

Encore Housing Opportunity Fund Investment Manager, LLC

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This brochure provides information about the qualifications and business practices of Encore Housing Opportunity Fund Investment Manager, LLC (“Encore”). If you have any questions about the contents of this brochure, please contact Encore at (561) 961-1000. 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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of Encore or its personnel.

Additional information about Encore is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This brochure dated March 31, 2021 has been prepared by Encore Housing Opportunity Investment Manager, LLC (“Encore”) as an amendment to the last annual update which took place on March 30, 2020. There are no material changes since the last annual update.

Currently, copies of this brochure may be requested by contacting John F. Chiste, Encore’s Chief Compliance Officer, at (561) 961-1000 or at inquiries@encorefunds.com.

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Item 4 **Advisory Business**

- A. **Description of advisory firm and principal owners.** Encore Housing Opportunity Fund Investment Manager, LLC, a Delaware limited liability company, also referred to in this brochure as “Encore”, is a real estate investment advisory firm, which commenced operations in 2009. Effective as of January 1, 2015, Encore Capital Management, LP (“ECM”) is the sole owner of Encore. ECM is owned by (i) Encore Capital Management GP, LLC (“ECMGP”), its general partner, and (ii) AF Encore Management, LLC and Avila Encore Management, LLC, its limited partners. ECMGP is directly owned by AF Encore Management, LLC and Avila Encore Management, LLC, as its sole members. Arthur Falcone is the manager of AF Encore Management, LLC and Tony Avila is the manager of Avila Encore Management, LLC. Mr. Falcone and Mr. Avila oversee Encore’s investment activities. For purposes of this ADV Part 2A, the term “employees” covers individuals who are performing services for Encore, supervised by Encore and covered by Encore’s compliance policies and procedures, even if not direct employees of Encore.
- B. **Advisory services offered.** Encore provides discretionary investment advisory services to private investment vehicles (each, a “Fund” or a “Client” and, collectively, the “Funds” or “Clients”) each of which focuses on real estate and real estate-related investments.¹ Interests in the Funds are only offered to qualified investors through private offerings. Encore is affiliated with entities that serve as the general partners or managing members to the Funds (collectively “the General Partners”). The General Partners may be deemed to be performing advisory services to the funds, and therefore rely on Encore’s registration under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Pursuant to Encore’s registration in accordance with SEC guidance, these entities are deemed “relying advisers” and the information set forth herein regarding the investment advisory services provided by Encore shall also apply in respect of each of the General Partners.

In 2014, principals of Encore formed Rescore Property Corporation, a Real Estate Investment Trust (the “REIT”). The REIT entered in an investment advisory agreement with Rescore Investment Management, LLC (“Rescore”), whereby Rescore would be responsible for the investment management activities for the REIT and its subsidiaries and be entitled to the advisory fees for such services. Rescore is affiliated with and under common control with Encore and, like the General Partners, relies upon Encore’s Advisers Act registration (making it a “relying adviser”). Unless otherwise specified in this brochure, all responses made herein by Encore are applicable to Rescore. Please refer to Item 10(C) for more information about this relationship.

The investment strategy of the Funds to which Encore provides investment advice is generally to make opportunistic investments primarily in North America in a broad range of real estate and real estate-related investments, including, single assets, portfolios, joint ventures and operating companies as well as real estate-related loans and debt securities.

¹ “Fund” or “Client” means any fund for which Encore provides investment advice and/or makes investments or investment recommendations on a discretionary or nondiscretionary basis. The investors and other persons who invest in the Funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not refer to “investors.”

As discussed further in Item 8 of this brochure, Encore generally targets real estate and real estate-related investments on an opportunistic basis, through development, redevelopment, repositioning or improving the management.

Tailoring to individual Client needs. Encore may tailor its advisory services to the individual needs of a particular Fund, as may be necessary. Each Fund has a set of specific guidelines that may limit the strategy, size, concentration, geography, type of security and/or terms of the Fund's underlying investments as described in each Fund's governing documents. Investment advice is provided directly to each Fund itself and not to the individual investors in the Funds. Although Encore does not provide tailored investment advice to the individual investors in the Funds, the General Partner and/or the Funds may enter into side letter agreements with certain investors that may modify such investors' rights or obligations under the operating agreements for a particular Fund.

