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# DISCLOSURE BROCHURE

Form ADV Part 2A

November 16, 2021



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This brochure provides information about the qualifications and business practices of Bramshill Investments, LLC ("Bramshill," the "Firm," or the "Manager"). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer at the telephone number listed above. The information in this brochure has not been approved or verified by the U.S. Securities or Exchange Commission (the "SEC") or by any state securities authority. Additional information about the Firm is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Bramshill is a federally registered investment adviser. Registration does not imply any level of skill or training.

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## **Item 2. Material Changes**

The last annual amendment of this Brochure was filed by Bramshill with the SEC on June 3, 2021. As of November 12, 2021, the Firm has updated its business address from 4850 Tamiami Trail North, Suite 401, Naples, FL 34103 to 801 Laurel Oak Drive, Suite 300A, Naples, FL 34108. There have been no other material changes to disclose.

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## Item 4. Advisory Business

Bramshill has been in business as an asset management firm and federally registered investment adviser since May 2012. Bramshill is wholly owned by Ironmen Holdings, LLC and the principal owners and officers of the Firm are Arthur DeGaetano, Stephen Selver and William Nieporte.

Bramshill manages separately managed accounts (“SMAs”) and pooled investment vehicles, which include mutual funds, hedge funds, and a UCITS fund<sup>1</sup>, on a discretionary basis by allocating assets among various securities, including but not limited to investment grade and high-yield bonds, preferred securities, equities, U.S. Treasuries, exchange-traded funds (“ETFs”), closed-end funds, master limited partners (“MLPs”), real estate investment trusts (“REITs”), municipal bonds, including rated and unrated mortgage backed securities (“MBS”), asset backed securities (“ABS”), collateralized mortgage backed securities (“CMBS”), residential mortgage backed securities (“RMBS”), including Agency RMBS, collateralized loan obligations (“CLOs”), collateralized debt obligations (“CDOs”), options, swaps, and other securitized and investment products, including derivatives. SMAs are offered both on a direct basis or through sub-advisory arrangements with other financial services firms, certain of which act as the sponsors of various wrap fee programs.

Where appropriate, Bramshill consults with clients and/or their financial professionals on an initial and ongoing basis to discuss various matters relevant to the management of their portfolios, such as cash flow needs, liquidity constraints and time horizon. Clients are advised to promptly notify the Firm if there are changes in their individual financial situations or investment needs. In certain circumstances, the Firm may tailor its investment strategy to a client’s specific needs and objectives, and Bramshill may permit clients to impose reasonable restrictions or mandates on the investments selected for their accounts if the Firm determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to its management efforts.

As of December 31, 2021, Bramshill had \$3,319,244,082 in assets under management, all of which was managed on a discretionary basis.

## Item 5. Fees and Compensation

### Investment Management Fees

For managed accounts and sub-advisory relationships, the annual management fee is individually negotiated and ranges up to 100 basis points (1.00%) on the assets under management. This fee is generally lower for institutional platforms where Bramshill serves as an account sub-adviser.

For BRMSX, the annual management fee is 85 basis points (0.85%) on the Fund’s net asset value, subject to a voluntary operating expense cap of 110 basis points (1.10%) for the institutional share class. This fee is calculated daily based on closing net asset value and charged to the Fund monthly in arrears.

For the Class A-1 share class of the Structured Products Fund, the annual management fee is 125 basis points (1.25%) on the Fund’s net asset value. This fee is calculated and charged to the Fund monthly in arrears based

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<sup>1</sup> Bramshill serves as the subadvisor to the Bramshill Income Performance Fund (BRMSX), an open-end management company. UCITS refers to the European Union’s Undertaking for Collective Investment in Transferable Securities.

on closing net asset value on the last business day of the period. This fee is adjusted to account for interim contribution to or withdrawals from a capital account during the course of a billing period.

For the Tactical Fund, the stated annual management fee is 100 basis points (1.00%) on the Fund's net asset value. This fee is calculated and charged to the Fund monthly in arrears based on closing net asset value on the last business day of the period. This fee is adjusted to account for interim contribution to or withdrawals from a capital account during the course of a billing period.

### **Performance Allocation**

With respect to each investor's interest in the Tactical and Structured Products Funds (as defined in Item 2), Bramshill or its affiliate may receive a special allocation (the "Performance Allocation") at the end of each performance period (generally, each fiscal year) of up to twenty percent (20%) of the excess, if any, of the net asset value of such interest (or the portion thereof withdrawn), at the end of the performance period over the previous highest net asset value at which a Performance Allocation was made with respect to such interest or, if no Performance Allocation has been made, then the initial net asset value of such interest, in each case adjusted to take into account distributions to, and withdrawals by an investor.

### **Fee Discretion**

Bramshill, in its sole discretion, may negotiate to charge a higher or lower management fee (or rebate back a portion of the management fee) based upon certain criteria, such as the size and timing of capital commitments, management strategy to be employed, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, preexisting client relationship, account retention and pro bono activities.

### **Additional Account Fees and Expenses**

In addition to the fee paid to Bramshill, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, implicit or explicit mark-ups, ticket charges, transaction fees, trade-away fees, custodial fees, borrowing expenses, charges imposed directly by an investment product in a client's account (as disclosed in a Fund's prospectus), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Investors in registered investment companies under the Firm's management ("Fund Shareholders") may also be subject to additional Fund-level fees, as detailed in the Fund's prospectus.

Investors in the Tactical and Structured Products Funds should consult each Fund's governing documents, which include details on expenses to be borne by investors, including (without limitation):

- i) all costs and expenses associated with the offering of securities interests in each Fund;
- ii) brokerage commissions and other transaction costs and investment-related expenses incurred in connection with each Firm's investment and trading activities, including research expenses and the costs of any independent accountants or other experts or consultants engaged by Bramshill in connection with specific investments;
- iii) any interest, fees, and costs of related borrowings;
- iv) routine operational costs such as legal, accounting, bookkeeping, auditing, consulting and other professional expenses, administration and tax preparation expenses, all taxes (if any), costs and expenses related to regulatory compliance matters, and fees payable to governments or agencies;
- v) their pro rata portion of any errors and omissions insurance;

- vi) research-related travel expenses of Bramshill;
- vii) extraordinary expenses (e.g., litigation costs, indemnification obligations, and costs incurred in connection with a reorganization or restructuring of each Fund), if any;
- viii) the regulatory and compliance costs of the Firm arising out of the management of each Fund; and
- ix) their pro rata portion of the expenses related to the Firm's order management system.

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**Fee Debit and Invoices**

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Clients may provide Bramshill with the authority to directly debit their accounts for payment of the Firm's investment management fee. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Bramshill. Alternatively, clients may elect to have Bramshill send them a separate billing invoice for direct payment via other agreed-upon means.

