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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Cherry Hill Mortgage Management, LLC. If you have any questions about the contents of this brochure, please contact Robert C. Wipperman at 856-380-9977 or Rob.Wipperman@chmm.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 Cherry Hill Mortgage Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Cherry Hill Mortgage Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Material Changes

This Brochure dated March 15, 2021 amends the previous Brochure dated March 3, 2020. A material change from the previous version is an update in Item 4 to assets under management.

This is our annual updated "Disclosure Brochure" filing with the SEC. Future Disclosure Brochure filings will address "material changes" since the date of this filing concerning Cherry Hill Mortgage Management, LLC, which will either be delivered, or offered for delivery, to our client(s). A copy may also be downloaded from the Securities and Exchange Commission website, www.sec.gov.

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Advisory Business

Form ADV Part 2A, Item 4

Description of Firm and Principal Owners

Cherry Hill Mortgage Management, LLC (“CHMM,” “we,” “us,” “our,” the “Firm” or the “Manager”) is an investment adviser organized for the purpose of managing the assets of Cherry Hill Mortgage Investment Corporation (NYSE: CHMI), a residential real estate finance company, that has elected and qualifies to be taxed as a real estate investment trust (“CHMI”). We are CHMI’s external manager responsible for managing CHMI’s business affairs and investment strategy subject to the direction and oversight of the CHMI board of directors. We specialize in the management of residential mortgage related assets specific to the United States, with an investment strategy that balances the risk and reward opportunities that we observe in the marketplace.

The Firm was organized as a limited liability company under the laws of the State of Delaware, on November 20, 2012. Effective October 27, 2016, the sole member of the Firm is the CHMM Blind Trust for the benefit of Stanley Middleman, who is also the founder and sole owner of Freedom Mortgage Corporation (“Freedom”), a privately held, mortgage company that originates and services residential mortgage loans nationwide.

Description of Advisory Services

CHMM manages on a discretionary basis CHMI’s portfolio of residential real estate mortgage assets and derivatives in conformity with the policies and the investment guidelines that are approved and monitored by CHMI’s board of directors. This includes the selection, acquisition, structuring, interest rate risk mitigation and monitoring of CHMI’s assets and associated borrowings. The portfolio is limited to residential mortgage related assets and financial instruments designed to allow the client to qualify and maintain its tax status as a REIT and maintain CHMI’s exclusion from regulation as an investment company under the Investment Company Act of 1940.

CHMM has the authority to invest CHMI’s equity capital in excess mortgage servicing rights (or “Excess MSRs”), which is the excess servicing fee above the base servicing fee as well as RMBS, including Agency and non-Agency RMBS, TBAs, CMOS, prime mortgage loans, risk sharing securities and mortgage servicing rights (“MSRs”). CHMM also has the authority to engage in hedging activities through the use of derivatives and other types of securities, such as interest rate swaps (floating-to-fixed, fixed-to-floating, floating-to-inverse floating, callable or non-callable); TBAs, U.S. treasury securities; swaptions, caps, floors and other derivatives on interest rates; futures and forward contracts; and options on any of the above.

Tailored Advisory Services

Our principal objective is to tailor our advisory services to the specific needs of our sole client, CHMI. CHMM neither acts as an adviser or sub-adviser in any wrap fee program nor serves as the sponsor of a wrap fee program.

Assets Under Management

We currently have \$1,593,488,000 discretionary assets under management for our sole client, CHMI.

Fees and Compensation

Form ADV Part 2A, Item 5

Compensation

CHMM's compensation for advisory services is set out in our management agreement with our client and described in CHMI's Annual Report on Form 10K for the year ended December 31, 2020 (the "Annual Report"). CHMM's fee is 1.50% per annum of CHMI's stockholders' equity, calculated in accordance with generally accepted accounting standards, as adjusted as provided in the management agreement.

Payment of Fees

The fixed management fee is payable quarterly in arrears. The fee calculation is approved by the Compensation Committee of our client's board of directors.

Other Types of Fees and Expenses

The client also pays other investment related fees and expenses that CHMM does not receive any benefit from, such as non-routine custodial charges, brokerage fees, commissions (includes mark up and mark downs of fixed income securities) and related costs, interest expenses, taxes, duties and other governmental charges, transfer and registration fees or similar expenses, other portfolio expenses, and costs, expenses and fees, including software license and service fees, associated with products or services that may be necessary or incidental to investments or accounts. In addition, CHMI incurs operating costs as further described in the Annual Report.