C. **Wrap fee programs.** Encore does not participate in wrap fee programs.

D. **Assets under management.** As of December 31, 2020, Encore managed approximately \$1,795,463,403 in regulatory assets under management on a discretionary basis. Such amount is preliminary and unaudited.

Item 5 Fees and Compensation

- A. **How Encore is compensated for advisory services.** Encore's fee and compensation arrangements may vary and the specific terms of such arrangements are set forth in each Fund's governing documents.

Generally, Encore is entitled to receive, quarterly in arrears, a management fee, generally ranging from 1% to 2%, calculated and charged to the limited partners in the Funds.

In addition to the management fee, the General Partner of a Fund is entitled to receive performance-based compensation as described in Item 6 of this brochure.

- B. **Deduction of fees from Client assets.** The Funds generally pay the management fee to Encore quarterly in arrears. The management fee is generally deducted from the assets of the appropriate Fund and the investors in such Funds are not separately billed for such services by Encore.

- C. **Other types of fees or expenses.**

Generally, the Funds are responsible for all costs and expenses incurred in connection with carrying out the business of the Fund including, but not limited to: (a) all out-of-pocket fees, costs and expenses (including travel) directly related to the making, management and disposition of investments; (b) all out-of-pocket expenses directly related to the purchase or sale of proposed investments which are not consummated; (c) all administrative expenses of the Fund such as the costs of the annual audit and the preparation and distribution of financial, tax and other reports to investors and other legal and accounting expenses; (d) expenses relating to meetings of investors; (e) insurance, indemnification or litigation expenses; (f) any taxes, fees or other governmental charges levied against the Fund; (g) expenses of liquidating the Fund; (h) organizational expenses up to a specified amount in the applicable Fund's governing documents and (i) all other expenses that are not expenses of the General Partner. Entities owned by the Fund are responsible for developer fees for individual projects. Such fees are allocated appropriately across each investment in accordance to applicable governing documents.

Any expenses common to one or more of the Funds or investments by the Funds or to any other accounts managed by Encore generally will be allocated among such entities or investments on a basis reasonably believed to be equitable and fair by Encore in accordance with the Funds' governing documents and Encore's policies. The costs and expenses directly relating to a Fund investment will be generally allocated between the Funds in proportion to their respective commitments to such investment.

To the extent any break-up fees or any other types of transaction fees identified in a Fund's governing documents are earned in connection with a Fund's investment activities, such fees may be paid to Encore or any of its supervised persons and, generally, such fees will be applied as a credit to the next management fee payable by the Funds.

Please refer to the Funds' operating agreements and offering documents for further information regarding the fees and expenses of Encore and the Funds.

- D. **Payment of fees in advance.** As described further in Item 5.A. and B., the management fee is generally paid quarterly in arrears. However, Encore may charge some clients in advance if the client has arranged this with Encore.
- E. **No compensation for the sale of securities.** Neither Encore nor any of its supervised persons accepts compensation for the sale of securities or other investment products, except as may be described in Item 5.C. of this brochure.

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

When an investment owned by a Fund is realized, the General Partner of such Fund may be entitled to receive a distribution of the investment proceeds, generally at a rate of 20%, as performance-based compensation. The payment of any such performance-based compensation to the General Partner is subject to certain conditions being satisfied such as the prior return of capital to Fund investors and the payment to Fund investors of a predetermined rate of return on their invested capital as described in the governing documents for each Fund. For more information regarding the specific terms of performance-based compensation, please consult each of the governing documents for the Funds.

In accordance with the Funds' governing documents and the General Partners' operating agreements, the General Partner may, in its sole discretion, reduce or modify an investor's obligation to pay performance-based compensation. performance-based compensation that may be due to the General Partner based on the Funds' performance may create an incentive for Encore to cause the Funds to make investments that are riskier or more speculative than would be the case if this special allocation were not made. However, in an effort to align the interest of the General Partner with the investors in the Funds, the General Partner generally makes a significant contribution to the Funds.

Item 7 Types of Clients

Generally, Encore provides investment advisory services to the Funds, which are privately offered pooled investment vehicles and privately offered real estate investment trusts that are exempt from registration under the Investment Company Act of 1940, as amended. Fund investors may include, without limitation, high net worth individuals, pension plans, trusts, financial institutions, endowments and other U.S. and non-U.S. entities. Each investor is required to meet certain suitability requirements.

