

## Form ADV Part 2A: Firm Brochure

### Item 1 – Cover Page

#### **Curve Asset Management Inc.**

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Date of Brochure: May 2020

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This brochure provides information about the qualifications and business practices of Curve Asset Management, Inc. (also referred to as we and us throughout this brochure). If you have any questions about the contents of this brochure, please contact either Michael Rosenbaum @ (647) 290-9042 or [mrosenbaum@curveam.com](mailto:mrosenbaum@curveam.com) or Bill Lane @ (727) 544-8487 or [blane@curveam.com](mailto:blane@curveam.com). 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.

Additional information about Curve Asset Management, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Curve Asset Management, Inc. or our firm's CRD number 168797.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

There have been changes made to this disclosure brochure since filing our last Annual Amendment to this brochure in March 2019. Below is a summary of the changes and additions that have been made. If further information is required, we will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. The fiscal year ends on December 31 so any further summary of material changes that you will receive, if any, will be received no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may provide other ongoing disclosure information about material changes as necessary.

### **Summary of additions:**

#### **Item 4 – Advisory Business**

We have added information pertaining to our services offered, risk management and trading approach, and client reporting capabilities as well as a cash management service that was not previously offered. We have also updated our AUM information.

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

We have added information pertaining to our performance fee compensation and the associated potential impact on client portfolios.

#### **Item 7 – Types of Clients**

We have updated the selection set of clients that we presently have and that we frequently communicate with.

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

We have added significant information as it pertains to our credit trading process, inclusive of sources of data. We have also added information pertaining to our cash management services

#### **Item 13 – Review of Accounts**

We have added information pertaining to our client reporting capabilities and services.

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#### **Item 4 – Advisory Business**

Curve Asset Management, Inc. is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is an S Corporation formed under the laws of the State of Florida.

- Larry A. Domash is a Managing Member of Curve Asset Management, Inc. Larry A. Domash owns 100.00% of Curve Asset Management, Inc..
- Curve Asset Management, Inc. filed first registered as an investment adviser in January 2014.

Curve Asset Management, Inc. is under common ownership and therefore affiliated with Curve Publishing and Global Credit Trading, LLC (“Curve Publishing”) which is the proprietary owner of the investment models executed by Curve Asset Management, Inc.. In addition, Curve Publishing provides the intellectual research and strategies utilized by our firm.

#### **Description of Advisory Services**

Curve Asset Management, Inc. offers ongoing supervision of discretionary fixed income asset for clients with total return mandates. Curve Asset Management, Inc. employs a stochastic global credit trading strategy for the 275 largest government, Supra Sovereign and corporate issuers worldwide. Our investment process is focused on credit risk and designed to generate results by minimizing principal risk. We create individualized strategies generated by our global credit trading model that are tailored to each client’s specific risk mandate. Account positions are reviewed at least 3 times and reconciled at the beginning and end of each trading day.

Our services are categorized as follows:

1. Curve Global Long/Short Credit Trading;
2. Curve Global Liquid Alternatives;
3. Curve Global Floating Rate Note Trading;
4. Curve Cash Management services; and
5. Curve Positioning Trading.

Our systematic approach to account management employs a series of trading paradigms that are applied to each client risk mandate. All four disciplines are distinct. Each management discipline can be utilized in a “levered” environment. Our services are designed to manage cash credit (bonds) for large pools of capital such as pension funds, investment trusts and endowments. We have recently added a comingled strategy designed for wealth managers with a deliverable client capital base above \$10 million.

Curve Asset Management employs several risk management techniques that are intended to lower volatility and improve accuracy of winning trade percentage.

These risk management techniques include:

- (1) We do not take any interest rate risk in our portfolios unless instructed by the client;
- (2) We do not take any holding concentration risk unless instructed by the client;
- (3) We target short holding periods, generally not more than 30 days for the vast majority of our trades
- (4) We follow a 30-year-old stochastic trading model
- (5) The vast majority of our positions are in investment grade securities;

- (6) We only trade positions in the world's 275 most liquid issuers, as based on our internal research and analysis, and normally only trade "on the run" bonds;
- (7) We seldom, if ever, are fully invested;
- (8) We are both long and short fixed income securities simultaneously.

Our trading strategies are designed to minimize volatility in terms of "mark to market risk" and are not highly correlated to equity or credit market returns. Our client base includes hedge funds and proprietary trading firms the "lever" our returns by utilizing prime brokerage and broker / dealer balance sheet capital.

Our credit trading approach is offered in both a separate managed account and "in-house" advisor/subadvisor format. Holding periods, concentration, and credit risk parameters are determined and mandated in consultation with each client.