Refund of Fees

There is no refunding of management fees upon the termination of the CHMM's management agreement with CHMI by either party. (see Item 7, Types of Clients).

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

There are no performance-based fees charged to our one client account.

Types of Clients

Form ADV Part 2A, Item 7

Our client is a residential real estate finance company, the stock of which is listed on the NYSE under the symbol "CHMI."

CHMI stock is held by retail and institutional investors. Investors may lose some or all of their investment due to the risk of CHMM not being able to carry out the investment objectives of CHMI and other risk factors listed in the Annual Report.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Method of Analysis

CHMM is responsible for achieving CHMI's principal objective which is to generate attractive current yields and risk-adjusted total returns for stockholders over the long term, primarily through dividend distributions and secondarily through capital appreciation. This objective is intended to be attained by selectively constructing and actively managing a targeted portfolio of MSRs (referred to as "Servicing Related Assets" in the Annual Report) and RMBS and other cash flowing residential mortgage related assets. CHMM also manages our client's hedging strategy and utilizes certain derivative financial instruments and other hedging instruments to mitigate interest rate risk that arises from CHMI's repurchase agreement financings associated with its RMBS.

Summary of Risk Factors

- **Difficult conditions in the mortgage and residential real estate markets as well as general market concerns may adversely affect the value of the assets in which our client invests and these conditions may persist for the foreseeable future.**

Our investment activities are materially affected by conditions in the residential mortgage market, the residential real estate market, the financial markets and the economy in general. In particular, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions, including defaults, credit losses and liquidity concerns. Certain commercial banks, investment banks and insurance companies have announced extensive losses from exposure to the residential mortgage market. These factors have affected investor perception of the risk associated with RMBS, other real estate related securities and various other asset classes in which our client may invest. As a result, values of our client's assets have experienced volatility. Deterioration of the mortgage market and investor perception of the risks associated with RMBS and other residential mortgage assets that we direct our client to acquire could materially adversely affect our client's financial condition and results of operations.

- **We are dependent on mortgage servicers to service the mortgage loans related to the Servicing Related Assets in which we direct our client to invest.**

Our client's investments in Servicing Related Assets are dependent on the entity performing the actual servicing of the mortgage loans, called the mortgage servicer, to perform its servicing obligations. As a result, those investments could be materially and adversely affected if the mortgage servicer is terminated by the applicable GSE. The duties and obligations of mortgage servicers are defined through contractual agreements, which generally provide for the possibility for termination of the mortgage servicer in the absolute discretion of the applicable GSE. The termination of a mortgage servicer by a GSE would take effect across all mortgages being serviced by that mortgage servicer. Therefore, to the extent we direct our client to make multiple investments relating to mortgages serviced by the same mortgage servicer, all such investments could lose value in the event of the termination of the mortgage servicer. An affiliate of Freedom acts as one of the mortgage servicers for the MSRs held by our client.

• **The value of Servicing Related Assets may vary substantially due to changes in interest rates**

The values of MSRs are sensitive, to changes in interest rates. Historically, the value of Servicing Related Assets has increased when interest rates rise and decreased when interest rates decline due to the effect those changes in interest rates have on prepayment estimates. Our client's portfolio of Servicing Related Assets acts as a partial hedge for its Agency RMBS. Because to date we have not utilized derivatives to hedge against changes in the fair value of the Servicing Related Assets our client's balance sheet, results of operations and cash flows are susceptible to significant volatility due to changes in the fair value of, and cash flows from, those assets as interest rates change.

• **If delinquencies increase, the value of our client's Servicing Related Assets may decline significantly.**

An increase in delinquencies will generally result in lower revenue because typically servicers will only collect servicing fees from GSEs or mortgage owners for performing loans. Our expectation of delinquencies is a significant assumption underlying the cash flow projections on the related pools of mortgage loans. If delinquencies are significantly greater than expected, the estimated fair value of the Servicing Related Assets could be diminished. As a result, our client could suffer a loss.

• **Prepayment rates can change, adversely affecting the performance of the assets we manage.**

The frequency at which prepayments occur on mortgage loans related to the Servicing Related Assets and Agency RMBS is affected by a variety of factors, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, and other factors. Generally, borrowers tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. When borrowers prepay their mortgage loans at rates that are faster or slower than expected, the values of the applicable Servicing Related Assets and RMBS may be adversely affected.