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**Account Additions and Withdrawals**

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Clients may make contributions to, and withdrawals from, their accounts, subject to the terms of the management agreement. Bramshill generally requires that clients provide the Firm with at least one-business day's prior written notice for contributions and five-business days' prior written notice for withdrawals. Additions may be in cash or securities, provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. In most cases, Bramshill designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. All redemptions are subject to customary settlement procedures and certain positions may take additional time to dispose of due to limited liquidity and/or marketability. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual Firm level (e.g., contingent deferred sales charge) and/or tax ramifications. Bramshill may consult with its clients about the options and implications of transferring securities in-kind.

Fund Shareholders may be subject to certain limitations on redemptions, as detailed in each fund's prospectus. Investors in the Tactical and Structure Products Fund are necessarily subject to the liquidity and redemptions terms contained in the offering documents, which include the private placement memorandum, operating agreement and/or applicable side letters.

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**Securities Transaction Based Compensation**

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A limited number of individuals associated with Bramshill are registered representatives of an unaffiliated broker-dealer and may be eligible to receive compensation related to the sale of securities. As a result of this arrangement, the Firm, by and through these registered representatives acting in their individual capacities as agents of the broker-dealer, can distribute materials related to the mutual funds it manages to prospective investors, which it would not otherwise be permitted to do. Such registered representatives may be eligible to receive compensation correlated to new fund assets; however, BRSMX does not offer a retail share class at this time and therefore investors do not incur separate transaction fees payable to such representatives. The Tactical and Structure Products Funds may also be offered through this broker-dealer relationship and employees may be eligible for compensation tied to new capital invested therein.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As outlined in Item 5 of this Brochure, Bramshill and/or its affiliates may receive a Performance Allocation based on investment gains after other distributions are made to the general partners/managing members and

limited partners/members, as specified in the appropriate governing documents. The Performance Allocation and other incentive-based compensation may motivate the Firm to make investments that are riskier or more speculative than those which would be made under a different compensation arrangement. In addition, the recipients may have an incentive to favor Clients that they believe will pay a higher Performance Allocation or other incentive-based compensation. However, the Firm is committed to acting at all times in the best interests of its Clients. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance-based fees.

## **Item 7. Types of Clients**

Bramshill offers services to high-net-worth individuals, family offices, other financial services firms, business organizations, retirement and pension plans, pooled investment vehicles, investment companies and other types of institutional clientele. As a condition for starting and maintaining an advisory relationship, the Firm generally imposes a minimum portfolio size of at least \$1,000,000. The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, preexisting client relationships, account retention, and pro bono activities. Bramshill only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. Bramshill may also aggregate the portfolios of family members or related accounts to meet the minimum portfolio size.

The Tactical and Structured Products Funds generally impose a minimum investment of \$5,000,000, but the Firm (or its affiliate) may agree to accept smaller commitments in its sole discretion.

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

### **Bramshill Income Performance**

Bramshill Income Performance is a fixed income strategy that seeks to maximize total return across various asset classes. This strategy invests in an unconstrained portfolio of income-producing securities, including investment grade and high-yield bonds, preferred stocks, municipal bonds, U.S. Treasuries, income ETFs and closed-end funds. The portfolio is actively managed, incorporating sector allocations and tactical hedging during various interest rate and market environments. This strategy uses fundamental credit and relative value analysis, and focuses on securities with transparent pricing, actively-traded capital structures and liquidity. This strategy is unlevered, highly-liquid, not benchmark dependent and seeks to maintain an investment grade portfolio. Accounts will generally hold a maximum of 50 investment positions.

### **Bramshill Tactical Fixed Income Fund**

The investment objective of the Bramshill Tactical Fixed Income portfolio is to generate a positive total return both in up and down markets throughout the credit cycle. The strategy seeks to maximize total return across different types of fixed income products and, based on market conditions, may also hold cash, cash equivalents and alternative investments. The Firm primarily intends to invest in a blended portfolio of securities in the following core asset classes: investment grade and high-yield corporate bonds, preferred stocks, municipal bonds, U.S. Treasuries, income ETFs and closed-end funds. The strategy is actively managed, incorporating sector allocations and tactical hedging during various interest rate and market environments. Bramshill uses

fundamental credit and relative value analysis, and focuses on securities with transparent pricing, actively traded capital structures and a high level of liquidity. The Firm seeks to maintain a portfolio of assets that maintain an average credit rating of investment grade. The strategy is not constrained by a specific benchmark and the Firm has the ability to invest across various products for both total return and risk management purposes.

In seeking to achieve this objective, the Firm may take long and short positions through a wide range of instruments. Bramshill may make use of derivatives such as futures and options on futures, including U.S. Treasury futures, to adjust its sensitivity to interest rate changes and to gain exposure to U.S. Treasury securities. In addition to the core asset classes, the Firm may selectively utilize convertible bonds, loans, futures, total return swaps and other derivative products.

### **Bramshill Structured Products Fund**

The investment objective of the Bramshill Structured Products portfolio is to seek to generate positive total returns through a combination of current income and capital gains. This is a fixed income relative value strategy that intends to exploit structural and technical inefficiencies in the market, especially in the structured product sectors of the fixed income market, including rated and unrated MBS, ABS, CMBS, RMBS, including Agency RMBS, CLOs, CDOs, other securitized products (including other types of investments evidenced by trust and/or participation certificates), listed and unlisted, registered and unregistered securities of various international issuers, including, but not limited to, limited partnership, limited liability company and other equity interests (including in special purpose vehicles), risk retention assets and vehicles, swap contracts and forward contracts, currencies, notes, bonds, commercial paper, debentures, repurchase agreements, warrants, other debt instruments and other fixed income securities (e.g., corporate, subordinate/mezzanine, derivative and governmental, interest-only and principal-only), as well as listed, exchange traded and/or over-the-counter options and other derivative instruments (including credit derivatives and total return swaps) on all of the above instruments, and rights to acquire the same of public and private issuers throughout the world, other instruments, and such other instruments or interests as the Manager deems appropriate. The Firm may participate in loans, including, without limitation, syndicated or non-syndicated warehouse facilities or variable funded notes and may acquire whole loans, mezzanine loans, master servicing rights, asset management fees or other advisory fee income. In addition, Bramshill may determine to convert existing receivables and loans into asset backed securities for sale in the capital markets. This process is commonly referred to as “securitization” and it may be accomplished by selling the pool of receivables to a special purpose vehicle or a newly formed entity which in turn will issue asset-backed securities collateralized by the pool of receivables.

In addition, the Firm may trade, buy, sell, sell short and otherwise acquire, hold (for short periods of time), dispose of, and trade in securities and other rights and interests in and relating to securities and other assets, which may also be used to hedge against certain interest rate, market volatility and other risks with respect to the portfolio. Bramshill may engage in short selling and may borrow to leverage its investments, withdrawals, and pay expenses. Leverage may include trading on margin, borrowing under credit facilities, and entering into derivative transactions that have the effect of providing leveraged exposure to certain assets.