We provide to our clients overnight and weekend reports, that include daily, weekly, monthly and quarterly calculations for (basis point, 100% stress, value at) risk as well as daily mark to market PnL on both the individual holdings and portfolio basis. In addition, we employ a "Lehman Scenario" risk component (calculated based on the same components and market conditions as they impacted the credit markets on September 16 – 17 2008). We are presently not aware of any other firm that provides this information daily.

The reports also provide an overview of how every global credit trading sector in the world has performed and provides specific trading data for the 210 most liquid corporate issuers in the world. The report contains data on over 1100 specific bonds. Our data comes from independent broker/dealers and custodians as well as the issuers directly, while the data hierarchy, technology presentation and model output are provided by our credit trading model.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodian(s) maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You can impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. Our trading allocation process is believed to be appropriate for all advised accounts and is based per risk mandate for each individual client. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

A written agreement, which details the exact terms of the service, must be signed by you and Curve Asset Management, Inc. before we can provide you the services described below.

**Limits Advice to Certain Types of Investments**

Curve Asset Management, Inc. specializes in developing and implementing investment and trading models focused on consistent, actionable bond trades. When providing asset management services, we construct each client's account holdings using fixed income securities including foreign issued bonds and sovereign debt securities. Our investment advice, therefore, is generally limited to the following types of investments:

- Corporate Debt Securities
- U.S. Government Securities
- Sovereign Debt Securities
- Supra Sovereign Debt Securities

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

When managing client accounts through our firm's Asset Management Services program, we typically manage a client's account in accordance with the Curve Research credit trading model. Investment selections are based on the underlying model and we then develop customized (or individualized) portfolio weightings or holdings for each client depending on their risk tolerance and based on each client's individual investment goals, objectives and mandates.

We will not enter an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

**Client Assets Managed by Curve Asset Management, Inc.**

Curve Asset Management, Inc. has \$293,513,323.33 of assets under management to report as of April 30<sup>th</sup>, 2020, and the entire amount is managed on a discretionary basis.

**Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides further details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Curve Asset Management, Inc..

***Asset Management Fee***

We do not presently offer a fixed asset management fee option for our services.

***Performance Based Fees***

We only charge performance-based fees tied to the total appreciation (i.e. capital gains, interest, coupon payments, etc.) within the account as evaluated at the end of each 30-day period. Our fee is based only on the continuous performance of your account. No performance-based fee will be earned unless the Account's performance exceeds the previously achieved high water mark where performance-based fees were charged.

The performance-based fee will be payable each sixty-day period, in arrears. Our minimum performance-based fee arrangements are 20.00% but will generally not exceed 40.00% of the capital appreciation attained within the client's account.

*Please refer to Item 6 of this brochure for more information.*

### **Termination of Services**

Asset management services continue in effect until terminated by either party. Either party may terminate the services by providing the other party with written notice of termination effective 30 days after the other party receives such notice. Because fees are billed in arrears, Curve Asset Management, Inc. will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

### **General Fee Information**

Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, capital base, capital provider and account platform ownership or accounting structure. Therefore, your exact fee and fee arrangements may be different than that described above. The exact fee arrangements for each client will be specified in that client's advisory services agreement with Curve Asset Management, Inc..

Curve Asset Management, Inc. believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the custodial level (e.g., advisory fees and other fund expenses).

You can choose how to pay your investment advisory fees. The investment advisory fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account or you can pay our firm upon receipt of a billing notice sent directly to you.

If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to Curve Asset Management, Inc..

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Curve Asset Management, Inc. does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Curve Asset Management, Inc. in connection with investments made through your account.

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

As described above in *Item 5 – Fees and Compensation*, Curve Asset Management, Inc. charges clients only a performance fee, which is based upon total return including interest income and capital appreciation in fixed income securities purchased and sold for each client. We do not provide services where compensation is derived from asset-based fees, which is based on the total amount of assets owned by the client.

The nature of a performance fee in fixed income management poses an opportunity for Curve Asset Management, Inc. to earn more or earn less compensation than under a stand-alone asset-based fee.

Curve Asset Management receives only performance-based compensation, therefore, if the client does not earn a positive return on assets, then Curve does not receive any compensation. Performance based compensation is intended to align interests between investors and clients. Further, Curve utilizes specific risk management and trading techniques designed to enhance the probability of positive trading outcomes, as described previously in this document. However, in the normal course of management, utilizing a performance-based fee incentive can lead to a more conservative approach to trading which can lead to underperformance of client portfolios relative to most investment grade fixed income indices during periods of extremely strong fixed income market performance.

