Management Agreement, fund prospectus or offering document. At present, monthly written performance overviews are routinely provided to all clients that review monthly performance, positions by country and currency and major trends in the marketplace and other key

portfolio strategies. For private funds, regular correspondence and reporting are detailed in the applicable fund's private placement memorandum.

Item 14 - Client Referrals and Other Compensation

Referral Fees

Global Evolution has entered into referral arrangements with Conning Inc., and Conning Investment Products (collectively, the Conning Affiliates"), whereby Global Evolution pays a fee in connection with referrals. This practice creates a potential conflict of interest, in that the Conning Affiliates have an incentive to refer prospective clients to Global Evolution based on the compensation received, rather than based on that client's needs. Prospective clients are under no obligation to engage with or purchase investment products from the Conning Affiliates or any other Global Evolution affiliate. Any compensation paid for a referral to an affiliate will be paid by Global Evolution from fees collected from a client, and will not be imposed on the client in addition to established fees in connection with the management of an account or product.

In certain instances, Global Evolution may co-manage or sub-advise portfolios of Conning clients, which could create a potential conflict of interest due to Conning's economic interest in and control of Global Evolution.

Item 15 - Custody

Due to certain arrangements, Global Evolution USA may be deemed to have "custody" of certain Client accounts within the meaning of Rule 206(4)-2 under the Advisers Act because Global Evolution may have access to or authority over funds and securities held in these accounts for purposes other than issuing trading instructions. With respect to any Private Funds for which Global Evolution is deemed to have custody, the Firm complies with Rule 206(4)-2 under the Advisers Act by maintaining Fund assets in properly designated accounts with qualified custodians, and providing investors in the Private Fund with audited financial statements within 120 days following the Private Fund's fiscal year end. Investors should review these audited financial statements carefully. If you have not received audited financial statements timely, please contact us immediately. As noted in Item 13 – Review of Accounts, above, Global Evolution may provide you, separately, with reports or account statements providing information about the account. You should compare these carefully to the account statements you receive from your custodian or administrator.

For all other accounts, Global Evolution does not take physical custody of client funds or securities. Our client assets are maintained in internationally recognized banks or brokerage firms, otherwise known as custodians, selected by the client. Global Evolution does not have the authority to directly debit client accounts for quarterly fees but instead bills the fund administrator who, if the billing is considered acceptable, will charge client accounts. The custodian, selected by the client, sends account statements directly to our clients at a minimum of a quarterly basis. We urge clients to compare the account statements they receive from the qualified custodian with those reports they receive from Global Evolution.

Item 16 - Investment Discretion

Global Evolution USA only enters into contracts with clients seeking discretionary investment management. Under these agreements, the client generally gives Global Evolution appropriate authority for investment decisions regarding their account and in consideration of the client's investment guidelines and any special terms, restrictions and requirements that the client has identified. Depending on the terms of the agreement that Global Evolution has entered into with each client, Global Evolution generally is not required to provide notice to, consult with, or seek the consent of its clients prior to engaging in transactions. In such case, we would typically have discretionary authority to make the following determinations without client consultation or consent prior to effecting each transaction:

- the securities that are to be bought or sold;
- the total amount of the securities to buy or sell;
- the broker-dealer through whom securities are to be bought or sold;
- the commission rates at which securities transactions for client accounts are effected; and
- the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Item 17 - Voting Client Securities

Global Evolution does not offer investment advice on equity securities and therefore would not vote proxies for client accounts. In its activities in investing in sovereign debt markets, Global Evolution may from time to time be presented with corporate actions to amend debt agreements governing its bond holdings. As such, we may be requested by a bond issuer's trustee to amend some aspect of an indenture and if required by a client agreement, Global Evolution will notify, consult with or seek approval as is appropriate.

Item 18 - Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about Global Evolution's financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients. In addition, we have not been the subject of any bankruptcy proceeding.