### **The Quantitative Income Strategy**

The Quantitative Income Strategy is an income generating strategy which utilizes proprietary quantitative models and rules based on investment guidelines. The Strategy seeks to generate income and maximize total return across various asset classes, while being managed in a client's individual account allowing daily transparency and liquidity. Utilizing quantitative triggers, the Strategy invests in an unconstrained portfolio of income generating securities across five core asset classes: investment grade credit, high yield bonds, preferred municipal bonds, and treasuries. In addition, the Strategy has the flexibility to invest 15% of the portfolio into other income generating securities, as well as writing put-options on income ETFs to generate additional yield. The portfolio will always maintain an average rating of investment grade. The portfolio seeks to generate tax



efficient income with a yield of greater than 5% in high quality income generating securities that maintain strong credit metrics. An actively managed approach incorporates relative value analysis at both the asset class and individual security level. The Strategy rotates securities within each asset class using proprietary quantitative

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### **The All Weather Income Strategy**

The All Weather Income Strategy is a diversified portfolio of income-producing securities. The strategy is managed in an individual account format and seeks to maximize total return across various sectors via dividends and income. The strategy invests across liquid markets such as real estate investment trusts, master limited partnerships, building development corporations, preferred securities, royalty trusts and closed-end funds. The strategy has a flexible allocation mandate which seeks to produce a consistent income across all market cycles. The portfolio is actively managed, incorporating a proprietary distribution model which focuses on high conviction income-producing securities with compelling risk-reward characteristics. The strategy uses a top down approach for macro analysis combined with a bottoms up fundamental analysis for individual security selection. The strategy is unlevered, highly-liquid and not benchmark dependent.

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### **The Flexible Bond Strategy**

The Flexible Bond Strategy is a fixed income strategy which seeks to maximize total return across various income producing asset classes. The strategy seeks to identify relative value across asset classes and capture opportunities within the corporate, US Treasury, mortgage-backed security, preferred and dividend equity markets. The portfolio is actively managed by rotating among asset classes and tactically hedging during various market environments. The strategy focuses on liquid securities with transparent pricing and actively-traded capital structures.

### **Other Investment Strategies**

The Firm may also offer other bespoke strategies designed to meet an individual client's objectives, as further described in the appropriate investment management agreement or other governing document.

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### **Risk of Loss**

**Principal Risks of Investing.** Losing all or a portion of an investment is a risk of investing in securities. An allocation to Bramshill or an investment to a product managed by Bramshill are not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**Call Risk.** During a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce an account's income if the proceeds are reinvested at lower interest rates.

**Closed-End Fund Risk.** Shares of closed-end funds frequently trade at a price per share that is less than the net asset value ("NAV") per share. There can be no assurance that the market discount on shares of any closed-end fund will ever decrease or that when the Firm seeks to sell shares of a closed-end Firm it can receive the NAV of those shares. Closed-end funds have lower levels of daily volume when compared to open-end companies. There are greater risks involved in investing in securities with limited market liquidity. To the extent the Firm invests in closed-end funds, clients will indirectly bear their proportionate share of any fees and expenses payable directly by the closed-end funds. Therefore, clients would incur higher expenses, which may be duplicative, than if the Firm did not invest in closed-end funds.

**Credit Risk.** The risk that issuers of fixed income securities in which the Firm invests experience unanticipated financial problems causing their securities to decline in value.

**ETF Trading Risk.** Because the Firm invests in ETFs, clients are subject to additional risks that do not apply to conventional mutual Funds, including the risks that the market price of an ETF's shares may trade at a

discount to its NAV, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which the ETFs trade, which may impact the Firm's ability to sell its shares of an ETF.

**Floating Rate Securities Risk.** The interest rates payable on floating rate securities are not fixed and may fluctuate based upon changes in market rates. The interest rate on a floating rate security is a variable rate which is tied to another interest rate, such as the LIBOR. Floating rate securities are subject to interest rate risk and credit risk. Foreign Securities Risk U.S. dollar denominated securities of foreign issuers involves special risks such as economic or financial instability, lack of timely or reliable financial information and unfavorable political or legal developments.

**Hedging Risk.** The short positions in Treasury securities are not intended to mitigate credit risk or other factors influencing the price of investment grade bonds, which may have a greater impact than rising or falling interest rates. There is no guarantee that the short positions will completely eliminate the interest rate risk of the long investment grade bond positions. The hedge cannot fully account for changes in the shape of the Treasury interest rate (yield) curve. There is no guarantee the Firm's strategy will have positive returns, even in environments of sharply rising Treasury interest rates in which the Firm's short positions might be expected to mitigate the effects of such rises.

**High Portfolio Turnover Risk.** High portfolio turnover involves correspondingly greater expenses to clients, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities, which may result in adverse tax consequences to the clients and investors. The Firm's portfolio turnover may exceed 100% per year, depending on the strategy employed.

**High Yield Securities Risk.** Securities that are rated below investment grade (i.e., "junk bonds") are subject to additional risk factors due to the speculative nature of the securities, such as increased possibility of default liquidation of the security, and changes in value based on public perception of the issuer.

**Interest Rate Risk.** Interest rates may go up resulting in a decrease in the value of the debt securities..

**Management Risk.** Management risk describes the Firm's ability to meet its stated investment objective based on its success or failure to implement investment strategies.

**Market Risk.** Market risk is the risk that the markets on which the Firm's investments trade will increase or decrease in value. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. If there is a general decline in the securities and other markets, client accounts may lose value, regardless of the individual results of the securities and other instruments in which the Firm invests.

**Municipal Securities Risk.** Investing in various municipal securities may involve risk related to the ability of the municipalities to continue to meet their obligations for the payment of interest and principal when due.

**Short Sale Risk.** The risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to clients.

**U.S. Government Securities Risk.** U.S. Government securities, which may be backed by the U.S. Department of the Treasury or the full faith and credit of the U.S., and may include U.S. Treasury bills, Treasury Inflation-Protected Securities, notes and bonds, are guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. Certain U.S. Government agency securities are backed by the right of the issuer to borrow from the U.S.

Department of the Treasury, or are supported only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer.

**Equity Securities.** The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environment. The Firm may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of issuers domiciled in developed or in emerging countries. The Firm may invest in equity securities regardless of market capitalization, including micro- and small-cap companies. The securities of smaller companies may involve more risk and their prices may be subject to more volatility. The Firm may also invest in distressed equity securities, which are generally considered to be riskier, speculative and relatively illiquid.

**Trading on Non-U.S. Exchanges.** Trading on non-U.S. exchanges is not regulated by any United States governmental agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign exchanges are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has entered into a trade and not of an exchange or clearing organization. Moreover, such trading may be subject to whatever regulatory provisions are applicable to transactions effected outside the United States, whether on foreign exchanges or otherwise. Trading on foreign exchanges involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums and investment controls, or political or diplomatic events that might adversely affect the Firm’s trading activities. The risks of investing in non-U.S. securities and other financial instruments may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets and higher brokerage commissions and custody fees.