Performance based fee arrangements of Curve Asset Management, Inc. will comply with Section 205(e) of the Investment Advisers Act of 1940. Per Section 205(e) (see Rule 205-3 thereunder), only natural individual clients meeting the SEC's definition of "qualified clients" may enter into agreements providing for performance-based compensation to Curve Asset Management, Inc.. A natural person or company must meet the following conditions to be considered a qualified client:

- Have at least \$1,000,000 under management with Curve Asset Management, Inc. at the time the client enters an agreement with Curve Asset Management, Inc.; **or**
- Provide documentation to Curve Asset Management, Inc. so that Curve Asset Management, Inc. will reasonably believe the client has either a net worth of \$2,000,000 or is a qualified purchaser under Section 2(a) (51) (A) of the Investment Company Act.

## **Item 7 – Types of Clients**

Curve Asset Management, Inc. generally provides investment advice to the following types of clients:

- Corporations, pensions and other institutional clients
- Pooled investment companies (e.g. hedge funds and mutual funds)
- Family offices, broker dealers and proprietary trading firms.
- Wealth Management Firms

You are required to execute a written agreement with Curve Asset Management, Inc. specifying the specific advisory services to establish a client arrangement with Curve Asset Management, Inc..



### **Minimum Investment Amounts Required**

Curve Asset Management, Inc. requires a minimum of \$25,000,000 for unlevered accounts, and potentially as little as \$5,000,000 for select levered accounts.

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

### **Credit Trading Process**

Curve Asset Management, Inc. employs only the Curve Research global credit trading model for client investment strategies.

The Curve Research global credit trading model assesses the attractiveness (both long and short) of the publicly traded debt for the world's 275 largest Sovereign, supra – Sovereign and Corporate issuers', based on our own internal research of publicly available data. Our selection of bonds and preferred stock is comprised of roughly \$68 trillion of debt market value.

In its most innate form, the Curve trading model is systematic in nature and based on 4 basic trading premises that have been empirically tested. Our approach to day to day portfolio management is to minimize portfolio risk and manage volatility.

Our process is purely empirical, and fact based. Our data input comes from 7 sources:

- (1) Issuer specific public statements and reports typically found in North American, European and Asian public disclosure as well as registration statements and issuance data at the time of new issue;
- (2) For issuers outside the US, we use local country filings (typically interim, mid-year and annual filings as well new issue disclosure);
- (3) For Sovereign and Supra-Sovereign issuers, we utilize government treasury releases for budget, gross domestic product and issuance and retirement data;
- (4) Local Government auction results and pricing information;
- (5) FINRA Trace in the US and Bloomberg ALLQ outside the US for pricing and trading data;
- (6) 35 counterparties in the US/Europe and Asia who provide bid/ask markets on all bonds in our G-275 trading universe;
- (7) Other electronic trading platforms which provide market information.

The Curve Asset Management investment process is stochastic in nature, utilizing discreet time periods. It is designed to isolate the largest risk variables which affect the trading volatility of the world's largest and most liquid credit issues.

Our data hierarchy ordinales the various on balance sheet and off-balance factors that impact the supply and demand of trading the "on the run" issues of our G - 275 selection set. Ostensibly, our goal through the models 120 separate trading paradigms is to optimize the most attractive long and short candidates in our selection set on a risk / reward basis.

Our returns are generated by minimizing credit risk via historic 12-month valuation combined with 13 simultaneous factors impacting the current supply and demand for each issue.

We do not “scrub,” “clean,” or homogenize issuer data. Instead our model recommends positions (buy, sell or avoid) based on issuer data as interpreted by the local market.

Further we do not forecast or project future outcomes. Therefore, we do not undertake any “fundamental” or “technical” or inter-security “relative value” analysis.

### **Investment Strategy**

Curve Asset Management, Inc. uses the following investment strategies when managing client assets and/or providing investment advice:

The Global Long/Short Credit Trading strategy is designed to take advantage of risk/reward opportunities in the world’s largest issuers of highly liquid bonds. Our approach, which is to be long or short individual issuer credit risk for short periods of time, is stochastic in nature. The probability of positive results must exceed our internal hurdle rate to initiate a trading position. Each trade is designed for capital appreciation first and income as a residual component of return. Therefore, our holding period per trade tends to be less than 30 days. Our trading approach is based on the individual supply and demand characteristics for credit for each of the world’s largest issuers combined with historic trading valuation. This approach is designed to produce above investment grade index coupon returns at below index volatility levels.

The Global Liquid/Alternatives strategy is “long only” in nature (interest rate risk is hedged with US Treasuries) and tends to have very low volatility and very high turnover.

The Floating Rate Note Trading strategy can take credit positions both long and short but is not hedged for interest rate risk owing to the 90-day coupon adjustment of the instruments it employs. The product is designed for clients wishing to be exposed to our Global Credit Trading strategy without having to hedge interest rate risk. This approach also has low volatility but traditionally has a longer holding period for positions than does the Global Liquid/Alternatives strategy.