• **We cannot predict the impact future actions by regulators or U.S. government bodies, including the U.S. Federal Reserve will have and any such actions may negatively affect our client.**

Regulators and U.S. government bodies have a major impact on our client's business. The U.S. Federal Reserve is a major participant, and its actions significantly impact the residential mortgage market. For example, quantitative easing, a program implemented by the U.S. Federal Reserve to keep long-term interest rates low and stimulate the economy, had the effect of reducing the difference between short-term and long-term interest rates. As a result of the reduction in long-term interest rates, prepayment speeds increased. Its purchases of Agency RMBS also resulted in a narrowing of the spread earned by Agency RMBS investors. Future actions by regulators or U.S. government bodies, including the U.S. Federal Reserve, could have a material and adverse effect on our ability to manage our client's business successfully.

• **We rely on analytical models and other data to analyze potential asset acquisition and disposition opportunities in managing our client's portfolio.**

If these models and data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon could expose our client to potential risks. Our use of models and data may cause projected results to vary from actual results and such variances may be material.

• **Valuations of some of the asset classes will be inherently uncertain, may be based on estimates, may fluctuate over short periods of time and may differ from the values that would have been used if a ready market for these assets existed.**

In many cases the determination of fair value of certain investments is based on valuations provided by third-party dealers and pricing services. We will value assets based upon our judgment, which may differ from those provided by third-party dealers and pricing services. Valuations of certain assets are often difficult to obtain or unreliable. In general, dealers and pricing services heavily disclaim their valuations. Additionally, dealers may claim to furnish valuations only as an accommodation and without special compensation, and so they may disclaim any and all liability for any direct, incidental or consequential damages arising out of any inaccuracy or incompleteness in valuations, including any act of negligence or breach of any warranty. Depending on the complexity and illiquidity of an investment, valuations of the same asset can vary substantially from one dealer or pricing service to another.

Our client's performance could be materially impacted by a fair valuation made in good faith that turns out to be materially inaccurate.

• The lack of liquidity of assets may adversely affect our ability to sell assets on behalf of our client.

Certain types of assets acquired by our client will be not be liquid, as there is no public market for these types of investments, and market conditions could significantly and negatively affect the liquidity of other assets. In particular, while there is an active secondary market in MSR, transfers of servicing take several months to close and, if the servicing is for a GSE, requires the approval of the applicable GSE. The duties and obligations of mortgage servicers are defined through contractual agreements. The approval may be withheld for any one of a variety of reasons in the discretion of the third party. Mortgage-related assets generally experience periods of illiquidity, including the recent period of delinquencies and defaults related to residential and commercial mortgage loans. In addition, validating third-party pricing for illiquid assets may be more subjective than for more liquid assets. Any illiquidity may make it difficult to sell these types of investments if the need or desire arises. Therefore, if we are required to liquidate all or a portion of our client's portfolio quickly, the client may realize a significant loss.

• Our strategy includes the use of leverage, which may adversely affect the return on investments and may amplify losses on the downside when economic conditions are unfavorable.

Through the use of leverage, our client can acquire positions with market exposure significantly greater than the amount of capital committed to the transaction. We are not required to maintain any minimum or maximum target debt-to-equity leverage ratio. However, the amount of leverage our client may employ for a particular asset type will depend upon the availability of financing and our assessment of the credit, liquidity, price volatility and other risks of those assets and financing counterparties.

We use leverage for the primary purpose of financing the acquisition of RMBS and our client's other target assets and not for the purpose of speculating on changes in interest rates. We may, however, be limited or restricted in the amount and type of leverage we may employ by the terms and provisions of financing or other agreements, as well as the requirements in order to qualify and maintain our client's status as a REIT.

The use of leverage can magnify both the gains and the losses on investments. Leverage will increase returns as long as there is a greater return on investments purchased with borrowed funds than the cost of borrowing funds. However, if the value of the leveraged asset decreases, the leverage may increase losses. Even if the asset increases in value, if the asset fails to earn a return that equals or exceeds the cost of borrowing, the leverage will decrease returns on investments.

• Market developments often will cause our client's lenders to request additional collateral. If our client is not able to meet these collateral requirements, we might be compelled to liquidate particular assets at inopportune times and at unfavorable prices, and that might have an adverse impact on the performance of our client's investments.

Market developments, including a sharp or prolonged rise in interest rates, a change in prepayment rates or increasing market concern about the value or liquidity of one or more of our client's types of investments, might reduce the market value of the related pledged collateral, which generally will cause lenders to initiate margin calls. A margin call means that the lender requires the pledging of cash amounts to re-establish the ratio of the value of the collateral to the amount of the borrowing. The specific collateral value to borrowing ratio that would trigger a margin call is not set in master repurchase agreements and will not be determined until a repurchase transaction is established. If the margin call is not met, the lenders may retain or liquidate the posted collateral.