**Investments in Emerging Markets.** Investing in the financial instruments of companies (and governments) in certain countries (such as emerging nations or countries with less well-regulated financial instruments markets than the U.S., the UK or other European Union countries) involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the financial instruments markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Firm’s investment opportunities; and, in most cases, less effective government regulation than is the case with financial instruments markets in the United States. In addition, accounting and financial reporting standards in such countries are not equivalent to standards in more developed countries, and, consequently, less information is available to investors.

**Private Placements.** Certain private investments in which the Firm may invest will share many of the same risk characteristics as venture capital investing, offering the opportunity for significant gains, but also involve a high degree of risk, including the complete loss of capital.

**Fixed Income Securities.** Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Firm invests will change in response to fluctuations in interest rates. Generally, when interest rates decline, the value of a long fixed income position can be expected to rise. Conversely, when interest rates rise, the value of a long fixed income position can be expected to decline. When interest rates fluctuate, the duration (which is based on the weighted average life of the cash flow of a security) may be used as an indication of the degree of change in the debt security’s price. The greater its duration value, the larger the change in the debt security’s price for a given movement in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to

such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

**High Yield Securities.** The Firm may invest in “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Financial instruments in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated financial instruments and are generally considered to be predominately speculative with respect to the issuer’s capacity to pay interest and repay principal. They also are generally considered to be subject to greater risk than financial instruments with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated financial instruments, the yields and prices of such financial instruments may tend to fluctuate more than those of higher-rated financial instruments. The market for lower-rated financial instruments is thinner and less active than that for higher-rated financial instruments, which can adversely affect the prices at which these financial instruments can be sold. In addition, adverse publicity and investor perceptions about lower-rated financial instruments, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated financial instruments.

**Discretionary Aspects of the Manager’s Strategies.** The Firm’s trading professionals rely heavily on their market judgment and experience in trading the portfolio.

**Asset-Backed Securities.** ABS are debt obligations or debt securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from underlying financial assets, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities. Issuers of ABS are primarily banks and finance companies, captive finance subsidiaries of non-financial corporations or specialized originators such as credit card lenders. An ABS is typically created by the sale of assets or collateral to a conduit, generally a bankruptcy-remote vehicle such as a grantor trust or other special-purpose entity, which becomes the legal issuer of the ABS. Interests in or other securities issued by the trust or special-purpose entity, which give the holder thereof the right to certain cash flows arising from the underlying assets, are then sold to investors through an investment bank or other securities underwriter.

Holders of ABS bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. In addition, concentrations of ABS of a particular type, as well as concentrations of ABS issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region, may be subject to additional risk.

Credit risk is an important issue in ABS because of the significant credit risks inherent in the underlying collateral and because issuers are primarily private entities. Credit risk arises from losses due to defaults by the borrowers in the underlying collateral or the issuer’s or servicer’s failure to perform. Market risk arises from the cash-flow characteristics of the security, which for many ABS tend to be predictable. The greatest variability in cash flows comes from credit performance, including the presence of wind-down or acceleration features designed to protect the investor if credit losses in the portfolio rise well above expected levels. Interest-rate risk arises for the issuer from the relationship between the pricing terms on the underlying collateral and the terms of the rate paid to security holders and from the need to mark to market the excess servicing or spread account proceeds carried on the balance sheet. Liquidity risk can arise from increased perceived credit risk. Liquidity can also become a significant problem if concerns about credit quality, for example, lead investors to avoid the securities issued by the relevant special-purpose entity. Operations risk arises through the potential for misrepresentation of asset quality or terms by the originating institution, misrepresentation of the nature and current value of the assets by the servicer and inadequate controls over disbursements and receipts by the servicer. Structural risk may arise through investments in ABS with structures (for example, the establishment of various security tranches) that are intended to reallocate the risks entailed in the underlying collateral

(particularly credit risk) in ways that give certain investors less credit risk protection (i.e., a lower priority claim on the cash flows from the underlying pool of assets) than others. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. Investments in ABS also entail legal risks, including the risks that the investors may not have an enforceable agreement against the issuer or a valid security interest in the underlying collateral, as well as the risk that events that materially affect the value of the underlying collateral (for example, a default on an underlying loan or derivative instrument) may not be tied directly to the rights of the ABS holders (for example, by triggering the declaration of a default on the ABS). As a result, the Firm's investments in ABS could decline substantially in value.

**Risks Relating to CMBS.** CMBS are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real property having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. CMBS are issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. CMBS generally lack standardized terms, tend to have shorter maturities than RMBS and may provide for the repayment of all or substantially all of the principal only at maturity. All of these factors increase the risk involved with commercial real estate lending. Commercial properties tend to be unique and are more difficult to value than single-family residential properties. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential one-to-four family lending since it typically involves larger loans to a single borrower than residential one-to-four family lending.

Most CMBS are effectively non-recourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgages, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed-in-lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

**Risks Relating to RMBS.** RMBS are subject to particular risks because they have yield and maturity characteristics corresponding to their underlying assets. Unlike traditional debt securities, which may pay a fixed rate of interest until maturity when the entire principal amount comes due, payments on certain RMBS include both interest and a partial payment of principal. This partial payment of principal may be comprised of a scheduled principal payment, as well as an unscheduled payment from the voluntary prepayment, refinancing, or foreclosure of the underlying assets. As a result of these unscheduled payments of principal, or prepayments on the underlying assets, the price and yield of RMBS can be adversely affected. For example, during periods of declining interest rates, prepayments can be expected to accelerate, and the Firm would be required to reinvest the proceeds at the lower interest rates then available. Prepayments of mortgages that underlie securities purchased at a premium could result in capital losses because the premium may not have been fully amortized at the time the obligation is prepaid. In addition, like other interest-bearing securities, the values of RMBS generally fall when interest rates rise, but when interest rates fall, their potential for capital appreciation is limited due to the existence of the prepayment feature.



The performance of any RMBS and the results of hedging arrangements entered into with respect thereto will be affected by (i) the rate and timing of principal payments on the underlying assets related thereto and (ii) the extent to which such principal payments are applied to reduce, or otherwise result in the reduction of, the principal or notional amount of such RMBS. The rate of principal payments on a pool of RMBS will in turn be affected by the amortization schedules of the assets (which, in the case of assets with an adjustable-rate feature, may change periodically to accommodate adjustments to the mortgage rates thereon) and the rate of principal prepayments thereon (including for this purpose, voluntary prepayments by borrowers and prepayments resulting from liquidations of RMBS due to defaults, casualties or condemnations affecting the related properties).

**Developments in Non-Agency Mortgage Lending.** The Firm may invest in secured pools of RMBS that are not guaranteed by the U.S. government in any manner whatsoever (referred to herein as non-agency RMBS). Non-agency RMBS are secured only by cash flows of the underlying mortgages; in contrast, agency mortgages carry the implicit, and in some cases the explicit, guarantee of the U.S. government. Investing in RMBS involves a high degree of risk, especially in light of recent developments in the sub-prime mortgage lending business.