Cash management strategies are designed to employ all of the 120 strategies in the Curve credit trading model in a short duration / low volatility setting as determined by the client. A minimum 25% of the account is readily liquid (24 hours’ notice) with designed returns to exceed those of published money market managers by a minimum of 100bp per annum.

Position trading strategy is designed to take advantage of short-term opportunities in global credit and utilizes aspects of the greater Curve credit trading model to selective determine attractive risk/reward trading opportunities in the world’s largest issuers of highly liquid bonds. This approach is both long and short in nature and utilizes multiple inputs, including supply and demand for issuer credit, to make credit trading decisions.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Company Risk - When investing in investment grade bond positions, there is always a certain level of company or industry specific risk that is inherent in each investment. Historically speaking this is what is known as “headline risk” which normally dissipates over time or “fraud” risk which has occurred in issuers such as WorldCom, Enron and Washington Mutual.
- Issuer Credit Risk - When investing in investment grade bonds, there is approximately a 1% risk that the issuer will default and be unable to make payments over the life of the security. Our average holding period per issuer is less than 30 days.
- Interest Rate Risk - Marketable securities’ prices (both stocks and bonds) will vacillate depending on the level of US Government bond prices or the overnight rate of interest provided on loans from the US Federal Reserve. Our investment approach is to hedge interest rate risk with cash treasuries. Therefore, the typical Curve Asset Management portfolio contains very little volatility or risk associated with interest rate movements.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies and determination of portfolio securities. Since the vast majority of all holdings will mature at par value, the level of volatility produced by our investment strategies can cause the value of the investment to decrease over shorter periods of time.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm’s collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and the brokerage firm is then required to act to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Curve Asset Management, Inc. and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

## **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Curve Asset Management, Inc. is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Brochure.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

Per the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Curve Asset Management, Inc. has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Curve Asset Management, Inc. requires its supervised persons to consistently act in your best interest in all advisory activities. Curve Asset Management, Inc. imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Curve Asset Management, Inc.. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Curve Asset Management, Inc. or supervised persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Curve Asset Management, Inc. that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Curve Asset Management, Inc. and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained because of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be compliant with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Curve Asset Management, Inc..

Any supervised person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

Clients will be able to select the broker-dealer and qualified custodian that will be used for their accounts. Clients must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Curve Asset Management, Inc. does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Curve Asset Management, Inc. believes such action may prove advantageous to clients. If we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis.

Curve Asset Management, Inc. allocates trades based on basis point risk for each client.

If we aggregate client orders for the purchase or sale of securities, including securities in which Curve Asset Management, Inc. or our supervised persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our supervised persons receive any additional compensation from block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed daily. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Larry Domash, with reviews performed in accordance with your investment goals and objectives.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, Curve Asset Management, Inc. may provide position or performance reports to you daily and monthly as requested. As mentioned in item 4 above:

We provide to our clients overnight and weekend reports, that include daily, weekly, monthly and quarterly calculations for (basis point, 100% stress, value at) risk as well as daily mark to market PnL on both the individual holdings and portfolio basis. In addition, we employ a “Lehman Scenario” risk component (calculated based on the same components and market conditions as they impacted the credit markets on September 16 – 17 2008).

You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Curve Asset Management, Inc. may enter agreements with outside (i.e. unaffiliated), third parties (Referring Parties) to refer clients to Curve Asset Management, Inc. pursuant to rule 17 CFR 275.206(4)-3 If a referred client enters an investment advisory agreement with Curve Asset Management, Inc., a referral fee is paid to the Referring Party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any Referring Party and Curve Asset Management, Inc. will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a Referring Party, the Referring Party provides the client with a copy of our Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor's Disclosure Statement document. If the Referring Party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Brochure.

The referral agreements between Curve Asset Management, Inc. and referring parties are compliant with state and federal securities rules regarding paid solicitor arrangements.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. We receive no other forms of compensation in connection with providing investment advice. *Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser can access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Curve Asset Management, Inc. is deemed to have custody of client funds and securities whenever Curve Asset Management, Inc. is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Curve Asset Management, Inc. will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Curve Asset Management, Inc. is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Curve Asset Management, Inc.. When clients have questions about their account statements, they should contact Curve Asset Management, Inc. or the qualified custodian preparing the statement.

#### **Item 16 – Investment Discretion**

When providing asset management services, Curve Asset Management, Inc. maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities, the amount of securities that can be bought or sold, the broker or dealer to be used and the commission rates paid for your portfolio without obtaining your consent for each transaction.

#### **Item 17 – Voting Client Securities**

Curve Asset Management, Inc. does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in your Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

#### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Curve Asset Management, Inc. does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Curve Asset Management, Inc. has not been the subject of a bankruptcy petition at any time.