Typically, an initial investment in a Fund must be at least \$1 million, as set forth in the Funds' offering documents; however, Encore has the sole discretion to accept investments of a lesser amount.

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

A. Methods of Analysis and Investment Strategies. As more fully described in each Fund's offering documents, the Funds' investment strategy is to make opportunistic investments in a broad range of real estate and real estate-related investments, including, single assets, portfolios, joint ventures and operating companies as well as real estate-related loans and debt securities. In executing the Funds' investment strategy, Encore relies upon its extensive expertise, experience and relationships in both real estate and capital markets to source, evaluate, execute and manage the Funds' investments. Encore generally targets real estate and real estate-related investments on an opportunistic basis, including investments in distressed opportunities, underperforming and undervalued assets and value creation opportunities, including, ground-up development, redevelopment and land acquisition and development, through a broad range of investment structures. Such investments are generally in the form of direct or indirect ownership interests of, or in, real estate and real estate related joint ventures and operating companies, across all property sectors, including office, retail, multifamily/residential, hospitality and land development in a broad range of markets. Encore seeks to capitalize on opportunities where Encore believes the market value of the underlying asset is mispriced due to distress in the capital structure or dislocation in the capital or real estate markets. Encore also often pursues investments that it believes present unique opportunities to create value through the repositioning, development or redevelopment of assets.

In executing the investment strategy of the Funds, Encore expects to (i) employ leverage (subject to certain limitations in the Funds' governing documents), including, from time to time, credit facilities secured by the assets of the respective Fund and/or capital commitments of their investors, and (ii) work with unaffiliated third party joint venture partners with differing operational, development and financial capabilities. The Funds generally invest in limited partnerships, real estate investment trusts or limited liability companies that are structured for the purpose of holding the underlying real estate assets.

Encore focuses on risk management through comprehensive due diligence, including analysis of financial, legal, regulatory and tax considerations and assessment of transaction and partner risks. Encore's investment professionals are responsible for analyzing and underwriting investment opportunities which Encore is interested in pursuing. In evaluating opportunities, Encore may engage or consult with experts, operators, partners or other professionals to assist with its due diligence analysis, and risk and asset management processes, including, outside legal and tax advisers. As further described in Item 13 of this brochure, an investment committee meets as and when necessary to consider and approve new investment opportunities and material investment decisions regarding the Funds' existing investments. Such investment committee generally considers several factors in its evaluation of potential new investments to ensure such investments are consistent with the objectives of the Funds. Primary examples of such factors include, without limitation, financial performance, financing terms, market conditions, potential operating partners, execution risk and transaction timing, and potential exit strategies.

B/C. Investment Risks. There are significant risks inherent in the strategy of investing in real estate not associated with other investments and an investment in the Funds is only suitable for

persons of adequate financial means who have no need for liquidity from an investment in the Funds. Given the volatility of global real estate markets, investors in the Funds are subject to the risk of loss of all or substantially all of their investment in a Fund and prospective investors should not subscribe unless they can readily bear the consequences of such loss. There can be no assurance that a Fund's investment strategy will be successful. Set forth below as well as in other Items in this brochure is a summary of certain of the investment risks disclosed in greater detail in each of the Funds' offering documents. Please refer to each of the Funds' offering documents for more information on these and other risks relating to Encore's business and investments in the Funds.

Nature of Assets. The real estate in which the Funds invest may involve underperforming assets utilizing leveraged capital structures. In addition, due to the distressed nature of opportunities as well as the sales processes by which opportunities are marketed, Encore may have a limited amount of time to conduct due diligence.

Lack of Diversification. Encore may invest the Funds in a limited number of assets, and as a consequence, the aggregate returns realized by the Funds may be adversely affected by the unfavorable performance of a small number of such investments. Encore may also make investments that may not be diversified geographically or by asset class.

Illiquid Investments. The investments by the Funds are likely to be risky, illiquid and long term. Illiquidity may result from the absence of an established market for the investments as well as legal or contractual restrictions on the resale, refinancing or other disposition of the investments by the Funds.

Leverage. The investments may be highly leveraged, in which case lenders or other holders of senior positions may be entitled to a preferred cash flow prior to the Funds receiving a return. These investments may be subject to restrictive financial and operating covenants. The leverage may impair the ability of the entities to finance their future operations and capital needs and may limit their flexibility to respond to changing business and economic conditions and opportunities.