**Yield Characteristics.** The yield characteristics of mortgage-related securities differ from traditional debt securities. The major differences include more frequent interest and principal payments, usually monthly, and the possibility that prepayments of principal may be made at any time. Prepayment rates are influenced by changes in current interest rates and a variety of other factors. In general, changes in the rate of prepayments will change the yield to maturity of the security. These differences can result in significantly greater price and yield volatility than is the case with traditional debt securities. The risk management techniques which may be utilized by the Firm cannot provide any assurance that portfolios will not be exposed to risks of significant trading losses. The prices of other derivatives, futures contracts and options used for hedging purposes may not correlate with price movements of the underlying securities being hedged.

**Subordinated Securities.** The Firm may invest in MBS, ABS and other securities that are subordinate to one or more senior classes. Investments in subordinated securities involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgages.

Certain subordinated securities (“first loss securities”) absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity investments. As a result, changes in the value of the performance of subordinated securities are expected to be greater than the change in the value or payment performance of the underlying mortgages or other collateral. In the event of a default, proceeds from any realization on the underlying mortgages or other collateral will first be allocated to the senior classes of securities in accordance with the priority of payments prior to any allocation to the subordinated securities held by Clients.

**Repurchase Agreements, Reverse Repurchase Agreements and Credit Facilities.** The Firm may enter into repurchase, reverse repurchase agreements and credit facilities. Repurchase agreements entail the purchase of a security from a bank or broker-dealer that agrees to repurchase the security at cost plus interest within a specified time. If the party agreeing to repurchase should default, as a result of bankruptcy or otherwise, the Firm may seek to sell the securities which it holds, which action could involve costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Manager’s ability to dispose of the underlying securities may be restricted. Similarly, the entering into of reverse repurchase agreements involves certain risks. A reverse repurchase agreement involves the sale of a security by the Firm and its agreement to repurchase the security at a specified time and price; provided, that, the obligations under

a repurchase agreement or reverse repurchase agreement will generally be full recourse to Clients. Under a reverse repurchase agreement, Clients continue to receive any principal and interest payments on the underlying financial instrument during the term of the agreement.

**Distressed Securities.** The Firm may invest in securities, private claims and obligations of bankrupt entities which involve a substantial degree of risk. Clients may lose a substantial portion or all of its investment in such an entity or may be required to accept cash or securities with a value less than the Firm's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, inter alia, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and ask prices of such instruments may be greater than normally expected. It may take a number of years for the market prices of such securities to reflect their intrinsic values. Some of such securities in the portfolio of the Firm may not be widely traded, and positions in such securities may be substantial in relation to the market for such securities.

#### **Investment Risks of Bank Debt.**

- **Lack of Regulation** — Bank debts are not traded on regulated exchanges, are not registered with U.S. or other governmental authorities and are not subject to the rules of any self-regulatory organization.
- **Default Rates of Term Bank Debts** — There are varying sources of statistical default rate data for term bank debts and numerous methods for measuring default rates. The historical performance of the term debt market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to the type of collateral securing the bank loans in which the Firm invests, the actual default rates of the bank loans held by Clients may exceed the hypothetical default rates used by the Firm in determining to purchase such bank debt.
- **Bank Debt Participations** — The Firm may invest in bank debt participations, which involve certain risks in addition to those associated with direct loans. A bank debt participant has no contractual relationship with the borrower of the underlying bank debt. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the bank debt agreement in the event of a default and may not have the right to object to amendments or modifications of the terms of such bank debt agreement. A participant in a syndicated bank debt generally does not have voting rights, which are retained by the lender. In addition, a bank debt participant is subject to the credit risk of the lender as well as the borrower, since a bank debt participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying bank debt.
- **Bank Debt Assignments** — Bramshill may invest in bank debt assignments, which involve certain risks. The Manager will purchase a bank debt assignment with a conduit vehicle created solely for the purchase of bank debt assignments. Portfolios are subject to the credit risks of both the borrower and the Firm's vehicle.
- **Interest-Rate Risks of Investments in Bank Debt** — The value of securities in which Bramshill invests generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities will decline. In addition, to the extent that the receivables or bank debt underlying specific securities are pre-payable, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

**Liquidity and Valuation of Investments.** At times, certain sectors of the fixed income markets (such as the emerging markets and the MBS markets) have in the past experienced significant falloffs in liquidity. While such events may sometimes be attributable to changes in interest rates or other factors, the cause is not always

apparent. The Firm may also invest in assets which are subject to legal or other restrictions on transfer or for which no liquid market exists. During such periods of market illiquidity, the Firm may not be able to sell assets in their portfolios or may only be able to do so at unfavorable prices. The market prices, if any, for such Financial Instruments tend to be volatile and the Firm may not be able to sell them when it desires to do so or to realize what it perceives to be its fair value in the event of a sale. The sale of restricted and illiquid Financial Instruments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

**“Widening” Risk.** For reasons not necessarily attributable to any of the risks enumerated herein (for example, supply/demand imbalances or other market forces), the prices of the assets in which the Firm invests may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even more “undervalued” levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

**Default and Non-Payment.** Debt securities are subject to credit risk. Credit risk relates to the ability of the issuer of a debt security to make interest and principal payments on the security as they become due. If the issuer fails to pay interest, the income might be reduced and the value of the debt security may be reduced. If the issuer fails to repay principal, the value of that security and the Net Asset Value of the Interests will be reduced. Debt securities that are below investment grade are particularly subject to risks of default. There is a risk that debt securities will subsequently go into default or the Firm will acquire debt securities in default through restructuring or another similar mechanism.

While Client’s assets generally will be secured by collateral, the Firm may have difficulty liquidating the collateral or enforcing its rights under the terms of the securities if an issuer defaults. Collateral may be insufficient or the Firm’s right to the collateral may be set aside by a court. Also, the Firm can invest part of its assets in other debt obligations that are not collateralized.

Collateral will generally consist of assets that may not be readily liquidated including, for example, equipment, inventory, work in the process of manufacture, real property and payments to become due under contracts or other receivable obligations. There is no assurance that the liquidation of those assets would satisfy an issuer’s obligations.

**Interest Rate Fluctuation Risk.** Debt securities are subject to price fluctuations during the period they are outstanding depending upon the interest rate fluctuation during such period. This is called the interest rate fluctuation risk of debt securities. In general, as interest rates fall, the security’s price will rise, and as interest rates rise, the security’s price will fall. When interest rates fluctuate, the duration (which is based on the weighted average life of the cash flow of a security) may be used as an indication of the degree of change in the debt security’s price. The bigger its duration value, the larger the change in the debt security’s price for a given movement in interest rates.