• The use of repurchase transactions for our client will depend on our ability to negotiate favorable terms and conditions under master repurchase arrangements.

The terms and conditions of each repurchase transaction is negotiated on a transaction-by-transaction basis, and these borrowings generally are to be re-established, or rolled, at maturity. Key terms and conditions of each transaction will include interest rates, maturity dates, asset pricing procedures and margin requirements. We cannot guarantee that we will be able to obtain favorable terms and conditions on repurchase transactions. In addition, counterparties may require less favorable pricing procedures or increased margin requirements during periods of market illiquidity or due to perceived credit quality deterioration of the collateral pledged.

• Hedging against interest rate changes and other risks may materially adversely affect the performance of our client's investments if we fail to accurately predict the direction of interest rates.

The hedging techniques and client specific strategy vary in scope based on the level and volatility of interest rates, the specific types of liabilities and assets held and changing market conditions. Interest rate hedging may fail to protect or could adversely affect our client because, among other things:

- interest rate hedging can be expensive, particularly during periods of volatile interest rates;
- available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related assets or liabilities being hedged;
- the value of derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments or mark-to-market losses would reduce our client's stockholders' equity;
- the credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our client's side of the hedging transaction; and
- the hedging counterparty owing money in the hedging transaction may default on its obligation to pay.

To the extent hedges are executed on an exchange, this risk is mitigated.

• We operate in a highly competitive market.

We, on behalf of our client, compete with a number of entities for similar types of assets, including other mortgage REITs, financial companies, public and private funds, commercial and investment banks and residential, commercial finance companies and even the U.S. Federal Reserve and the U.S. Treasury. Many competitors are substantially larger and have access to large pools of capital and other resources. Furthermore, new companies with significant amounts of capital have recently been formed or have raised additional capital and may continue to be formed and raise additional capital in the future, and these companies may have objectives that overlap with our client. This may create competition for the same types of investments we seek for our client. Some competitors may have a lower cost of funds and access to funding sources that our client does not have access to, such as funding from the U.S. Government.

Furthermore, competition for similar investments as our client may lead to higher prices for the same investment, which may adversely impact our client's desired returns. We cannot predict whether these competitive pressures will have a material adverse effect on our ability to meet our client's return and other business objectives.

A more complete list of the risks to our client from our activities on its behalf and conflicts of interests are more fully described in the Annual Report. Search Cherry Hill Mortgage Investment Corporation at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

• **Global Health Risks may affect our operations.**

Disease outbreaks that affect local economies or the global economy may materially and adversely impact our client's investment portfolios and/or its business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. During the continuation of the pandemic, there can be no assurance that we or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

• **Cybersecurity attacks may disrupt our operations.**

We and our service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyberattacks affecting investment adviser, a client's custodian, or intermediaries or other third-party service providers may adversely impact a client's experience and/or investment. For instance, cyberattacks may interfere with the processing of client's transactions, cause the release of private information or confidential company information, impede trading, subject the adviser to regulatory fines or financial losses, and cause reputational damage. We may also incur additional costs for cybersecurity risk management purposes. While we and our service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, such plans

and systems have inherent limitations due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is the possibility that certain risks have not been adequately identified or prepared for. Furthermore, we cannot control any cybersecurity plans or systems implemented by our service providers.

Disciplinary Information

Form ADV Part 2A, Item 9

CHMM, including its affiliates and all associated employees, have not been involved in any legal or disciplinary events or actions.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

CHMM has a material relationship and arrangement with Freedom Mortgage Corporation (“Freedom”), a licensed mortgage originator and servicer (also see Item 4, Description of Firm and Principal Owners).

CHMM has entered into a “Services Agreement” with Freedom that is critical to our ability to provide advisory services to our client. Freedom provides CHMM with professional and clerical staffing and all other resources necessary to perform our duties under our management agreement with our client. Freedom has also agreed to perform all other commercially reasonable actions that are necessary or advisable to enable CHMM to perform all duties and provide all services required to be provided to its client.

The above arrangement represents a conflict of interest because beneficial ownership of CHMM and actual ownership of Freedom are held by Stanley Middleman.