Subordination Risk. Debt investments made by the Funds may be unsecured and structurally or contractually subordinated to senior indebtedness, all or a significant portion of which may be secured. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

Availability of Financing. Encore's targeted returns may be dependent on the use of leverage, and the lack of available or attractive financing (including, both acquisition and construction financing) may adversely impact returns. Furthermore, in cases where assets fail to meet business plans, leverage may adversely impact returns.

Inability to Influence Management. Although the Funds may acquire or obtain the right to acquire management rights in connection with an investment, the Funds may not have an active role in the day-to-day management of an investment and the success or failure of such investment depends to a significant extent on the management of the underlying assets. In addition, the Funds may form partnerships with non-affiliated partners whose ability to influence the affairs of the entities in which the Funds invest may be significant. Further, certain of the non-affiliated operating partners with which a Fund may invest may be a partner of one or more

of the Funds on multiple investments. The terms of each investment may differ and to the extent a dispute arises between the Funds and such partner, the related investments may suffer.

Investments in Real Estate. Special risks associated with real estate investments include, without limitation, changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, changes in the financial condition of tenants, and changes in operating costs. Real estate values are also affected by factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, and the availability of financing and potential liability under environmental and other laws.

Development and Pricing Uncertainties. Development projects include risks of cost overruns, as well as the risk of accurately predicting rental rates for income producing projects (hotels and retail) and sales prices for “for sale” assets (condos/condo hotels). The risks of cost overruns in connection with development projects, including ground-up development, land development and other major redevelopments, may occur as a result of multiple factors including, without limitation, increases in costs of labor or materials, changes in law and/or increases in the time required to complete a project. Any such increases could have a negative impact on Encore’s targeted returns for a development project.

Debt Securities. Debt securities are subject to the risk of an issuer’s ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

Distressed Securities. Encore may elect to purchase securities and other obligations of companies that are experiencing significant financial or business distress, including entities involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk, including bankruptcy and may not show any return for a considerable period of time.

Changes in the Law; Regulatory Risks. Amendments or modifications to relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment. Each Fund relies on various exemptions from registration under various federal and state statutes and laws, such as the Securities Act of 1933, the Investment Company Act of 1940 and the Employee Retirement Income Security Act of 1974, each as amended. Changes in any such statutes, rules or laws could impact a Fund’s ability to conduct its business as currently contemplated.

Item 9 Disciplinary Information

There have been no legal or disciplinary events to disclose that are material to an investor's or prospective investor's evaluation of Encore's advisory business or integrity of management.

Item 10 Other Financial Industry Activities and Affiliations

- A. Broker-dealer registration.** Tony Avila is the sole indirect owner of Builder Advisor Group, LLC, a registered broker-dealer with the SEC and FINRA. Mr. Avila is also a registered representative of Builder Advisor Group, LLC. The broker-dealer provides merger and acquisition services to private equity firms seeking investments in the home building sector and companies seeking to raise capital from private equity sources. Builder Advisor Group, LLC does not conduct any services for Encore or the Funds; however, a conflict of interest could arise if Encore seeks to enter into a transaction (such as a land acquisition or sale) in which another party in the transaction is a client of Builder Advisor Group, LLC.
- B. Commodity industry registration.** Neither Encore nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Material relationships.** Certain employees of AF Encore Management, LLC and Avila Encore Management, LLC (including such employees' family members and/or investment vehicles) may hold an ownership interest and/or may be entitled to an allocation of performance-based compensation in the General Partner of a Fund. Encore and its related persons may also form other partnerships or entities and offer investment opportunities in such partnerships and entities in accordance with the operating agreements and offering documents of the Funds as more particularly described in Item 11 of this brochure.

Rescore utilizes the same personnel, infrastructure and technology as Encore.

Encore and/or its affiliates also act as leasing agent, property manager, construction manager and/or development manager for real estate assets owned by the Funds. Such services are provided on the terms and conditions set forth in the Funds' governing documents and entail the payment of additional compensation to certain affiliates. Any fees paid to Encore or its affiliates by a Fund are required to be on an arm's-length basis on terms that are no less favorable to the Fund than would be obtained in a transaction with an unaffiliated party or are no less favorable than market terms. Encore mitigates such conflict by involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

- D. Other Advisers.** Encore may utilize relying advisers, such as Rescore, to perform advisory services to funds, in such instances the advisory agreements will be entered into between the relying adviser and the funds they manage.