**Credit Risk of Issuers.** The Firm may invest in financial instruments that have built-in convertibility (from debt to equity) features. The risks associated with such financial instruments include credit risk. Credit risk is the possibility that an issuer will be unable to make interest payments and repay principal when due. Changes in an issuer’s financial strength or in a financial instrument’s credit rating may affect a financial instrument’s value. Financial instruments rated below investment grade, sometimes called “junk bonds,” generally have more credit risk than higher rated financial instruments.

**Credit Ratings.** Credit ratings of debt securities are not a guarantee of quality. A credit rating represents only the applicable rating agency’s opinion regarding credit quality based on the rating agency’s evaluation of the



safety of the principal and interest payments. In determining a credit rating, rating agencies do not evaluate the risks of fluctuations in market value. As a result, a credit rating may not fully reflect the risks inherent in the relevant security. Rating agencies may fail to make timely changes to credit ratings in response to subsequent events. In addition, to the extent that a rating agency rates a security at the request of an issuer, the rating agency has a conflict of interest in providing such rating.

**Over-the-Counter and Other Derivative Instruments in General.** The Manager may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- **Tracking** — When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Manager from achieving the intended hedging effect or expose Clients to the risk of loss.
- **Liquidity** — Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Firm may not be able to close out a position without incurring a loss.
- **Leverage** — Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by Clients and could cause its assets to be subject to wider fluctuations than would be the case if the Firm did not use the leverage feature in derivative instruments.
- **Over-the-Counter Trading** — Certain derivative instruments may not be traded on an exchange. Over-the-counter financial instruments that may be purchased or sold by the Firm may include swap transactions, forward foreign currency transactions and bonds and other fixed income securities. Over-the-counter financial instruments, unlike exchange traded financial instruments, are two-party contracts with price and other terms negotiated by the buyer and the seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the Firm can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. Because performance of over-the-counter financial instruments is not guaranteed by any exchange or clearinghouse, Clients will be subject to the risk of the inability or refusal to perform with respect to such financial instruments on the part of the counterparties with which they trade. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject Clients to substantial losses.
- **Lack of Regulation** — Financial instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded financial instruments and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. The counterparty to an over-the-counter financial instrument entered into by the Firm may not be subject to the same credit evaluation and regulatory oversight as are members of exchange based markets. The same may be true with respect to financial instruments traded on certain types of alternative exchanges (e.g., exempt commercial markets) that are less regulated than traditional securities, commodities and futures exchanges.
- **Market Conditions** — Recent events in the financial markets resulting in the failure of large institutions that serve as counterparties to many over-the-counter financial instruments have resulted in greater illiquidity of such instruments and heightened concern for counterparty risk.

**Short Sales.** Bramshill may effect short sales of securities as part of its hedging strategy in a given investment or in those instances when the Firm is of the belief that a given security is over-priced. A short sale involves the sale of a financial instrument that the Firm does not own in the expectation of purchasing the same financial

instrument (or a financial instrument exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Firm often must borrow the financial instrument, and the Firm is obligated to return the financial instrument to the lender, which is accomplished by a later purchase of the financial instrument. When the Firm makes a short sale of a financial instrument on a U.S. exchange, it must leave the proceeds thereof with a Broker and it must also deposit with a Broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the financial instrument and a corresponding loss. The extent to which Bramshill engages in short sales depends upon its investment strategy and perception of market direction; the Firm does not necessarily have a policy limiting the amount of capital it may deposit to collateralize its obligations to replace borrowed financial instruments sold short.

**Options Trading.** Among the financial instruments that the Firm may trade are options. An option is a right, purchased for a certain price, to either buy or sell the underlying instrument or product during or at the end of a certain period of time for a fixed price. The risks in trading options are different from the risks in trading the underlying instruments or products, and trading in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. For example, if the Firm buys an option (either to sell or buy an underlying instrument or product), it will be required to pay a “premium” representing the market value of the option. The value of an option may decline because of a decline in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset or any combination thereof. Unless the price of the underlying instrument or product changes and it becomes profitable to exercise or offset the option before it expires, Clients may lose the entire amount of the premium. Conversely, if the Firm sells an option (either to sell or buy an underlying instrument or product), it will be credited with the premium but will have to deposit margin with the Firm’s Brokers due to its contingent liability to deliver or accept the underlying instrument or product in the event the option is exercised. Sellers of options are subject to unlimited risk of loss, as the seller will be obligated to deliver or take delivery of an asset at a predetermined price which may, upon exercise of the option, be significantly different from the then-market value. The ability to trade in or exercise options may be restricted in the event that trading in the underlying instrument or product becomes restricted.

**Securities Lending.** The Firm may enter into securities lending agreements with respect to securities held by the Firm with brokers, dealers and financial institutions and receive collateral in the form of cash or securities. By doing so, the Firm attempts to increase income through the receipt of interest on the loan. The Manager will retain all rights of beneficial ownership as to the loaned portfolio securities, including voting rights and rights to interest or other distributions, and will have the right to regain record ownership of loaned securities to exercise such beneficial rights. Such loans will be terminable at any time. The Firm may pay finders’, administrative and custodial fees to persons unaffiliated with the Firm in connection with the arranging of such loans.

The risks in lending portfolio securities, as with other extensions of credit, consist of possible loss of rights in the collateral should the borrower fail financially.

**Leverage.** The low margin and collateral deposits required to trade certain financial instruments may permit an extremely high degree of leverage. The Firm may “leverage” investment returns with options, swaps, forwards and other derivative instruments.

In addition, the Firm may utilize additional leverage by borrowing Funds from lenders in order to increase the amount of capital available for investment, and may in effect borrow Funds through entering into repurchase agreements, reverse repurchase agreements and/or credit facilities. The overall degree of leverage that the Firm

may utilize may not be limited to any predetermined level, but will be subject to applicable legal, lender and/or lender-imposed leverage limitations, to the extent applicable. The amount of borrowings that the Firm may have outstanding at any time may be large in relation to its capital. Consequently, the level of interest rates generally, and the rates at which the Firm can borrow in particular, will affect the results of the Firm.

As a result of trading with a high degree of leverage, a relatively small price movement in a financial instrument may result in immediate and substantial losses to the Firm. Thus, like other leveraged investments, any trade may result in losses in excess of the amount invested. The Firm may lose more than its initial margin deposit on a trade. Also, if the Firm is in a leveraged position, any losses would be more pronounced than if leverage were not used and, under particularly adverse circumstances, could exceed its capital.

In general, the Firm's use of margin and other borrowings results in certain additional risks. For example, should financial instruments purchased by the Firm on margin or using other borrowings decline in value, the Firm could be subject to a "margin call" or other collateral call, pursuant to which the Firm must either deposit additional funds or assets with the brokers or lender or suffer mandatory liquidation of the relevant financial instruments. In the event of a sudden precipitous drop in the value of Client's assets, the Firm might not be able to liquidate assets quickly enough to cover a margin call or other collateral call. This risk may be particularly pronounced if the Firm utilizes a highly leveraged investment strategy, as the assets available to cover a margin or other collateral call may be relatively small compared to the size of the positions (and the resulting margin obligations).