Freedom is contractually obligated to perform certain duties to reasonably ensure CHMM successfully meets its obligations to our client including the arrangements described in this Item 10. If Freedom fails to perform its agreement with CHMM and if that failure causes CHMM to not be able to provide advisory services to our client, our client would have the right to seek whatever legal remedies are available to it, including enforcement of the services agreement as an express third-party beneficiary.

Our client has also entered into certain arrangements with Freedom and its affiliates and may enter into additional agreements in the future. All agreements between our client and Freedom or its affiliates, including the terms and pricing of any purchases or sales of assets between them, require prior approval by a committee of the client’s board of directors comprised solely of independent directors. This process also extends to all investments we may recommend to our client when Freedom is a counterparty. Furthermore, Freedom is a separate and distinct company with its own business interests and will be under no obligation to maintain its current business strategy. Freedom is under no obligation to share other investment opportunities.

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

Form ADV Part 2A, Item 11

Code of Ethics

Our Code of Ethics (the “Code”) obligates CHMM access persons, as defined under the Code, to put the interests of our client before both our own and any related persons’ interests. The Code also requires all access persons to act honestly and fairly in all dealings with our client. All of our personnel assigned to our client are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Robert C. Wipperman by email at Rob.Wipperman@chmm.com, or by telephone 856-380-9977.

Statement of General Policy

The Code establishes rules of conduct for all CHMM access persons and is designed among other things to govern investment related trading activities in the access persons’ trading accounts. The Code is based upon the principle that CHMM and access persons owe a fiduciary duty to our client to conduct their affairs, including their personal investment related transactions, in such a manner as to avoid (i) serving their own or related persons’ personal interests ahead of those of our client, (ii) taking inappropriate advantage of their position with the Firm and (iii) conflicts of interest or any abuse of their position of trust and responsibility that we owe to our client.

In accordance with Section 206 under the Investment Advisers Act of 1940, as amended (the “Act”) both CHMM, as a federally registered investment adviser, and all access persons are prohibited from engaging in fraudulent, deceptive or manipulative conduct. We have an affirmative duty of utmost good faith to act in the best interest of our client.

All access persons’ personal investment transactions that involve securities on a restricted list, are pre-cleared prior to placing the personal transaction order with a broker for execution. The Code requires access persons to provide initial and annual holdings reports and quarterly transactions reports. In addition, all access persons must annually certify in writing that they have read and understood all provisions of the Code, complied with all requirements of the Code, and have submitted all holdings and transaction reports. Access persons are required to report any potential conflict of interest that may have been observed, as required by the Code.

The Code and all other procedures are reviewed annually to determine their adequacy, accuracy and effectiveness.

Brokerage Practices

Form ADV Part 2A, Item 12

Portfolio Transactions

We are responsible for selecting and directing the placement of our client's portfolio transactions with brokers/dealers and negotiating all commissions, including spreads and markups paid on all transactions. Portfolio securities are purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. The commissions generated from the placement of portfolio transactions through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price, which is another form of commission.

As for Servicing Related Assets there is no commission or other fees paid. Our client has adopted procedures that require pre-approval from our client's independent directors which may rely on an independent third-party valuation prior to the acquisition of any assets or services from Freedom that are similar to the requirements described under Section 206(3) of the Act.

In placing portfolio transactions and negotiating commission rates, we seek to obtain the best execution for our client, taking into account the following factors: price, dealer spread, the size, type and difficulty of the transaction involved, general execution and operational facilities, the risk in positioning the securities involved, the ability and willingness to finance the security and the value and quality of research, including statistical data, and any other services the broker may provide that we deem to be useful to us in managing our client's assets. In selection of brokers or dealers to execute transactions for our client we may, but are not obligated to, solicit competitive bids but we do not have an obligation to seek the lowest available commission cost. For sales of RMBS, we generally do solicit competitive bids. Although the best price is a key element of our decision, the availability and willingness of the counterparty to provide financing is also a major determining factor.

CHMM receives research provided by brokers through whom we place orders for execution on behalf of our client, as well as research developed by third parties. The research that is provided by brokers is referred to as proprietary research.

The proprietary research we receive assists us in managing our client's portfolio and may be used to manage other client's accounts as well, if and when CHMM manages other clients. We receive broker generated research reports and analysts' insights on securities and color on markets and trends. It is CHMM's policy to select the broker who can provide the most favorable execution price and financing, regardless of whether research is provided. We determine in good faith that the selection of the broker is reasonable in relation to the value of all brokerage and research provided, viewed in terms of the specific transaction in our client's portfolio. The research received is used to benefit the one client account we manage at this time. The research received falls within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. Our policy is to obtain pre-approval from the CCO for any soft dollar arrangement, including third-party and arrangements or services that fall outside the safe harbor of 28(e).