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

A. Code of Ethics. Pursuant to Rule 204A-1 of the Advisers Act, Encore maintains a Code of Ethics (referred to in this brochure as the “Code”). The Code sets forth standards of conduct that are expected of Encore employees and certain associated persons and addresses conflicts of interest. Encore employees are also required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws by Encore or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Encore’s personnel. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Copies of this Code may be requested by contacting John F. Chiste, Encore’s Chief Compliance Officer, at (561) 961-1000 or at inquiries@encorefunds.com.

B., C. and D.

Participation or Interests in Client Transactions and Personal Trading. Generally, Encore or a related person does not recommend to the Funds, or buy or sell for the Funds’ accounts, securities in which Encore or a related person has a material financial interest. Generally, Encore or a related person does not (i) invest in the same securities that Encore or a related person recommends to the Funds or (ii) recommend securities to the Funds, or buy or sell securities for the Funds’ accounts, at or about the same time that Encore or a related person buys or sells the same securities for Encore’s or the related person’s own account. Notwithstanding each of the foregoing statements, from time to time, employees may seek approval from the Chief Compliance Officer in accordance with the Code to purchase certain securities for themselves in which the Funds may hold or may be seeking to acquire an ownership interest.

Directors and Officers. Certain employees of Encore may serve as directors or officers of entities through which investments by the Funds are held.

Potential Conflicts of Interest; Affiliated Transactions. Subject to the General Partner determining it is in the best interest of the Funds and the receipt of any approvals that may be required under the governing documents of such Funds, investments (or portions thereof) may be sold or transferred from one Fund to another or to or from one or more affiliates of a Fund. Additionally, subject to the receipt of any requisite approvals under the Funds’ governing documents, from time to time, one or more of the Funds may seek to make an investment in the same issuer having a different seniority in the issuer’s capital structure. Such transaction may result in a conflict between the interests of such Funds’ if the issuer becomes distressed and is unable to satisfy the claims of all creditors and security holders.

Item 12 Brokerage Practices

- A. Encore has full discretion on the types of investments to be made by the Funds subject to each of the Funds' investment strategy and purpose as set forth in the operating agreements and offering documents for each of the Funds respectively. Encore generally does not make recommendations for investments by the Funds in public securities as most investments are in privately negotiated real estate-related transactions. Accordingly, Encore does not frequently select or recommend broker-dealers for client transactions. In the event that a broker-dealer is selected or recommended, Encore will employ a due diligence process to ensure that any such transaction is executed in the best interest of the Fund taking into account certain factors such as a broker's execution capability and trading expertise in addition to pricing.
1. Encore does not have any soft dollar arrangements.
 2. Encore does not consider whether Encore or a related person of Encore receives Fund or investor referrals from a broker-dealer or third party because Encore does not frequently select or recommend broker-dealers.
 3. Encore does not have directed brokerage dealings.
- B. Generally, aggregation of the purchase or sale of securities for various Fund accounts does not apply to Encore as Encore primarily invests in private real estate-related investments.

Item 13 Review of Accounts

- A. Monitoring of accounts.** Encore's investment professionals continually review and monitor the Funds' investments. Encore's investment professionals routinely meet to discuss asset management activities as well as potential new investment opportunities. An investment committee convenes regularly (at minimum bi-weekly) to consider and approve all new investment opportunities and material investment decisions regarding the Funds' existing investments, including, without limitation, dispositions and refinancings.

Encore's investment professionals periodically review the business plans and budgets formulated for each investment. In addition, Encore always has major-decision approval rights with respect to real estate equity investments acquired with joint venture partners. Encore continually reviews the financial progress of the Funds' investments, as well as related real estate and capital market conditions. The investment professionals participate in quarterly asset management reviews of each investment by the Funds during which a fair value analysis of each investment is conducted. The investment professionals that are primarily responsible for a particular investment continually analyze and evaluate each investment and communicate with the property manager, operator and/or developer partner with respect to the asset and its operations. In addition, Encore's investment professionals engage in site visits and/or meetings with the managers, operators and/or developer partners at each investment on a regular basis.

Anthony Avila and Arthur Falcone supervise all investment activity conducted by the Funds on an ongoing basis.