## **Item 9. Disciplinary Information**

Bramshill has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

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

Neither we nor any of our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither we nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity, trading advisor or an associated person of the foregoing entities.

The Firm nor any of its management persons have to a relationship or arrangement that is material to the Firm's advisory business or its Clients.

The Firm does not recommend or select other investment advisers for the Funds.

## **Item 11. Code of Ethics**

Bramshill has adopted a code of ethics that sets forth the standards of conduct expected of its personnel and requires compliance with applicable securities laws. A copy of Bramshill's code of ethics is available to any client or prospect upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the code of ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Bramshill and its personnel. The code of ethics of ethics also requires that certain of Bramshill's personnel deemed "access persons" obtain preapproval for any personal trades in individual, single-name securities and provide the Firm with both quarterly transaction reports and annual holdings reports. Subject to applicable restricted periods, Bramshill and its personnel are permitted to buy or sell securities that it also recommends to clients consistent with Bramshill's policies and procedures. Generally, no access person may effect for themselves or for their immediate family (e.g., a spouse, minor children, or adult living in the same household) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Bramshill's clients. The Firm generally imposes a five-business day blackout period prior to and after any client trade such that no access person may effect a transaction in that security during the specified window.

These requirements are not applicable to direct obligations of the U.S. Government, money market instruments repurchase agreements and other high-quality short-term debt instruments, including repurchase agreements; shares issued by mutual funds or money market funds, and shares issued by unit investment trusts that are exclusively in one or more mutual funds. Additionally, prior approval is not required for personal trades involving ETFs. Third-party managed accounts, accounts-held at robo-advisors and positions in pure cryptocurrencies and other digital assets are also carved out from the preclearance and reporting requirements under the code of ethics.

Bramshill manages pooled investment vehicles, including BRMSX, the Tactical Fund and the Structured Products Fund, and receives compensation in the form of management fees and performance fees (for the latter two vehicles). To the extent Bramshill recommends individual clients invest in one or more of these funds, it will ensure such a recommendation is suitable and consistent with its fiduciary duty. In addition, to the extent Bramshill seeks to make an investment on behalf of one client into another (e.g., allocate capital within the Tactical Fund to BRMSX), it will do so on a fee-offset basis, unless otherwise disclosed in the appropriate offering documents.

## **Item 12. Brokerage Practices**

### **Selection of Broker-Dealers**

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Clients may retain the ability to choose the qualified custodian where their assets are held, provided that certain Financial Institutions impose limitations or additional fees on transactions executed away, which could negatively impact net performance. Clients provide Bramshill with the authority to select the counterparties (e.g., broker-dealers) through which individual securities transactions are executed. This authority is occasionally limited based on the directives imposed by an account custodian or primary manager – most often, in the context of a wrap fee program sponsored by a third-party financial institution. Clients are advised that such restrictions or limitations, which are beyond Bramshill's control, can adversely impact the quality of the execution achieved for client securities transactions.

Bramshill may only implement its investment decisions after the client has arranged for, and furnished Bramshill with, all information and authorization regarding accounts held at their respective custodians. Factors the Firm considers in selecting a clearing, executing or prime broker include their respective financial strength, reputation, execution, trade aggregation and settlement capabilities, borrowing facilities, pricing, product inventory, soft dollar credits, research and service.

The commissions paid by Bramshill's clients comply with Bramshill's duty to obtain "best execution." Clients may pay commissions or mark-ups that are higher than another qualified broker might charge to effect the same transaction where Bramshill determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker's or dealer's services, including, without limitation, product inventory, the value of research provided, execution capability, commission rates, and responsiveness. Bramshill seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

The Firm has numerous trading relationships with broker/dealer counterparts to effect both exchange trades and over-the-counter ("OTC") transactions. In certain circumstances, a broker may not charge a separate or explicit transaction fee and may instead effect a trade on a "net basis," meaning that the transaction price may include an embedded mark-up or charge. Additionally, depending on the custodial or subadvisory relationship, accountholders may incur separate and additional fees imposed by their custodian or third-party financial advisor for "trade-aways" or "step-out transactions<sup>2</sup>," if Bramshill is required to execute through another broker/dealer, consistent with its duty of best execution. Such fees and restrictions may adversely impact the Firm's trading strategies and undercut account performance. Bramshill does not directly receive any portion of any trade-away fees or charges associated with step-out transactions; however, it may still earn soft dollar credits to the extent such a relationship exists with a given broker-dealer (as discussed further below). In order to minimize transaction expenses and operational inefficiencies, Bramshill may also engage an introducing broker to facilitating its net trading activity.

Bramshill periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support**

Bramshill may receive from a broker-dealer, without cost, computer software and related systems support, which allow Bramshill to better monitor client accounts maintained at that broker-dealer. Bramshill may receive the software and related support without cost because Bramshill renders investment management services to clients that maintain assets therein. The software and related systems support may benefit Bramshill, but not its clients directly. In fulfilling its duties to its clients, Bramshill endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Bramshill's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Bramshill's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Specifically, Bramshill may receive the following benefits as an institutional trading participant: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional investors; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Soft Dollar Benefits**

Bramshill may be offered certain services by unaffiliated broker-dealers that it selects to execute securities transactions on behalf of advisory clients. Certain of these benefits take the form of "soft dollars credits" meaning that Bramshill may receive payment or reimbursement for certain products or services from the

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<sup>2</sup> CAPIS is providing settlement facilitation for agency trades executed from Bramshill that must be stepped out to the sponsor in order to clear and settle. The brokerage services CAPIS is providing meet the temporal standard described in the 2006 interpretive guidance from the SEC as brokerage services.

broker-dealer based on the amount of commissions generated in a client's account. In many situations, payment via soft dollar credits is used in lieu of hard dollar expenses that in some situations could be passed on directly to the client.

Soft dollar credits are not generated in connection with fixed income trades that are not executed on an agency basis and principal trades (except for certain riskless principal trades). In situations involving trades executed on a net basis, the Firm may receive soft dollar credits based upon a previously negotiated commission rate, which is embedded into the purchase price of a security and is generally consistent with the rates charged by other broker-dealers used by the Firm (i.e., \$0.03/share). This is typically done using multiple broker-dealer counterparts, one of which charges sets an explicit commission for the transaction. The Firm generally utilizes net trading arrangements to place orders for accounts it manages under wrap fee programs sponsored by third-party financial institutions, which charge clients a single wrap fee inclusive advisory and brokerage services. Due to the nature of Bramshill's investment strategies, the prices the Firm receives from other brokers (other than the program sponsor) are generally lower than those quoted by the sponsoring broker-dealer, even when factoring the embedded charge. As such, Bramshill believes this arrangement is consistent with its duty to pursue best execution for client transactions, as clients would receive inferior execution if trading was limited to the program sponsor.