Brokerage for Client Referrals

We or any of our related persons do not receive client referrals in exchange for brokerage.

Directed Brokerage

We do not manage or accept advisory client's instructions for directing a transaction to a particular broker-dealer.

Aggregation and Allocation

CHMM has the authority to aggregate clients' orders for the purchase and sale of the same investment on behalf of multiple managed accounts for execution through the same broker dealer. We have one client account and will not be aggregating orders at this time.

Although we do not manage multiple client accounts, we have nevertheless adopted an aggregation and allocation policy. Our aggregation and allocation policy is to aggregate all client orders whenever possible to do so and allocate each aggregated order pro-rata based on size. All clients participating in the aggregated order receive an average price/share of the executed shares with all transactions costs allocated pro-rata as well.

In addition, our allocation policy requires our investment professionals to treat all managed accounts fairly and equitably. The policy prohibits the allocation or reallocation of client orders to enhance the performance of or to favor one client account over another.

Review of Accounts

Form ADV Part 2A, Item 13

Review of Accounts

We manage our client's account in accordance with the strategies, investment objectives, guidelines and restrictions provided by our client's board of directors. We discharge our supervisory oversight responsibility by frequently reviewing our client's portfolio, which is conducted by CHMM's investment professionals, and other periodic reviews conducted by the client's board of directors, at regularly scheduled meetings during the year.

Written correspondence and analyses of underlying portfolios are retained in accordance with CHMM's record retention policy, which is designed in accordance with SEC regulatory standards.

We also have established and maintain an Investment Committee ("IC"). The primary focus of the IC is to review and approve, if applicable, bids for portfolios of MSRs. Our client's board of directors receives copies of any investment memos prepared in connection with its review of the MSR purchase.

Our client's board of directors also receives information regarding our client's portfolio of assets and related compliance with our client's policies, procedures and guidelines at each regularly scheduled board meeting. A committee comprised of our client's independent directors reviews and approves the material terms of any transaction between our client and Freedom, including the pricing terms, to determine if the terms of those transactions are fair and reasonable.

Reports to Client

We prepare regular reports for our client's board of directors to enable them to review our client's portfolio holdings and compliance with our client's investment guidelines.

The shareholders invested in our client's common stock receive annual financial reports audited by a nationally recognized independent certified accounting firm that is registered with and frequently reviewed by the Public Company Accounting Oversight Board.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Client Referrals

CHMM does not receive any economic benefit from anyone who is not a client for the provision of investment advisory or any other services to our client.

Custody

Form ADV Part 2A, Item 15

Because we are the investment adviser to our client and we have authority to exercise control over and physically hold certain of our client's assets, we are deemed to have custody of our client's assets under the Advisers Act.

All of our client's RMBS and derivatives are held at U.S. based prime brokers and banks who are qualified custodians, in accordance with U.S. federal securities laws. The MSRs are contract rights held directly by our client. The investors in our client's common stock receive a copy of our client's annual audited financial statements within 120 days subsequent to its fiscal year end. The annual report is prepared by an unaffiliated certified public accounting firm, who is registered with and frequently reviewed by the Public Company Accounting Oversight Board.

Investment Discretion

Form ADV Part 2A, Item 16

CHMM has the authority to implement our client's investment strategy in accordance with the terms of the management agreement and our client's investment guidelines. We also have the discretion to determine the quantity of all securities, derivatives or any other investments to purchase or sell and to place orders on behalf of our client with brokers who execute our investment decisions.

The management agreement extends CHMM's authority to the recommendation of changes to our client's investment strategies, objectives and investment guidelines. These recommendations, when provided, are reviewed and approved by our client's directors prior to implementation.

Voting Client Securities

Form ADV Part 2A, Item 17

CHMM does not vote proxies on behalf of its client as we do not invest our client's capital in equities or other securities with similar characteristics that generate proxy proposals for investors to vote on routine and non-routine matters impacting the operation of the company. However, if our client did receive a request to vote on a matter that impacts one or more client holdings, our policy is to provide advice and recommend to the client how best to vote the matter that we believe is in the best interest of our client, taking into consideration the long-term economic interest of our client.

Financial Information

Form ADV Part 2A, Item 18

We do not require or solicit prepayment of fees six months or more in advance. We have not experienced any financial condition that is reasonably likely to impair our ability to meet any contractual obligations to CHMI.