- B. Review triggers.** Encore's investment professionals regularly supervise and monitor the activities of the Funds, as referenced in Item 13.A of this brochure.
- C. Reports to Clients.** Encore holds an annual meeting with the investors in the Funds to review and discuss the Funds' investment activities. In addition, Encore generally holds periodic conference calls with the Funds' investors to provide investment updates and in connection with such calls Encore generally provides summary materials containing investment updates. Further, on a periodic basis Encore provides update letters as to the Funds' activities to the Funds' investors, including information as to new acquisitions or dispositions of investments.

In addition, Encore furnishes to all of the Funds' investors audited financial statements with respect to each Fund annually, generally within 120 days after fiscal year-end. Tax information is provided when available to investors and annual tax information is generally provided by April 15th annually.

Encore may also distribute certain other reports to the Funds' investors upon specific request from time to time. More information related to such reports is found in the Funds' governing documents.

Item 14 Client Referrals and Other Compensation

- A. Third party compensation.** Encore does not receive economic benefits as a result of investment advice or advisory services provided by Encore to the Funds, other than from the Funds.
- B. Compensation for Client referrals.** Neither Encore nor any of its related persons compensates any person who is not a supervised person for Fund referrals. However, from time to time, in the context of organizing a Fund, the Funds may compensate one or more placement agents for referrals of Fund investors. In such case, generally the management fee payable by a Fund will be reduced by the amount of fees paid to placement agents.

Item 15 Custody

With respect to the management of investments for the Funds, Encore or the General Partners may have, or may be deemed to have, custody of certain monies or securities of the Funds. Rule 206(4)-2, under the Advisers Act (the “Custody Rule”), imposes specific conditions on Encore as a registered investment adviser with respect to those securities and other assets that fall under the purview of the Custody Rule and are held by the Funds. Encore adheres to the applicable requirements of the Custody Rule with respect to each Fund for which it or an affiliate serves as general partner or managing member. All Fund securities and other assets that fall under the purview of the Custody Rule are held with at least one qualified custodian to the extent required by the Custody Rule. In addition, Encore delivers to all investors (or other beneficial owners) in each of the Funds an audited financial statement for their Fund, with a written opinion of an independent public accountant, in accordance with generally accepted accounting principles, on an annual basis and within 120 days of each Fund’s fiscal year end.

Item 16 Investment Discretion

Encore exclusively manages the business of the Funds and has discretionary investment authority to manage the making of new investments by the Funds and the management of the existing investments held by the Funds. Generally, this discretionary authority is provided for in each Fund's governing documents and the investment management agreement with Encore and is subject to the terms and limitations thereon set forth in such agreements. Please refer to Item 4 of this brochure for information regarding Encore's advisory business.

Item 17 Voting Client Securities

A and B.

Pursuant to Rule 206(4)-6 of the Advisers Act and in accordance with Encore's fiduciary duty, Encore adopted a general policy to vote proxies for companies in which Funds have investments in the best interest of the Funds as determined by Encore. Encore maintains that company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Based on the nature of the qualifying assets, Encore does not generally vote proxies on behalf of its Clients, however should Encore vote for a Client it will generally vote proxies in line with company management. However, if a situation arises where Encore believes that company management's proposal does not maximize value for the Funds, Encore will vote against company management. In such instances, the reason for the decision and a record of the vote will be retained by Encore.

Although unlikely given Encore's investment strategy, a situation may occur in which Encore is required to vote a proxy while a conflict of interest with a Fund exists. To protect the Funds against a breach of Encore's duties owed to them, on any occasion when Encore believes that a proxy vote may present a conflict of interest, Encore's investment professionals will conduct a conflict analysis accordingly. Encore will document the matter and preserve such documentation in accordance with its policy on record retention.

Fund investors may contact John F. Chiste, by telephone, at (561) 961-1000 or email at inquiries@encorefunds.com to obtain a copy of Encore's proxy voting policy or to obtain any other information with respect to proxy votes, including how proxies were voted.

Item 18 Financial Information

- A.** Encore does not require or solicit prepayment of fees six months or more in advance for any of the Funds or clients.
- B.** Encore is not aware of any financial conditions that would be reasonably likely to impair Encore's ability to meet contractual commitments to the Funds.
- C.** Encore has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

Encore is not registering nor is currently registered with one or more state securities authorities. Therefore, this Item 19 is inapplicable.