These services may include the payment of all or a portion of clients', Bramshill's (and/or its affiliate's) administrative costs and expenses related trade operations, such as those attributed to portfolio management software, execution services, investment research, financial reporting applications, and other reasonable expenses, as determined by Bramshill. The availability of these benefits may influence the firm to select one broker-dealer over another that offers comparable securities brokerage and execution services. Nevertheless, Bramshill will ensure the fees and costs for services provided to clients by broker-dealers offering these benefits are not materially greater than they would be if the services were performed by broker-dealers not offering these services. These services generally qualify under the safe harbor provided in Section 28(e) of the Securities Exchange Act of 1934, as amended.

A number of services and products for which pays using soft dollar credits are considered "mixed use" in that only a portion of the benefit or functionality is eligible under the 28(e) safe harbor. In this situation, a committee, comprised of at least the Firm's COO, CCO, CFO, senior operations/research professional and compliance consultant, will convene and make a good faith determination as to the appropriate percentage of the expense to be offset using soft dollar credits. The two most pertinent mixed-use items relate to Bramshill's portfolio accounting system and order management system, both of which afford the Firm capabilities beyond qualifying research and brokerage related services. In all such situations involving soft dollars, Bramshill seeks to act in a fair and equitable manner consistent with its clients' best interests.

The use of brokerage commissions to obtain research products and/or other services and to pay for other non-research services creates a conflict of interest because clients pay for such products and services that are not exclusively for the benefit of clients and may be primarily or exclusively for the benefit of Bramshill. In accordance with its policies and procedures, Bramshill evaluates any such soft dollar arrangements on an annual basis, if not more frequently (usually done in conjunction with semi-annual best execution reviews), in an effort to ensure that clients are receiving best execution in light of the services received.

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### **Directed Brokerage**

Pursuant to the terms of the management agreement, Bramshill generally does not allow clients to direct brokerage transactions through a specified broker-dealer; however, clients retain the ability to select the qualified custodian where their assets are maintained. These custodians may impose certain limitations on counterparties, including themselves and/or their affiliates, which could in effect operate in a substantially similar manner as a directed brokerage relationship.



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## **Trade Aggregation**

Bramshill typically purchases or sells the same securities for several clients at approximately the same time. In such cases, Bramshill generally combines or “batches” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Bramshill’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Block transactions are generally averaged as to price and allocated among Bramshill’s clients pro rata to the purchase and sale orders placed for each client on any given day.

When aggregating client orders for the purchase or sale of securities, including securities in which Bramshill’s Supervised Persons may invest, Bramshill generally does so in accordance with applicable rules and regulations. Bramshill does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Bramshill determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant and equitable factors, such as overall portfolio weightings, comparable investment alternatives, and the size of a potential allocation versus account size.

Further, in situations where one account may be underweight a position (for example, a new account is opened with cash) and another account is liquidating the same position (due to, for instance, a withdrawal), Bramshill may determine that it is in both clients’ best interest to sell the security through a broker and subsequently and independently purchase the security from the same broker. This decision is based on a variety of factors, including pricing, liquidity and transactions costs. While the Firm does not view this as a true cross transaction, it does recognize that there are potential conflicts of interests associated with this practice, especially if one client pays performance fees. As such, Bramshill relies on one or more independent, third-party pricing sources to govern the terms of the transactions. Given the nature of the Firm’s strategies and the types of securities it transacts, Bramshill believes this process benefits clients by providing both efficient pricing and enhanced liquidity, amongst other advantages.

## **Item 13. Review of Accounts**

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### **Account Reviews**

Bramshill monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular account reviews are conducted not less than annually – often times monthly or quarterly. All such reviews are conducted by the Firm’s Investment Committee and/or Portfolio Managers. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Bramshill and to keep the Firm apprised of any changes thereto.

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### **Account Statements**

Clients are provided with transaction confirmation notices and summary account statements not less than quarterly from the qualified custodians where their assets are held. Bramshill may also provide clients with periodic performance information and/or supplemental reports from time-to-time or as otherwise agreed. Clients are encouraged to compare any such performance information or supplemental reports received from Bramshill with the official account statements generated by their custodians.

## Item 14. Client Referrals and Other Compensation

### **Client Referrals**

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If a client is introduced to Bramshill by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940. Any such referral fee is paid solely from the Firm's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor provides the client with a copy of Bramshill's written disclosure brochure which meets the requirements of Rule 204-3 of the Investment Advisers Act of 1940 and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Bramshill discloses the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written disclosure brochure at the time of the solicitation.

Bramshill may engage unaffiliated third parties to assist in marketing interests in a registered or unregistered investment company to which Bramshill acts as subadvisor. The third party's compensation for its services under this arrangement consists primarily of a flat fee together with a fee based on a percentage of capital raised.

### **Other Economic Benefits**

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Bramshill may receive certain benefits, including soft dollar credits, from certain of the broker-dealers through which the Firm executes trades on behalf of clients, as further discussed in Item 12.

## Item 15. Custody

Bramshill is subject to Rule 206(4)-2 under the Advisers Act, also known as the "Custody Rule," which sets forth specific requirements relating to Client securities or certain other assets over which the Firm has actual or constructive custody.

Bramshill may be authorized to directly debit a client's account for the amount of the Firm's management fee and to direct the custodian to remit that fee to Bramshill in accordance with applicable custody rules. Qualified custodians that maintain client assets have agreed to send statements to clients, at least quarterly, indicating all amounts disbursed from their accounts, including the amount paid to Bramshill.

With respect to pooled investment vehicles over which Bramshill has custody (i.e., the Tactical and Structured Products Funds), which are subject to an annual financial audit, the Firm ensures that financial statements audited by an independent auditor that is registered with and subject to regular inspection by the PCAOB, in accordance with U.S. Generally Accepted Accounting Principles, are delivered to the underlying investors in the Funds within 120 days of each fund's fiscal year end. For the 2018 fiscal year, the Structured Products Fund did not undergo an audit, as the only capital committed/invested during the period came from its portfolio manager.



## Item 16. Investment Discretion

Clients provide Bramshill with the authority to exercise investment discretion on their behalves. Bramshill is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Bramshill is given this authority through a power-of-attorney included in the management agreement between the Firm and the client. Specifically, Bramshill takes discretion over the following activities:

- The specific securities to be purchased or sold;
- The amount of the securities to be purchased or sold;
- When the transactions are to be effected; and
- The broker-dealers through which client trades are executed.

## Item 17. Voting Client Securities

Bramshill may vote certain clients' securities (i.e., proxies) on their behalves. When Bramshill accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, proxies will generally be voted in line with company management, as the Firm believes these individuals are more appropriately suited to make decisions that impact the issuer. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Bramshill maintains with persons having an interest in the outcome of certain votes, Bramshill takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. Clients may contact Bramshill to request information about how the Firm voted proxies for that client's securities or to get a copy of Bramshill's proxy voting policies and procedures.

## Item 18. Financial Information

Bramshill is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.